

Special Report

Interreg cooperation:

The potential of the European Union's cross-border regions has not yet been fully unlocked



EUROPEAN
COURT
OF AUDITORS

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Executive summary

I Cross-border cooperation is one of the two goals of Cohesion policy. It aims to tackle common challenges identified jointly by the Member States in the border regions, and to exploit their untapped growth potential. Many such regions generally perform less well economically than other regions within a Member State.

II Interreg programmes address cross-border challenges. The 2014-2020 programme period was its fifth and had a budget of €10.1 billion. A significant part of this concerned internal borders with an allocation of €6.3 billion, financing some 24 000 projects through 53 cooperation programmes. This covered 59 % of the EU's land area and 48 % of its population.

III Through this audit, we assessed whether the Commission and the Member States had addressed the challenges of the cross-border regions in the internal borders cooperation programmes funded through Interreg effectively. The publication of this report will be useful in the implementation of the 2021-2027 period. It can also inform the co-legislators' ongoing discussions about a potential mechanism to tackle legal and administrative obstacles in cross-border regions.

IV We found that all but one of the cooperation programmes we examined had analysed the needs of the regions concerned. However, the financial resources allocated to these programmes meant that cross-border challenges could only be partially addressed. The scarcity of resources requires funding to be directed where it is likely to add most value.

V With a few exceptions, for the programmes we examined, there were clear links between objectives proposed, inputs and activities planned and the intended results and impact. Cooperation programmes differ from mainstream EU programmes in the requirement for projects to have a cross-border identity and the participation of multiple, trans-national partners. However, the frequent absence of a clear demarcation between cooperation and mainstream programmes meant that cooperation programmes could finance the same kind of operations as the mainstream programmes.

VI In addition, we identified several weaknesses in the implementation of the programmes and their monitoring:

- for half of the projects we examined, cooperation among partners was limited to presenting a common project proposal to secure financing for interventions. Those projects lacked a common identity as a cross-border project;
- the project selection procedures did not always lead to the best projects being selected;
- the indicators used did not generally capture the cross-border effect, hampering the monitoring of programme implementation in comparison to its objectives; and
- statistical data limitations affect the evaluation of the co-funded projects.

VII Programme authorities made efforts to limit the impact of the COVID-19 crisis on projects by extending their deadline for completion. Authorities also made use of the flexibility and simplification measures offered by the EU to mitigate the COVID-19 effect, especially in relation to the possibility to submit key documents later.

VIII Finally, the delay in adopting the 2021-2027 legal basis, together with the need to close work for the 2014-2020 programme period, prevented the smooth start of the new programme period at Member State level.

IX As a result of our audit, we recommend:

- (1) to focus the cooperation programmes better so that the projects complement those of the mainstream programmes;
- (2) to prioritise and award support to projects by ranking them based on merit; and
- (3) to use indicators that aim to capture the cross-border effect.

Introduction

Challenges for EU cross-border regions

01 Under the Treaty on the Functioning of the European Union, the EU aims to reduce disparities in wealth and development between its regions, with specific reference to, among others things, cross-border regions¹. In this context, it supports European Territorial Cooperation (ETC) programmes, known as 'Interreg' programmes, through its cohesion policy by providing funding from the European Regional Development Fund (ERDF). For 30 years, Interreg has been supporting joint actions between Member States or between Member States and countries outside the EU.

02 Interreg's overarching aim is to participate in the support of a harmonious development of the EU territory², with a view to leveraging cooperation, generating opportunities for development while fostering solidarity between citizens of different nations through confronting challenges together. Alongside 'Investment in Growth and Jobs', Interreg's objective is one of the two goals of the Cohesion policy, which can *'support the sharing of facilities and human resources, and all types of infrastructure across borders in all regions'*³.

03 Cross-border cooperation aims to tackle common challenges identified jointly in the border regions, and to exploit the untapped growth potential. Among the most important challenges are: *'poor accessibility, especially in relation to information and communication technologies connectivity and transport infrastructure, declining local industries, inappropriate business environment, lack of networks among local and regional administrations, low levels of research and innovation, environmental*

¹ Article 174 TFEU.

² Whereas 4 of Regulation (EU) 1299/2013 of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (The ETC Regulation) (OJ L 347, 20.12.2013, p. 259).

³ Article 3(2) of Regulation (EU) 1301/2013 of 17 December 2013 on the European Regional Development Fund and on specific provisions concerning the Investment for growth and jobs goal and repealing Regulation (EC) 1080/2006 (The ERDF Regulation) (OJ L 347, 20.12.2013, p. 293).

*pollution, risk prevention, and negative attitudes towards neighbouring country citizens*⁴.

04 *Figure 1* summarises the most important elements related to the challenges of the EU cross-border regions as well as their estimated impact. If 20 % of the existing obstacles in cross-border cooperation were removed, these regions would gain 2 % in GDP, and over 1 million additional jobs⁵.

Figure 1 – The challenges for EU cross-border regions and their estimated impact



Source: ECA, using data from several studies commissioned by the Commission⁶.

⁴ Whereas 5 of the ETC Regulation.

⁵ COM(2017) 534 final, Communication from the Commission on boosting growth and cohesion in EU border regions, of 20.9.2017, p. 6.

⁶ 'Collecting solid evidence to assess the needs to be addressed by Interreg cross-border cooperation programmes' SWECO, t33, Politecnico di Milano and Nordregio for DG REGIO, November 2016, pp. 64-91.

'Easing legal and administrative obstacles in EU border regions' by Metis GmbH, Panteia BV, AEIDL – Association Européenne pour l'Information sur le Développement Local, CASE – Center for Social and Economic Research for DG REGIO, March 2017.

'Quantification of the effects of legal and administrative border obstacles in land border regions', Politecnico di Milano for DG REGIO, May 2017.

Interreg A: the biggest strand of Interreg

05 The period 2014-2020 was the fifth programme period in which Interreg has been in operation. Its budget in this period was €10.1 billion, some 2.75 % of the total cohesion policy budget⁷. In this period, Interreg comprised three strands of cooperation⁸ (see **Box 1**).

Box 1

The three strands of cooperation for Interreg V 2014-2020

Cross-border cooperation (Interreg V-A): Programmes between adjacent regions (see *Annex I* for a list of the internal border programmes). Many programmes are bilateral, but some consist of up to five participating Member States. Operations selected should involve beneficiaries from at least two participating countries, at least one of which must be from a Member State⁹. Eligible zones are at the NUTS 3 level in terms of population¹⁰, and may also cover NUTS 3 regions in Norway, Switzerland, Liechtenstein, Andorra, Monaco and San Marino¹¹.

Transnational cooperation (Interreg V-B): Programmes that cover larger areas of co-operation (see *Annex II*), and focus on transnational issues such as flood management, transport and communication corridors, international business, research links and urban development. Eligible zones are at the NUTS 2 level regions.

Interregional cooperation (Interreg V-C): Four exchange programmes between all Member States: on spatial planning (ESPON), integrated urban development (URBACT), capitalisation of cohesion policy activities (Interreg Europe) and technical support to all Interreg programmes (INTERACT).

⁷ Article 4(1) of the ETC Regulation.

⁸ Article 2 of the ETC Regulation.

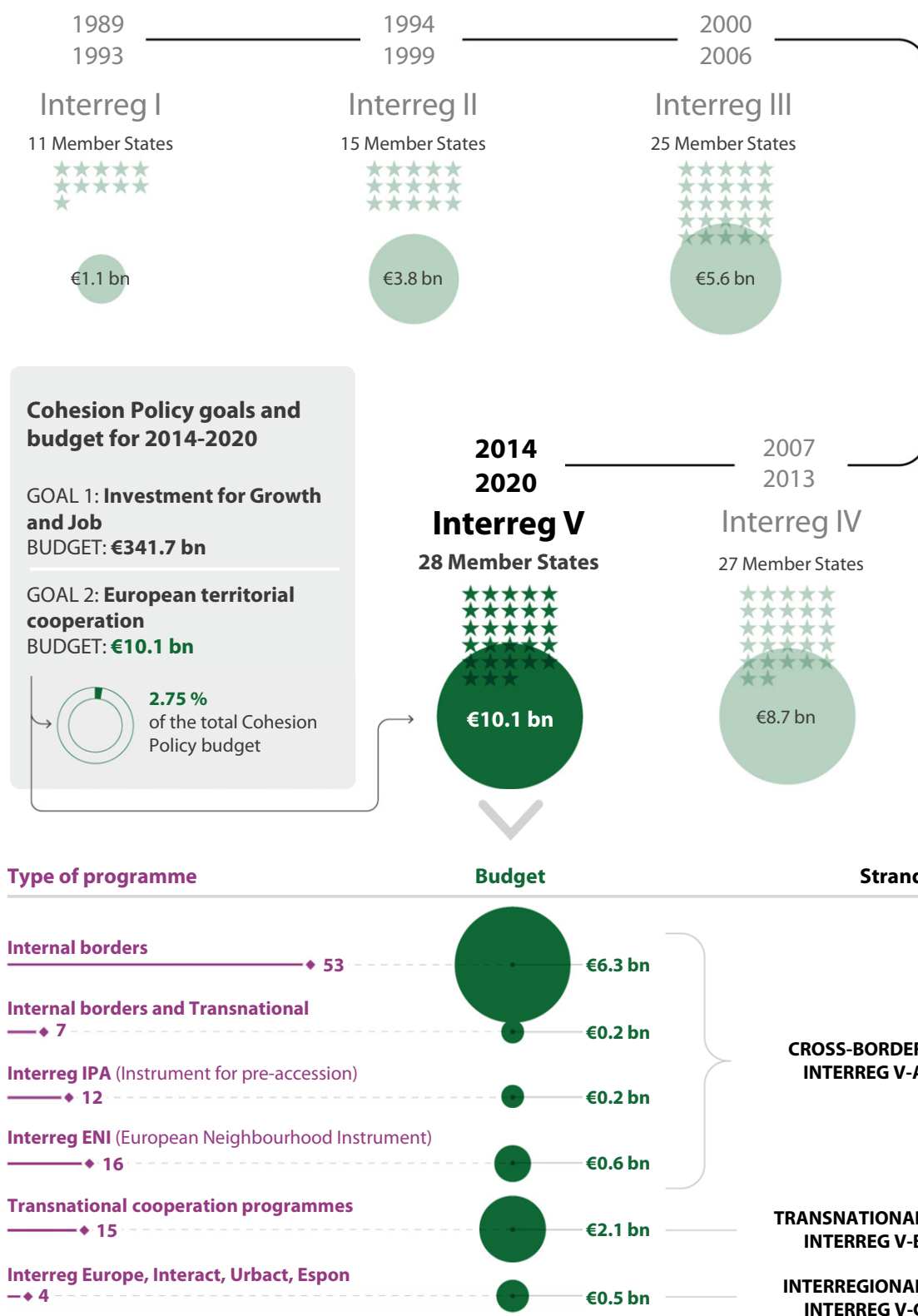
⁹ Article 12(2) of the ETC Regulation.

06 *Figure 2* presents the evolution of Interreg from 1989 to 2020 in terms of funding and Member States involved, with more detail for the 2014-2020 period. Interreg V-A, with 88 cooperation programmes and a budget of almost €7.4 billion, is the biggest strand, representing 73 % of the total Interreg budget. The main element of Interreg V-A is cross-border cooperation for internal borders, excluding outermost regions, with 53 cooperation programmes and a budget of €6.3 billion.

¹⁰ Article 3(2) of Regulation (EC) 1059/2003 of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 3) subdivided the economic territory of the Member States into smaller regions in order to enable the collection, compilation and dissemination of regional statistics. Article 3(2) of this Regulation, classified the regions of the Member States in three categories using population thresholds. The level 1 regions (NUTS 1), are inhabited by 3 to 7 million people; those regions are further split to level 2 (NUTS 2), which are inhabited by 800 000 to 3 million people. Ultimately, level 2 regions are split to level 3 regions (NUTS 3), which are inhabited by 150 000 to 800 000 people.

¹¹ Article 3(2) of the ETC Regulation.

Figure 2 – The evolution of Interreg from 1989 to 2020 and the budget for the 2014-2020 period



Source: ECA.

07 For the period 2021-2027, the total Interreg budget has decreased to €8 billion, following a reduction in both the total cohesion policy budget and the share allocated to Interreg¹², the latter from 2.75 % to 2.4 %. For this period, there will be an additional, fourth, strand dedicated to outermost regions¹³. Interreg VI-A, cross-border cooperation, will continue to represent the biggest part of Interreg funding, with €5.8 billion for the period¹⁴.

08 The internal border regions eligible for Interreg A co-financing are the NUTS 3 regions of the EU's internal and certain external land borders¹⁵; and the regions along maritime borders separated by a maximum of 150 kilometers¹⁶. Member States have a saying on the Commission's decision on eligible regions¹⁷. For all regions, Interreg support is additional to the mainstream, national or regional, ERDF programmes.

09 *Figure 3* shows the gradual increase in Interreg A eligible areas. This is mainly because of the enlargement of the EU, and the possibility of the Member States since the 2007-2013 period to allocate part of their Interreg budget to regions outside those covered by the cooperation programmes, initially adjacent regions¹⁸ and later all regions¹⁹. For the 2014-2020 period, the area for Interreg V-A covers 66 % of the EU

¹² Article 104(7) of the compromise text with a view to agreement on the new CPR Regulation, of 25.2.2021.

¹³ Article 3 of the 'Confirmation of the final compromise text with a view to agreement on the Regulation on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments (The new ETC Regulation)', of 11.12.2020.

¹⁴ Article 9(2) of the 'Compromise text with a view to agreement' on the new ETC Regulation.

¹⁵ Section II(8) of Notice C(90) 1562/3 to the Member States, laying down guidelines for operational programmes which Member States are invited to establish in the framework of a Community initiative concerning border areas (Interreg) (OJ C 215, 30.8.1990, p. 4).

¹⁶ Article 7(1) of Council Regulation (EC) 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund and repealing Regulation (EC) 1260/1999 (OJ L 210, 31.7.2006, p. 38).

¹⁷ Article 3(1) of the ETC Regulation.

¹⁸ Article 21(1) of Regulation (EC) 1080/2006 of 5 July 2006 on the European Regional Development Fund and repealing Regulation (EC) 1783/1999 (OJ L 210, 31.7.2006, p. 10).

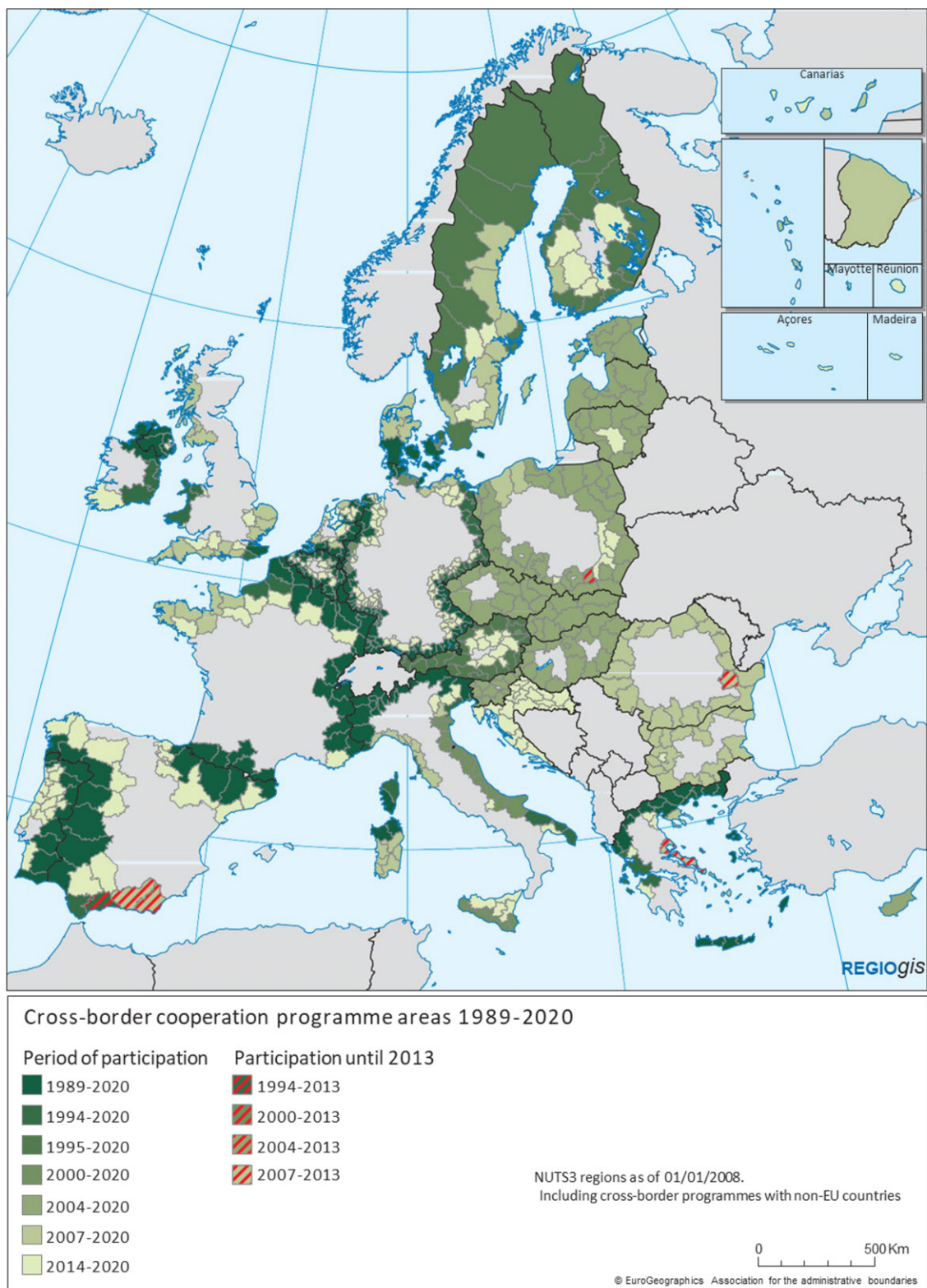
¹⁹ Article 20(2)(b) of the ETC Regulation.

territory and 51 % of the population. For internal borders regions alone, the equivalent figures are 59 % and 48 % respectively.

10 According to the Commission, Interreg V-A regions host almost 2 million cross-border commuters, of which 1.3 million cross the border to work and the rest to study. For example, 450 000 people living in France work in a neighbouring country; the equivalent figures for Germany and Poland are 270 000 and 140 000 respectively. Many border regions generally perform less well economically than other regions within a Member State. Access to public services such as hospitals and universities and navigation between different legal and administrative systems is often complex and costly²⁰.

²⁰ COM(2017) 534 final, pp. 2-4.

Figure 3 – The evolution of Interreg A for both internal and external border regions from 1989 to 2020



Source: European Commission, DG REGIO.

Governance of Interreg and areas of funding for Interreg V-A for internal borders 2014-2020

11 Similar to mainstream ERDF programmes, cooperation programmes are implemented under shared management. In this context, the role of the Commission lies in approving the programmes prepared by the Member States and facilitating their implementation, and in the monitoring and evaluation of programmes.

12 For each cooperation programme, a managing, a certifying and an audit authority are designated. Specifically for Interreg, a joint secretariat²¹ is established to act as information centre, assist candidates in applying and assess project applications; together with the managing authority, the joint secretariat constitute the main programme authorities of the cooperation programmes. Ultimately, the monitoring committee of the programme selects the operations to be co-financed.

13 The programming process for the cooperation programmes follows closely the arrangements in place for the mainstream programmes. The legislation includes detailed requirements for programme content. It aims to facilitate a consistent intervention logic, i.e. clear links between objectives proposed, inputs and activities planned, and the intended results and impact. The ultimate goal is the effective and efficient implementation of the funds²²:

- programming should be around 11 defined thematic objectives²³, and at least 80 % of the funds should be concentrated on a maximum of four thematic objectives²⁴;
- a priority axis should correspond, preferably, to one thematic objective; investment priorities and specific objectives should be defined within each priority axis²⁵; and

²¹ Whereas 33 and Article 23(2) of the ETC Regulation.

²² Whereas 88 of the CPR Regulation.

²³ Article 9 of the CPR Regulation.

²⁴ Article 6(1) of the ETC Regulation.

²⁵ Article 8(1) of the ETC Regulation.

- a justification for the choice of thematic objectives, investment priorities and financial allocations has to be provided, based on an analysis of regional and national needs²⁶.

14 Each spring, managing authorities submit annual implementation reports to the Commission for each cooperation programme²⁷. These reports include data on the progress of the common output indicators²⁸, on the programmes' specific output and result indicators, and on milestones, as well as financial data.

15 *Figure 4* and *Annex III* illustrate the spread of thematic objectives targeted by 2014-2020 funding for Interreg V-A for internal borders. The objectives related to 'Preserving and protecting the environment and promoting resource efficiency', and 'Strengthening research, technological development and innovation', had received the most funding by the end of 2020.

²⁶ Article 96(1) and (2)(a)(b) of the CPR Regulation and Article 8(1) and (2) of the ETC Regulation.

²⁷ Article 14 of the ETC Regulation.

²⁸ Article 16 and the Annex of the ETC Regulation.

Figure 4 – Thematic Objectives (TO) of Interreg V-A for internal borders



Source: ESI funds open data platform, allocations by the end of 2020.

16 As presented in *Annex IV*, the types of projects that received most funding, excluding technical assistance, related to culture and heritage, adaptation to climate change, institutional capacity, technology transfer to SMEs, improvement of roads, biodiversity and nature protection, tourism in natural areas, healthcare and social services, and research and innovation in public centres.

17 As of end December 2020, programme authorities of the cooperation programmes had committed 102 % of the available funding for 2014-2020, whereas the rate for mainstream ERDF supported programmes was 110 %, and had selected some 24 000 projects to co-finance. Programme authorities may commit more than the allocated budget of the programme to ensure that all available funds are used at the end of the programme period.

Preparing for 2021-2027 period

18 During the 2007-2013 programme period, Interreg provided funding of €5.6 billion. According to the *ex post* evaluation²⁹, projects yielded outputs and results that were in line with the specific Interreg objectives and were oriented towards the main priorities of the Lisbon Strategy.

19 The main weaknesses noted by the evaluation were that:

- the programmes remained very broad and aimed primarily at developing cooperation and linkages as their ultimate goal rather than as a means of leveraging a wider economic integration;
- most programmes had adopted a ‘bottom-up’ approach when deciding which projects to support. This made it difficult to pursue a coherent strategy to promote the development and socio-economic and territorial integration of the regions concerned, even though most individual projects made a contribution;
- there was very limited coordination between Interreg and the mainstream programmes.

20 For the preparation of the 2014-2020 partnership agreements and programmes, the Commission developed position papers for each Member State, setting out the most relevant priorities for European Structural and Investment (ESI) funds with a very short section on territorial cooperation.

21 For the 2021-2027 period, the Commission presented border orientation papers, designed to contribute to the preparation of Member States’ cooperation programmes. These are detailed papers, specific to cross-border regions.

22 Finally, for the 2021-2027 period, the legislation³⁰ specifies that:

- for internal land borders, programme authorities should allocate maximum 60 % of funding to four of the seven policy objectives (five from the CPR and two from the ETC Regulation), of which two should be: a ‘greener, low carbon Europe’ and ‘a more social Europe’;

²⁹ ETC, Work Package 11, ‘[Ex post evaluation of Cohesion Policy programmes 2007-2013, focusing on the ERDF and the Cohesion Fund](#)’, ADE contract with DG REGIO, July 2016.

³⁰ Article 15 of the ‘Compromise text with a view to agreement’ on the new ETC Regulation.

- for maritime borders, this 60 % is allocated to three of the policy objectives, of which ‘greener, low carbon Europe’ is compulsory; and
- up to 20 % and 5 % respectively may be allocated to the Interreg specific objectives ‘a better cooperation governance’ and ‘a safer and more secure Europe’.

COVID-19 measures for ESI funds

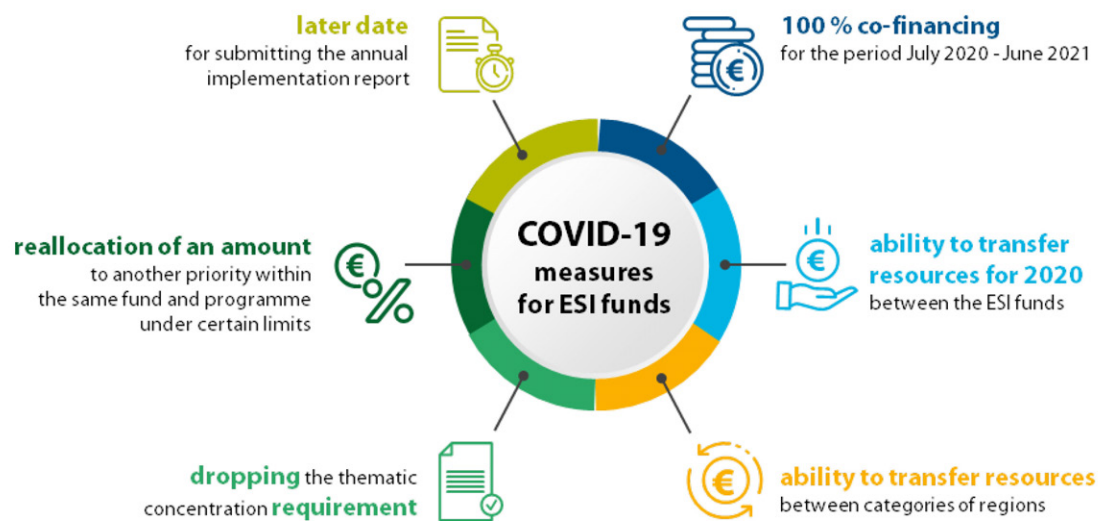
23 The COVID-19 pandemic hit Member States’ cross-border regions significantly, putting the socio-economic structures around and within the EU borders under pressure. The measures taken in relation to providing flexibility for the use of the ESI funds to mitigate the effects of the pandemic through the Coronavirus Response Investment Initiative³¹ (CRII) and the Coronavirus Response Investment Initiative Plus³² (CRII+) initiatives also apply to the cooperation programmes.

24 *Figure 5* shows the most important of these measures, all of which require the programmes to be amended. All but one, the ability to transfer resources between categories of regions for the year 2020, are relevant to the cooperation programmes. Programme authorities may use more than one of these measures.

³¹ Regulation (EU) 2020/460 of 30 March 2020 amending Regulations (EU) 1301/2013, (EU) 1303/2013 and (EU) 508/2014 as regards specific measures to mobilise investments in the healthcare systems of Member States and in other sectors of their economies in response to the COVID-19 outbreak (Coronavirus Response Investment Initiative) (The CRII Regulation) (OJ L 99, 31.3.2020, p. 5).

³² Regulation (EU) 2020/558 of 23 April 2020 amending Regulations (EU) 1301/2013 and (EU) 1303/2013 as regards specific measures to provide exceptional flexibility for the use of the European Structural and Investments Funds in response to the COVID-19 outbreak (The CRII+ Regulation) (OJ L 130, 24.4.2020, p. 1).

Figure 5 – Most significant COVID-19 measures for ESI funds



Source: ECA, based on Article 2 of the CR11+ and Article 2 of the CR11 Regulations.

Audit scope and approach

25 The focus of our audit was upon whether the Commission and the Member States had addressed the challenges of cross-border regions in the Interreg V-A internal border cooperation programmes effectively (see [Annex I](#)). To do this we examined whether:

- the programme authorities analysed and prioritised cross-border challenges in terms of importance in order to concentrate the cooperation programmes where they would have most impact, given the scarcity of the resources available;
- the cooperation programmes were designed with a coherent intervention logic, and in synergy with the mainstream programmes of the adjacent regions, including an evaluation system that was able to measure the cross-border effect; and
- the Commission’s guidance was helpful for the cross-border regions to identify their challenges, providing input and assistance, especially in terms of mitigating the effects of the COVID-19 crisis, and for the smooth start of the new 2021-2027 programme period.

26 Our findings and conclusions relate to Interreg V-A for internal borders cooperation programmes in the 2014-2020 programme period, and we expect that our recommendations will be useful in the preparation and implementation of the 2021-2027 period. Our report can also inform the co-legislators’ ongoing discussions about a potential mechanism to tackle legal and administrative obstacles in cross-border regions³³.

27 At EU level, we examined the work of the Commission directorate-general for Regional and Urban Policy (DG REGIO).

28 Our approach resulted in a very high coverage of cooperation programmes. At Member States’ level, we examined 23 cooperation programmes (listed in [Annex V](#)) in which all 28 Member States were involved at least once. These 23 programmes represent 43 % of the EU funding for Interreg V-A for internal borders, and 27 % of the whole budget for Interreg 2014-2020 period.

³³ COM(2018) 373 final, Proposal for a Regulation on a mechanism to resolve legal and administrative obstacles in a cross-border context, of 29.5.2018.

29 For the 23 cooperation programmes, we conducted ten simple desk reviews, ten extended desk reviews, and three visits on the spot. Details, including the difference between these types of reviews, are in [Annex V](#).

30 In addition, for all 23 cooperation programmes, we selected two mainstream programmes, also listed in [Annex V](#), from the adjacent regions in order to compare their focus and assess the level of synergy in terms of addressing cross-border challenges. The main criteria for selection of the two programmes were the population size, the level of financial support, the size of the area covered, and, most importantly, the extent of shared investment priorities. In total, we examined 39 mainstream programmes as in seven cases the same mainstream programme was used for more than once.

31 For the cooperation programmes we examined on the spot, we visited 12 projects that received EU support. The basis for selection of those projects was materiality and diversity in types of co-financed actions. We also examined another four projects through desk review for the cooperation programme of Romania – Bulgaria. Initially, we intended to visit this programme on the spot, but COVID-19 travel restrictions ruled this out. As a result, we were unable physically to inspect the outcome of the projects ourselves.

32 The 16 projects we examined implemented actions in the following areas of support: cultural heritage, tourism, SMEs and entrepreneurship, labour market and employment, risk management and cooperation between emergency services, education and training, institutional cooperation, health and social inclusion and multimodal transport.

33 Finally, for all 53 internal border cooperation programmes, we examined the extent to which programme authorities made use of the flexibility and simplification possibilities offered by the CRII and CRII+ initiatives. For the three cooperation programmes we examined on the spot and the programme of Romania – Bulgaria that we intended to visit, we assessed the implications of COVID-19 crisis in the implementation of projects.

Observations

Comprehensive analysis underpinned the cross-border programmes, but not all challenges could be addressed

34 We reviewed the programme documents for 23 cooperation programmes in order to assess whether the strategic planning for the 2014-2020 programme period was based on an analysis of the cross-border challenges faced by these regions. We also examined how feasible it was for these challenges to be addressed by the cooperation programmes, given the scarcity of financial resources.

All 23 cooperation programmes examined included an analysis of the challenges of the cross-border regions

35 A cooperation programme should be based on an analysis of the needs within the programme area as a whole³⁴. For this, it is necessary to adapt the content requirements of the programmes to the cross-border regions' specific needs³⁵.

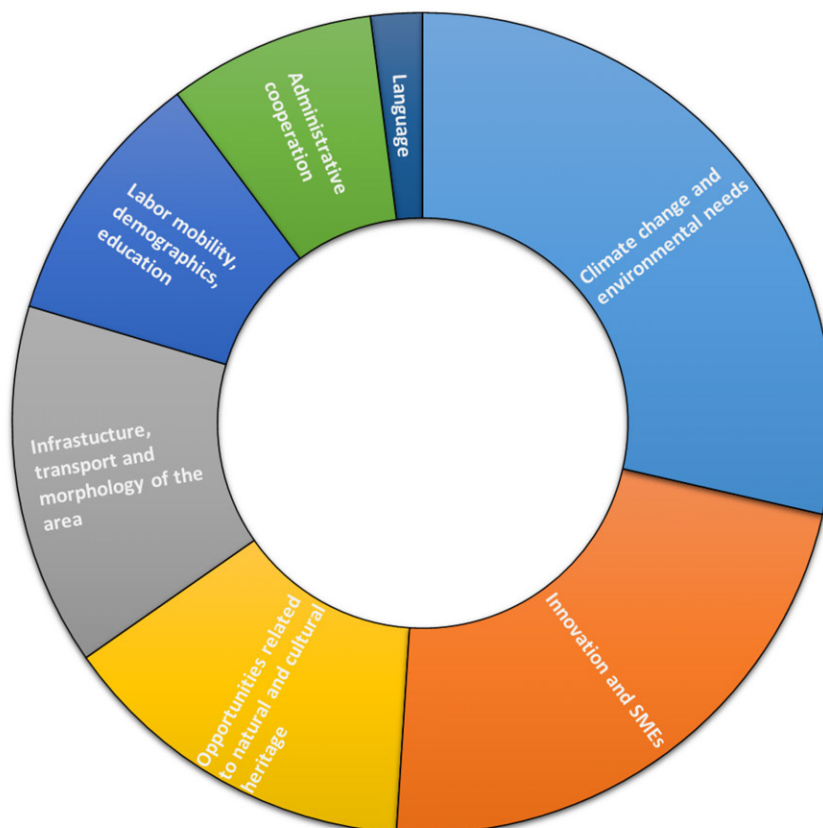
36 All cooperation programmes we examined presented the needs of the regions based on an analysis of either the strengths, weaknesses, opportunities and threats (SWOT analysis), or of the social and economic characteristics of the cross-border regions (socioeconomic analysis). However, in the case of the Sweden – Finland - Norway cooperation programme, the SWOT analysis was not sufficiently developed to support strategic decisions: it did not fully analyse the threats, mixed strengths with opportunities, listed some challenges without any background information, and used outdated data of more than a decade old.

37 *Figure 6* groups in seven categories the most important challenges highlighted by the cooperation programmes. Most of these challenges are faced equally by the mainstream programmes which cover the same geographical areas. The weaknesses in administrative cooperation and language barriers, however, are specifically cross-border related.

³⁴ Article 8(2)(a) of the ETC Regulation.

³⁵ Whereas 19 of the ETC Regulation.

Figure 6 – The most important challenges facing cross-border regions



Source: ECA, based on the 23 cooperation programmes listed in [Annex V](#).

Challenges cannot be addressed by the cooperation programmes alone, thus need prioritisation

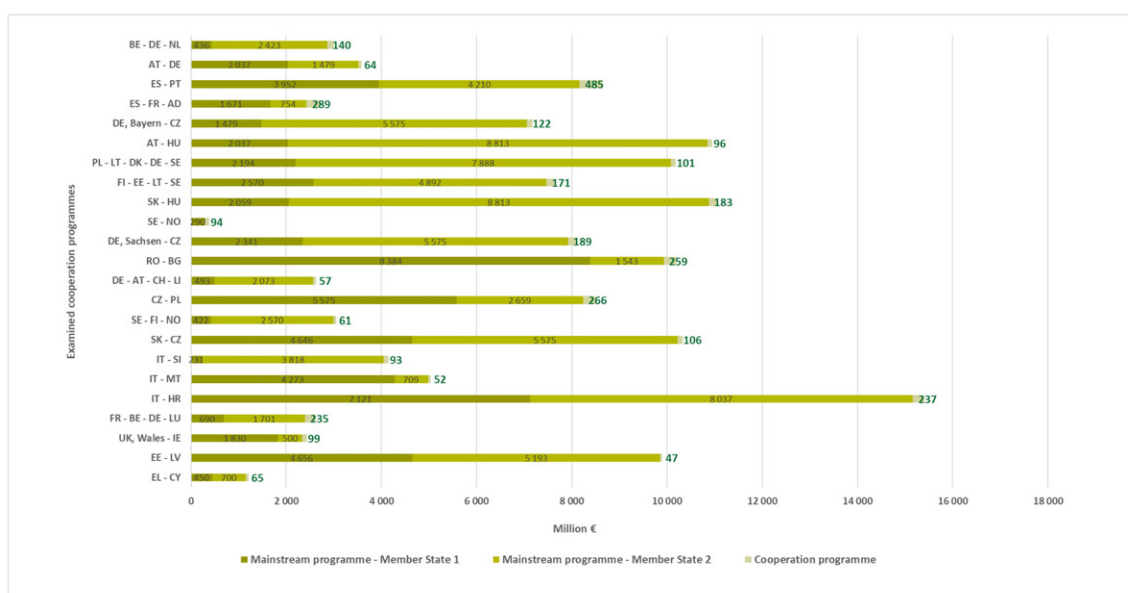
38 In practice, the financial resources allocated to these programmes meant that cross-border challenges could only be partially addressed. The average budget for each of the 53 cooperation programmes for internal borders amounted to €162 million, ranging from €19 million for Slovenia – Hungary to €485 million for Spain – Portugal (POCTEP) (see [Annex I](#)). However, tackling many cross-border challenges requires significant financing. For example, big rail or road infrastructure projects that facilitate transport, commerce and citizens' movement usually involve several billions of euros.

39 In contrast, mainstream programmes are generally endowed with much bigger budgets. In the 39 mainstream programmes we examined, the budget of the regional programmes ranged from €231 million to €7 billion, with an average of €2 billion; the average budget for the national programmes was more than twice as high, ranging from €700 million to almost €9 billion (see [Annex V](#)).

40 We identified cases where programme authorities allocated a small sum to a priority axis or an investment priority with the result that the funding could have only a limited effect on the cross-border region. For example, the programme authorities of the cooperation programme Estonia – Latvia allocated less than €1 million to the priority axis of labour market integration and improvement of the conditions for accessing jobs across the border. It is not clear whether such relatively small amounts of support can have any significant effect.

41 *Figure 7* illustrates the difference in budgetary allocation between the 23 cooperation programmes and the mainstream programmes examined of the adjacent regions.

Figure 7 – Budget comparison of cooperation programmes with the mainstream programmes examined of the adjacent regions



Source: ECA, based on the examined cooperation and mainstream programmes listed in [Annex V](#).

42 The scarcity of financial resources means that funding needs to be directed where it is likely to add most value. However, we found that most of the programme authorities did not prioritise the identified needs, and thus risked not selecting the investment priorities likely to have most impact.

43 Our examination showed that the resolution of many important challenges facing cross-border regions could not be settled by the programme authorities, but required decisions at national level and subsequent incorporation in national legislation. For example, cooperation between national authorities on healthcare or security issues

requires bilateral or trilateral agreements between the Member States, as illustrated by the example in [Box 2](#).

Box 2

The healthcare challenges of the Greater Region

The Greater Region cooperation programme comprises five regions from three EU Member States (France, Belgium and Germany) together with the country of Luxembourg. It is a densely populated area of 65 401 km² with 11.4 million inhabitants.

The SWOT analysis for the preparation of the 2014-2020 programme highlighted as one of the region's challenges the *'unwillingness and regulatory difficulties to let information flow, particularly in the field of health'*. The differences between the four healthcare systems hinder access to cross-border healthcare services, and this can be fatal in an emergency when a nearby hospital across the border can provide treatment more quickly. In addition, the lack of a coordinated cross-border health insurance system discourages patients to look for treatment across the border in case they cannot afford paying the cost of care in advance before their insurance reimburses them.

Programme authorities selected an investment priority relating to health and social infrastructure for funding³⁶. They set as a result indicator target the achievement of six cross-border healthcare access agreements by the end of 2023. By end 2019, 14 such agreements had been signed.

A coherent strategy for addressing the challenges often did not lead to focused implementation

44 We assessed the most important strategic elements of the cooperation programmes and how these were translated into action through calls for proposals and in the selection of projects.

³⁶ Annex XI, of the CPR Regulation, investment priority 9a.

In almost all cases the strategic programme documents reflected legal requirements and were coherent with needs analyses

45 The CPR sets out the need for a strong ‘intervention logic’³⁷, i.e. a clear link between the programme’s objectives and its expected results. As several EU funds are providing support in the same geographical area effective coordination between these funds, and national funding instruments is important³⁸. For Interreg, beneficiaries from at least two participating countries³⁹ should be involved in operations.

46 We therefore examined:

- the strength of the intervention logic leading from the challenges identified through to other elements of project selection process, including the selection of priority axis, thematic and specific objectives, investment priorities, outputs and results as well as targets therefore;
- whether programme authorities set out arrangements for coordinating funding with other sources; and
- the importance attributed to the cross-border element in selecting projects.

With a few exceptions sound intervention logic underpinned the programmes we examined

47 In almost all cases we confirmed that there was a sound intervention logic between the analysis of the challenges and the programme authorities’ selection of priority axes, thematic and specific objectives and the investment priorities; this logic extended to the calls for proposals. In the one case where the SWOT analysis was not sufficiently developed to support strategic decisions (see paragraph 36), this had an impact on the coherence of the intervention logic of the programme.

48 Programme authorities also complied with the requirement to concentrate mainly on up to four thematic objectives. In some cases authorities decided to focus programmes even further, on specific business segments. An example is the South Baltic programme, comprising regions from Poland, Denmark, Germany, Lithuania and Sweden, which aims to increase the ‘blue’ (sea) and ‘green’ (environmental) growth

³⁷ Whereas 88 of the CPR Regulation.

³⁸ Article 8(5)(a) of the ETC Regulation.

³⁹ Article 12(2) of the ETC Regulation.

potential of the South Baltic area, even if several other challenges were highlighted in this region.

49 There were, however, few cooperation programmes that supported the funding of projects in areas not previously identified in the SWOT or the socioeconomic analysis. For example, for the Slovakia – Czechia programme, the authorities decided to invest in operations designed to increase the quality of cross-border cooperation between local and regional governments. While this is one of the major issues facing cross-border regions in general, the lack of institutional capacity had not been included in the socio-economic analysis for this programme.

50 In the case of the Central Baltic cooperation programme, the programme authority decided to focus on opportunities available to cross-border regions rather than the challenges facing them. The programme authorities invested in operations intended to maintain or increase jobs, support SMEs, and enhance the touristic attractiveness of the region. In this case, the intervention logic of the cooperation programme was clear and complied with the other legal requirements. This means, however, that the challenges of the cross-border regions were not addressed, as was confirmed by our examination in one of the four projects of this cooperation programme.

Programmes included information on coordination with other sources of funding and a procedure for evaluation of the cross-border character was in place

51 We found that in all cases the cooperation programmes presented information on mechanisms for coordinating funding with other sources of EU or national funding, such as the ESI funds. For example, they contained detailed information on the participation of key personnel from different authorities in meetings where synergies among the funds were explored, and the procedure for preventing two different sources funding the same operation.

52 Finally, we found that in all cases selection procedures ensured the cross-border identity of the project, including the intentions of partners from both sides of the border to be actively involved.

In practice, we identified several weaknesses in the implementation of the strategy and its monitoring

53 We assessed the implementation of programmes' strategies through calls for proposals, the selection of projects and how this is monitored and coordinated with

other funding mechanisms in the same geographical areas. We identified several weaknesses in their implementation and monitoring related to the demarcation between cooperation and mainstream programmes, the cross-border character of the project, the procedure for selecting projects, the indicators used and the quality and availability of statistical data.

Frequent absence of a clear demarcation between cooperation and mainstream programmes

54 The 66 % of the total land area of EU is eligible for Interreg internal and external borders funding, and for 17 Member States over 80 % of their territory is eligible (*Box 3* and *Figure 8*).

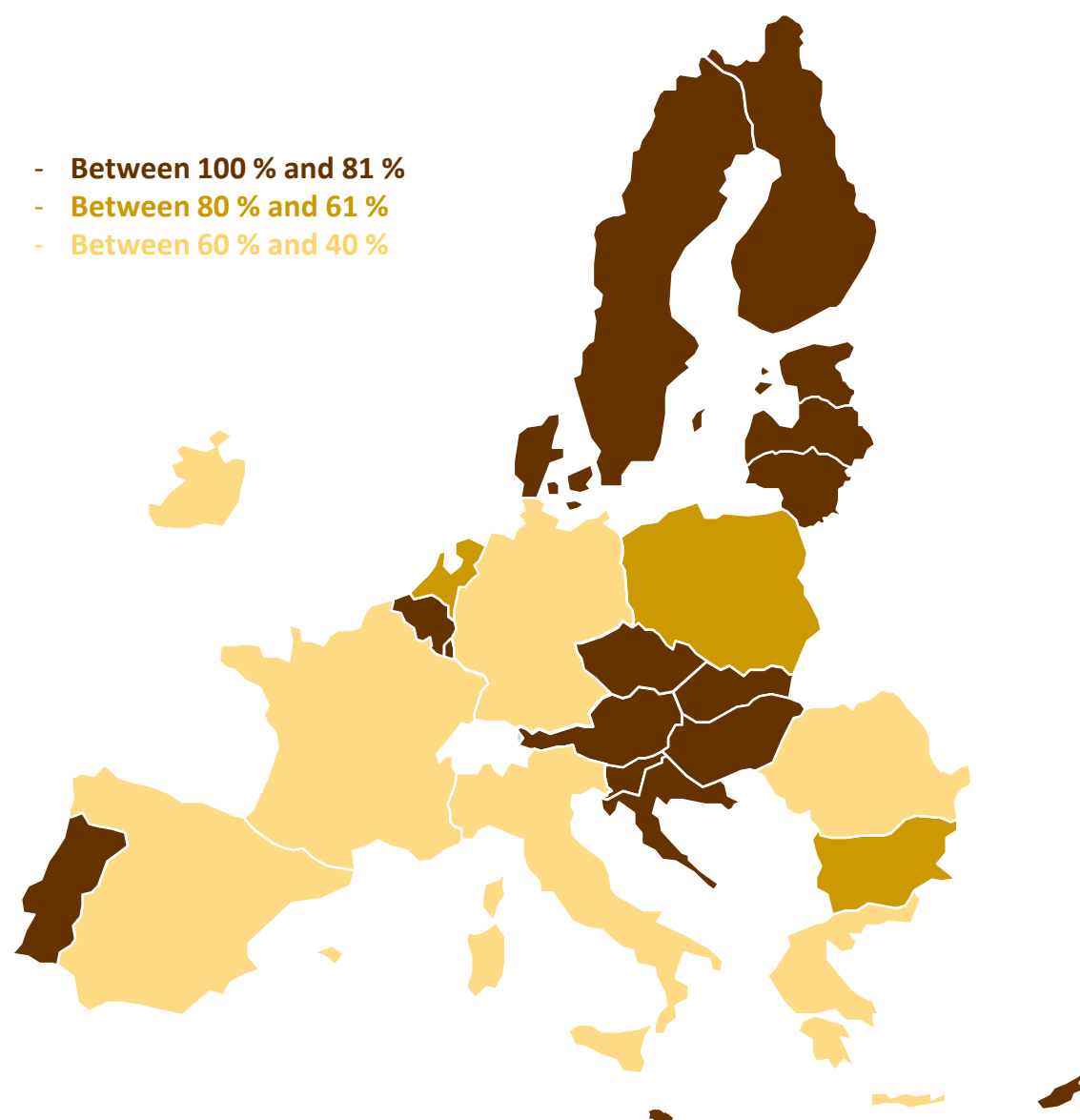
Box 3

Increase in eligible Interreg regions for internal and external borders

For the programme period 2014-2020, the eligible land area of the Member States for Interreg funding for both internal and external cooperation programmes has increased significantly so that currently:

- for 17 Member States, over 80 % of the land area is eligible for cross-border funding (Belgium, Czechia, Denmark, Estonia, Croatia, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, Austria, Portugal, Slovenia, Slovakia, Finland and Sweden);
- for three Member States, over 60 % of the land is eligible for cross-border funding (Bulgaria, the Netherlands and Poland); and
- for the remaining seven Member States, over 40 % of the land is eligible for cross-border funding (Germany, Ireland, Greece, Spain, France, Italy and Romania).

Figure 8 – Eligible land area of the Member States for funding for internal and external borders cooperation programmes



Source: ECA, based on data from Eurostat.

55 Mainstream and cooperation programmes co-finance EU projects in same geographical areas (see paragraph 08). We compared the focus of each of the 23 cooperation programmes in our sample with that of two mainstream programmes from the adjacent regions (see paragraph 30). We focused on the investment priorities that the programmes had in common which is possible according to the relevant regulations. For these common priorities, we compared the areas of support and types of operations that the programmes were intended to co-finance, and assessed whether there was a clear demarcation between the programmes and whether there was evidence of complementarity.

56 We found that in 14 cases there was no clear demarcation between the areas of support and types of operations to be co-financed. This means that the mainstream programmes could finance the same kind of operations as the cooperation programmes, the difference being that projects funded by the latter required a cross-border identity and the participation of two partners from both sides of the border. We found these cases mainly in areas of support like the environment, culture, tourism, competitiveness and job creation.

57 The South Baltic provides a good example of clearly differentiated types of projects: it financed the construction of a cycle path through one of the mainstream programmes, and activity zones along this path through the cooperation programme. This sort of approach requires good cooperation among the programme authorities during the programming stage.

58 To maximise the added value where different support programmes fund the same investment priority, it is important to coordinate the areas of support and to differentiate the types of projects co-financed. During the 2014-2020 period, the legal requirement for ETC was to focus 80 % of funding on a maximum of four of the eleven thematic objectives (see paragraphs [13](#)). However, for the 2021-2027 period, there is less thematic concentration as, for example, programme authorities of the internal land borders cooperation programmes can allocate funds to all seven (the five general and the two Interreg-specific) policy objectives (see paragraph [22](#)).

59 The overlap of Interreg and mainstream ERDF eligible areas (see paragraph [54](#)), together with the reduction in Interreg budget (see paragraph [07](#)), and the broadening of the programmes' focus for the 2021-2027 period (see paragraph [22](#)), make the need for a clear demarcation between the mainstream and the cooperation programmes more pressing. A clearer demarcation has the potential to increase synergies, reduce the likelihood of double funding, and increase the added value of the projects. Programmes' broadness and the limited coordination between the cooperation and the mainstream programmes were also highlighted in the *ex post* evaluation of the 2007-2013 period (see paragraph [19](#)).

The cross-border character of some projects was questionable

60 Cooperation projects should involve beneficiaries from at least two participating countries, even though the legislation allows a project to be implemented in a single Member State if *'its cross-border or transnational impacts and benefits are identified'*⁴⁰.

61 For the 16 projects in our sample, we assessed:

- whether they addressed at least one of the cross-border challenges;
- whether there were projects implemented in a single Member State;
- whether the benefits of each partner contribution and those of the collective cross-border project contribution were visible in all participating Member States; and
- if those cross-border benefits justified the funding of the operation through the cooperation programme.

62 We confirmed that all but one projects (see paragraph [50](#)) addressed at least one of the cross-border challenges. All projects were implemented in at least two participating Member States and their benefits were equally visible. However, for eight projects cooperation among partners was limited to presenting a common project proposal to secure financing for interventions. These projects lacked a common identity as a cross-border project. We found that this weakness was present in all four projects we examined in the area of tourism, one of the main areas of support for Interreg 2014-2020 (see paragraph [17](#)).

63 [Box 4](#) provides examples of projects with a weak and strong cross-border character from the same programme.

⁴⁰ Article 12(2) of the ETC Regulation.

Box 4

Making the distinction between projects with questionable and clear cross-border character of the Czechia – Poland programme

Revitalising the pavilions of a zoo and the facilities of a touristic attraction: two touristic attractions, one in each country around 75 km apart, applied for funding in order to modernize their facilities, and to design a joint marketing campaign. However, the websites of each did not advertise the other's partner establishment, and the common ticketing system was not implemented, thus, there was no cross-border character underpinning the project.

Cross-border cooperation of police units: all eight police units in the two regions of the cooperation programme applied for funding to increase coordination in combating drug-related crime. Project activities included: the purchase of equipment for revealing drugs (such as spectrometers), common police patrols, joint trainings for officers, including language training, and information campaigns to teachers and parents on drug substances and equipment used. This project brought the eight police units in closer cooperation, and had a genuine cross-border character.

Several weaknesses in project selection meant that the best projects were not always selected

64 Calls for proposals and project selection are key phases in the programme implementation process, especially because of the amount of resources available to cooperation programmes (see paragraph 38), and since Interreg's contracting rate has not been of major concern in recent years (see paragraph 17). This reinforces the need to select projects through merit to reach the objectives of the cooperation programme and to address the most pressing needs of the cross-border regions.

65 For the 10 cooperation programmes we examined through an extended desk review and the three programmes we visited on the spot, we therefore examined how the programme authorities:

- communicated to the public the areas and types of projects which could be supported by the cooperation programmes, to attract project proposals in line with the aims of the programmes;
- assessed the project proposals; and
- selected the projects that best addressed the region's challenges.

66 For these cooperation programmes, the programming documents followed the legal requirements⁴¹ and included basic information about the programme: description of type of actions for support under each investment priority, their expected contribution to specific objectives, the guiding principles for the selection of operations, the identification of the main target groups, types of beneficiaries, etc. However, we identified weaknesses in all three phases of project selection.

67 For five of the 13 cooperation programmes, potential projects were identified through a ‘bottom-up’ approach, under which candidate beneficiaries submitted project applications with limited direction by programme authorities on how projects should address directly the needs of the region (see **Box 5**). This issue, but to a greater extent, was also highlighted in the *ex post* evaluation of the 2007-2013 period (see paragraph **19**).

Box 5

Two options for attracting projects

For selecting projects, programme authorities predominantly invite applicants to submit applications for funding through open calls for project proposals. These calls are to address the priority axes, thematic objectives, specific objectives, and investment priorities of the programme. The goal of every selection process should be to choose those projects that best address the challenges addressed by the programme.

An idea for a project can come either:

‘bottom-up’ (broad scope calls), i.e. from the potential beneficiary itself, which then tries to tailor the project proposal to the requirements of the call; or

‘top-down’ (focused scope calls), where the programme authorities provided direction on the expected focus of the potential projects.

68 For ten of the programmes, authorities assessed project applications using a points system in which a minimum threshold had to be achieved for the project to stand a chance of being selected. This not only contributes to making the selection process transparent, but also makes the subsequent work of the monitoring committee – whose role is to decide on which projects to co-finance – easier. For the other three programmes, and in the absence of a point system, programme authorities

⁴¹ Article 8(2)(b) of the ETC Regulation.

based the selection on a qualitative assessment, which does not allow a clear prioritisation of projects.

69 For three programmes, the programme authorities provided the monitoring committee with a list of projects ranked by merit. For the other ten cooperation programmes, however, even where a points system had been used, programme authorities did not rank projects when sending them to the monitoring committee.

Box 6 presents a good and weak practice example for selecting projects.

Box 6

Selection procedure for Interreg: Good and weak practice examples

The programme authorities of the Czechia – Poland cooperation programme applied the following selection procedure, designed to select projects that best address the challenges identified in the cooperation programme in a transparent manner:

- participating regions develop a list of experts in each area of support covered by the programme;
- each project is assessed by four external experts, two from each Member State; two are from the regions where the project partners are based and two from other regions covered by the programme;
- the cross-border effect is assessed by the two external experts from the regions of the project partners and one staff member from the joint secretariat;
- the cross-border cooperation is evaluated by two staff members of the joint secretariat, one from each Member State;
- to be included in the list of potential projects for co-financing, projects must achieve an overall minimum threshold of 70 % of the total score, including a minimum of 70 % in some specific areas; and
- the joint secretariat ranks the projects in terms of points gained and submits them to the monitoring committee for selection.

In contrast, the programme authorities of the United Kingdom (Wales) – Ireland programme defined a vague selection procedure, which was carried out on a continuous basis, without competitive calls. The programme authorities did not score the project applications, but assessed their ‘adequacy’ against a few qualitative criteria. A project proposal was rejected as ‘inadequate’ when *‘The applicant has provided incomplete or insufficient responses against many of the listed evidence requirements thereby demonstrating an unacceptable level of risk’*.

As a result, under this system, it was not possible to rank the projects based on their merit and priority. There was no assurance that authorities would be able to select transparently the best projects.

Indicators did not generally capture the cross-border effect and limited statistical regional data were available, hampering monitoring and evaluation

70 In order to strengthen the result orientation of programmes, for each priority axis authorities were required to define the expected results for the specific objectives and the output and result indicators, as well as a baseline and a target value for the whole programme period⁴². The ETC Regulation includes a list of common output indicators that programme authorities may choose to use⁴³. Targets may be expressed either in quantitative or in qualitative terms, the latter only for the result indicators⁴⁴. Programme authorities need to collect robust statistical data in order to reliably monitor these targets.

71 For all 23 cooperation programmes, we examined whether the specific objectives addressing the needs identified in the cross-border regions were based on SMART criteria i.e. specific, measurable, attainable, relevant and timely.

72 In addition, we examined whether the output and result indicators set for each programme were:

- relevant to the specific objectives of the programme;
- capable of measuring the effect of the supported operations; and
- achievable by the end of the programme period. To this end, we also used the conclusions of the last available annual implementation reports.

73 We found that, in general, the specific objectives of the programmes were based on SMART criteria. They followed the intervention logic of the programme, were linked to the priority axes, thematic objectives and investment priorities selected and bridged the link between the strategy and the supported actions and operations.

⁴² Article 8(2)(b) of the ETC Regulation.

⁴³ Annex of the ETC Regulation.

⁴⁴ Article 16(3) of the ETC Regulation.

74 We also found that the common and programme-specific output indicators and programme-specific result indicators were generally measurable, and that in all cases baseline and target values were set. The use of the common output indicators facilitates the aggregation of data for ESI funds.

75 Seven of the programmes authorities measured certain result indicators through a qualitative assessment, i.e. a survey, as allowed by the legislation. We found that in three cases, programme authorities surveyed the same beneficiaries and other stakeholders which had received funding from these programme authorities. This may lead to the perception that results are not collected in an objective manner, as beneficiaries might have provided more positive feedback as it would otherwise have been the case, had the arm-length principle been respected.

76 In all of the cooperation programmes we examined, except for that of South Baltic, we also found issues related to relevance and achievability of the indicators, both for the common output indicators and the programme-specific output and result indicators.

77 In terms of relevance, many of the indicators, either the common output or the programme-specific, could not capture the cross-border effect of the Interreg operations. Also, we identified cases where the indicators set did not measure the effect of the supported operations on the specific objective, or where the effect could not be attributed directly and exclusively to a project. A common example of the latter is that many programmes used ‘increase of hotel stays in the region’ as a result indicator for a cultural/touristic operation, although the number of hotel stays in a region depends on several socioeconomic factors, in addition to an Interreg project.

78 In terms of achievability, we found examples of two extremes: in some cases the targets were not realistic and, most probably, will not be achieved by the end of the programme period, indicating that programme authorities:

- either did not launch enough calls for interest addressing the relevant specific objectives of the programme; or
- did not direct beneficiaries to apply for projects that would address the objectives of the programme (see [Box 5](#)); or
- did not assess initially correct the target.

In other cases, targets were not ambitious enough and had already been achieved in the early years of the programme period, indicating that programme authorities

contracted more projects than they needed. This shows that the effect of previous calls for project proposals was not taken into account when new calls were launched.

79 Regional data are required for relevant and robust indicator figures. For the 23 cooperation programmes in our sample, we found there to be limited data available. We also found a case where the programme authority had no available data to calculate the effect of a specific objective. The Commission confirmed that there were limitations in the availability of cross-border regional statistics. Differences in data collection methods between Member States, and insufficient cross-border statistical coordination were the most common issues.

The Commission's guidance has improved, but delay in adopting the legal framework affected implementation

80 We examined the guidance provided by the Commission to programme authorities in terms of defining their cross-border challenges for both the 2014-2020 and 2021-2027 periods. We also assessed the extent to which COVID-19 measures were used in the implementation of the 2014-2020 cooperation programmes, and the level of preparation for the 2021-2027 period.

The Commission offered more guidance and support for the 2021-2027 period

81 For the 2014-2020 period, the Commission provided guidance to each Member State on what it saw as the priorities for funding, through a 2012 position paper on the 'Development of the partnership agreement'.

82 In almost all cases, the guidance for the 2014-2020 period was limited to a few paragraphs of general content, and headlines on areas of potential spending for the cross-border regions. They contained very few specific messages on cross-border cooperation that could have been used to inform the development of programmes.

83 The 2021-2027 period is the sixth programme period for Interreg. We examined whether the Commission has translated its accumulated knowledge, built up over previous periods, into concrete actions to guide Member States in programming and implementing their cooperation programmes.

84 The Commission took a more active role for the preparation of the 2021-2027 period, and led a series of initiatives to assist Member States in the identification of the cross-border challenges. These included:

- the cross-border review initiative, comprising two years of intensive research and dialogue with border stakeholders, and national and regional authorities. The review included studies of the legal and administrative obstacles that prevail at EU Member State borders;
- the creation of the border focal point service within DG REGIO that provides support to Member States in addressing legal and administrative cross-border issues; and
- the preparation of border orientation papers specific to each border which present Commission’s views on the key challenges, opportunities, scenarios for future cooperation and the need for clear demarcation with the remaining programmes of the regions.

85 The border orientation papers in particular were a valuable contribution to better targeting cross-border challenges, they set out key characteristics of the cross-border regions and outline options and orientations for programming. Even in cases where programme authorities did not fully support their content, they played an important role in preparing the ground and starting the discussion on cross-border needs.

Cross-border programme authorities made use of simplification possibilities offered during the COVID-19 crisis

86 Soon after the outbreak of the COVID-19 pandemic, the Commission proposed measures to ease the legal requirements for the ESI funds, especially for the year 2020 (see paragraphs [23](#) and [24](#) and [Figure 5](#)).

87 We examined the uptake of these measures by the 53 cross-border cooperation programmes (see paragraph [33](#)). We also examined the implications of the pandemic in terms of implementation for the three cooperation programmes we visited on the spot and the Romania – Bulgaria programme that we had planned to visit on the spot.

88 By the end of February 2021, there were 241 COVID-19 related programme amendments in 186 programmes from 24 Member States, including the Interreg programmes. Of them, 202 were amendments requiring adoption by the Commission. The remaining 39 were simplified amendments adopted by the Member States, or the

programme authorities in the case of Interreg, and notified to the Commission. Regarding Interreg programmes, 33 programme authorities made use of COVID-19 measures requiring a programme amendment. The measure used the most was the possibility to delay the submission of the annual implementation report. The last report was submitted in September instead of May 2020, i.e. with four months delay. According to the Commission, the main reason for mainly using this measure was the high rate of contracting, see paragraph 17. In addition, seven programme authorities made simplified amendments that needed just a notification to the Commission and did not require an amendment to the programme.

89 In terms of impact on implementation, the three programme authorities we visited on the spot and the cooperation programme of Romania – Bulgaria that we intended to visit, reported that the crisis hit every project differently, depending on timing and type of activities planned, as illustrated by the example in **Box 7**. Projects dependent on travel generally needed more substantial amendments or had to take alternative action by substituting, for example, meetings *in situ* by teleconferences. However, the four programme authorities reported that beneficiaries had to stop or suspend less than 1 % of approved projects.

Box 7

The impact of COVID-19

The Central Baltic cooperation programme comprises from regions from Finland, Estonia, Latvia and Sweden. According to the managing authority of the programme, at the time of COVID-19 outbreak:

- projects that were at an early implementation stage, could easily adjust their timing schedule and content of actions;
- half of those in the midst of implementation, have applied either to extend or to amend the implementation of their work plans; and
- the majority of projects at the very end of the process faced difficulties in completing their activities. In most of these cases, the beneficiaries requested an extension of the project's deadline.

The 2021-2027 period started before the legal framework had been approved

90 Finally, we examined the preparation of the 2021-2027 programme documents for all the cooperation programmes we examined. We followed up the implementation of an ECA recommendation concerning the timely preparation of the cohesion policy legislative proposals by the Commission⁴⁵, and we compared the length of time taken to adopt the legal framework with the previous two programme periods.

91 All but two of the 23 programme authorities stated that the discussions for the next programme period only started shortly before the 2020 summer break. According to the programme authorities, the late start in the development of the programme was due to lack of certainty pending the adoption of the legal basis. This delay in adopting the legal basis, together with the need to close work for one programme period at the same time as starting the new one⁴⁶, prevented the smooth start of the multiannual programme period at Member State level.

92 The Commission proposals for the new CPR, ERDF, and ETC Regulations were published in May 2018, well before the start of the programme period and in line with our previous recommendation. However, the negotiations between the European Parliament and Council lasted longer than expected. By the end of April 2021, the cohesion policy legislative package, including the ETC Regulation, was not yet adopted, i.e. 4 months after the start of the 2021-2027 programme period. For comparison, the legal base was adopted a month before the start of the 2014-2020 period, and, for the 2007-2013 period, five months before.

⁴⁵ ECA special report 02/2017, The Commission's negotiation of 2014-2020 partnership agreements and programmes in Cohesion: spending more targeted on Europe 2020 priorities, but increasingly complex arrangements to measure performance, recommendation 1, p. 79.

⁴⁶ ECA special report 17/2018, Commission's and Member States' actions in the last years of the 2007-2013 programmes tackled low absorption but had insufficient focus on results, paragraph 84, p. 44.

Conclusions and recommendations

93 In this audit, we looked at whether the Commission and the Member States had addressed the challenges of the cross-border regions in the internal borders cooperation programmes funded through Interreg effectively. Overall, we found that the cooperation programmes we examined had clear strategies for addressing the challenges facing the cross-border regions they covered. However, weaknesses in implementation and inefficiencies in monitoring information limited the potential of programmes to unlock the capacity of these regions. Part of the recommendations below are addressed to the programme authorities examined, but, in view of the broad coverage, we consider that they also apply to other programme authorities. The programme authorities have provided us with their reactions to these recommendations, see [Annex VI](#).

94 Cooperation programmes cannot address all cross-border challenges because of their limited budget and of the requirement for some challenges to be dealt with between Member States at national level. We found that programme authorities, even if they had analysed challenges, did not prioritise them in order to focus on those most pressing for the cross-border area (see paragraphs [36-43](#)).

95 In terms of strategy, the intervention logic of the cooperation programmes was strong, and there was a link between the challenges, priority axes, thematic and specific objectives and calls for project proposals. The programme documents also set out the procedures to be followed for coordinating the cooperation programmes with other funds. The selection procedures as described in the programme documents gave prominence to the cross-border identity of the projects to co-finance, and reflected the intention of partners from different countries/regions to be actively involved (see paragraphs [47-50](#)).

96 However, we found that in 14 cases of the 23 cooperation programmes in our sample, there was no clear demarcation in the areas of support and the types of operations to be co-financed between the cooperation and the mainstream programmes, leading to a situation where both sources of funding could finance the same kind of operations. There is a risk that the required focus on real needs is weakened by the overlap of the areas eligible for both Interreg and ERDF mainstream funding. The need to increase the added value of the EU interventions is particularly important as the budget for Interreg will shrink for the 2021-2027 period and there is less thematic concentration than in the 2014-2020 period (see paragraphs [56-59](#)).

97 We also found projects with limited evidence of their cross-border character, as cooperation among partners was limited to presenting a common project proposal to secure financing for interventions (see paragraph [62](#)).

Recommendation 1 – Better focus the cooperation programmes

- (a) Programme authorities of the cooperation programmes examined should:
- (1) ensure that the programme documents stipulate that they focus on different types of projects for the investment priorities they support in comparison to the mainstream programmes of the adjacent regions; and
 - (2) coordinate the support whenever they intervene in the same areas of support with the mainstream programmes of the adjacent regions.
- (b) The Commission, based on the above two recommendations, should, when adopting the cooperation and the mainstream programmes, require that the projects co-financed are complementary.

Timeframe: by December 2022

98 Most programme authorities did not rank the projects in terms of merit to ensure that only the best proposals for funding were considered, a significant omission when funds are scarce. In addition, some cooperation programmes did not have a minimum threshold that a project proposal had to reach to be selected, particularly important in terms of guaranteeing its cross-border character and contribution to addressing the most pressing challenges of the region (see paragraphs [66-69](#)).

Recommendation 2 – Prioritise and award support to projects based on merit using scores

In order that the projects that best address the challenges of the cross-border regions and the objectives of the cooperation programmes are selected, programme authorities examined should:

- (a) use a system of merit as part of the project appraisal process; and
- (b) only propose projects for funding that have achieved a minimum threshold, including a minimum threshold for the cross-border character of the project.

Timeframe: by December 2022

99 The specific objectives were based on SMART criteria and output and result indicators were generally measurable. However, there were weaknesses in the relevance and achievability of the output and result indicators: some indicators did not reflect the aims of the specific objective that the project addressed; and some did not strike the right balance between being achievable but ambitious. In most cases, programme authorities used indicators, which did not capture the cross-border effect (see paragraphs [73-78](#)).

Recommendation 3 – Use indicators that aim to capture the effect of cross-border projects

The Commission should, when assessing the cooperation programmes during their approval process:

- (a) work closely with programme authorities to promote the selection of the common output and result indicators that are relevant to the types of actions the programmes will implement and thus capable of measuring the achievements and effects of the cross-border projects; and
- (b) for those cases where common indicators cannot be used, work with the programme authorities to assess the suitability of the specific output and result indicators in measuring the achievements and effects of the cross-border projects using the available Commission guidance.

Timeframe: by December 2022

100 There were several weaknesses in the data we examined underlying the regional statistics that are used for measuring indicators. Data were either not available or not sufficiently coordinated between Member States to capture the cross-border effect of the supported operations in a reliable way (see paragraph 79).

101 The Commission's guidance to the programme authorities improved over the last two programme periods. The border orientation papers for the 2021-2027 period provided a more targeted analysis, including suggestions, than the 2014-2020 position papers (see paragraphs 82-85).

102 Cooperation programme authorities made use of the measures available under by the CRII and CRII+ initiatives to mitigate the effects of the COVID-19 outbreak. Very few cross-border projects have been suspended or cancelled as a result of the pandemic, mainly because a high level of projects had already been contracted through Interreg. However, the effect of the crisis was visible and programme authorities made efforts to support the implementation of the contracted projects (see paragraphs 88-89).

103 For the 2021-2027 period, the Commission made its legislative proposals in good time, but the co-legislators did not adopt them until after the start of the programme period. This delay has seriously affected the preparation of cooperation programmes, and prevented a smooth start for the new programme period (see paragraphs 91-92).

This Report was adopted by Chamber II, headed by Ms Iliana Ivanova, Member of the Court of Auditors, in Luxembourg on 19 May 2021.

For the Court of Auditors

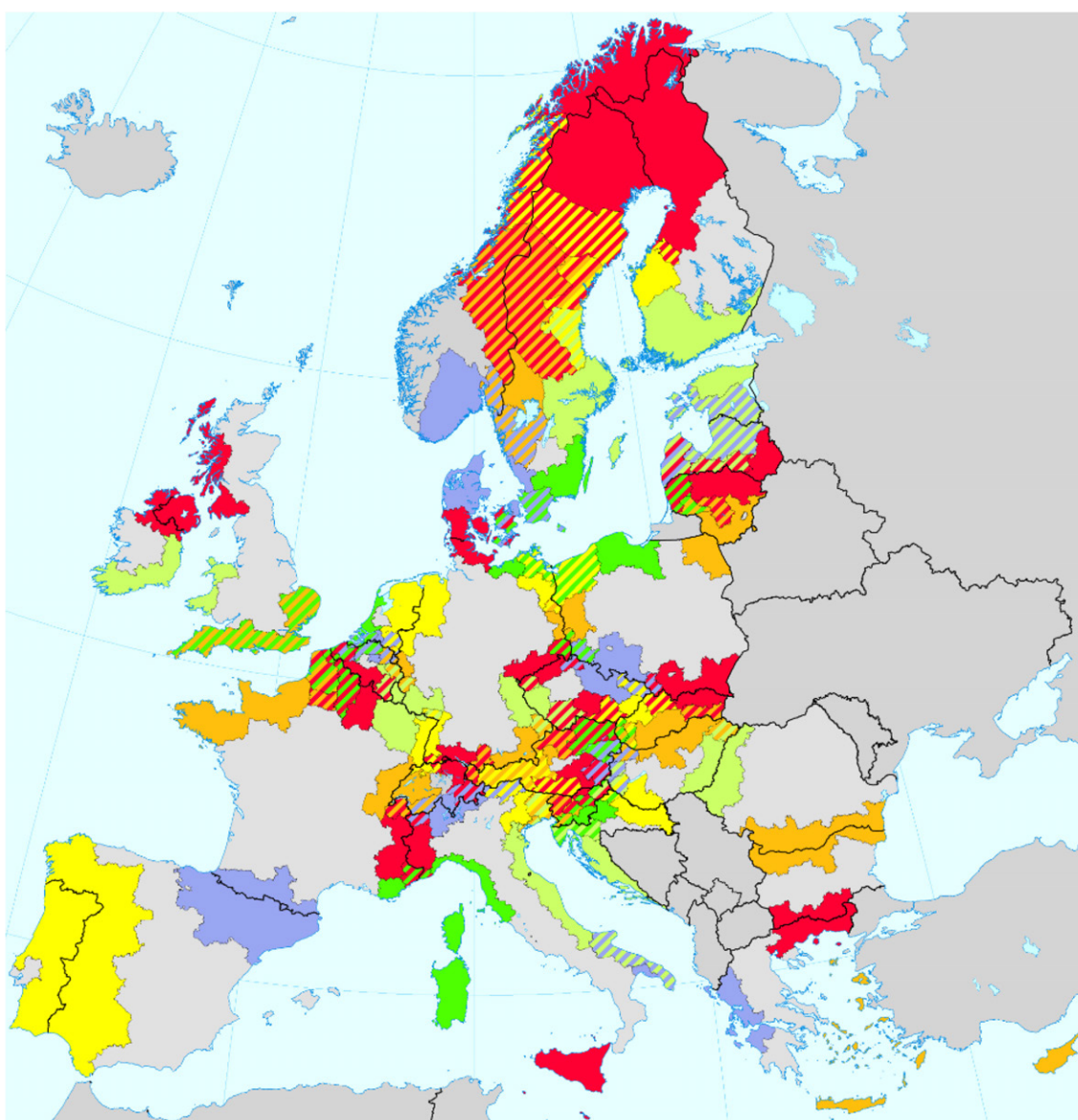
Klaus-Heiner Lehne
President

Annexes

Annex I – List of Interreg V-A for internal borders cooperation programmes for the 2014-2020 period

In total, the Commission approved 53 cross-border cooperation programmes for internal borders for the 2014-2020 period. *Figure 9* presents these programmes in a map. Hatched areas are part of two or more programme areas simultaneously.

Figure 9 – Interreg V-A for internal borders: The 53 cooperation programmes



Source: European Commission.

The table below lists the 53 cooperation programmes, along with the total budget, and the EU contribution. In bold are indicated the cooperation programmes that we examined.

	Name	CCI	Total OP budget (in euros)	Total EU contribution (in euros)
1	Belgium – Germany – The Netherlands (Euregio Maas-Rijn)	2014TC16RFCB001	140 434 645	96 000 250
2	Austria – Czech Republic	2014TC16RFCB002	115 076 396	97 814 933
3	Slovakia – Austria	2014TC16RFCB003	89 285 509	75 892 681
4	Austria – Germany/Bavaria	2014TC16RFCB004	64 332 186	54 478 064
5	Spain – Portugal (POCTEP)	2014TC16RFCB005	484 687 353	365 769 686
6	Spain – France – Andorra (POCTEFA)	2014TC16RFCB006	288 964 102	189 341 397
7	Hungary – Croatia	2014TC16RFCB008	73 900 028	60 824 406
8	Germany/Bavaria – Czech Republic	2014TC16RFCB009	121 617 825	103 375 149
9	Austria – Hungary	2014TC16RFCB010	95 870 327	78 847 880
10	Germany/Brandenburg – Poland	2014TC16RFCB011	117 826 565	100 152 579
11	Poland – Slovakia	2014TC16RFCB012	210 114 137	178 597 014
12	Poland – Denmark – Germany – Lithuania – Sweden (South Baltic)	2014TC16RFCB013	100 614 276	82 978 784
13	Finland – Estonia – Latvia – Sweden (Central Baltic)	2014TC16RFCB014	170 544 922	132 628 689
14	Slovakia – Hungary	2014TC16RFCB015	183 304 695	155 808 987
15	Sweden – Norway	2014TC16RFCB016	94 399 930	47 199 965
16	Germany/Saxony – Czech Republic	2014TC16RFCB017	189 274 570	157 967 067
17	Poland – Germany/Saxony	2014TC16RFCB018	82 353 025	70 000 069
18	Germany/Mecklenburg-Vorpommern – Brandenburg – Poland	2014TC16RFCB019	157 647 549	134 000 414
19	Greece – Italy	2014TC16RFCB020	123 176 901	104 700 362
20	Romania – Bulgaria	2014TC16RFCB021	258 504 126	215 745 513
21	Greece – Bulgaria	2014TC16RFCB022	130 262 835	110 723 408
22	Germany – The Netherlands	2014TC16RFCB023	443 059 158	222 159 360
23	Germany – Austria – Switzerland – Liechtenstein (Alpenrhein – Bodensee – Hochrhein)	2014TC16RFCB024	56 554 900	39 588 430
24	Czech Republic – Poland	2014TC16RFCB025	266 143 190	226 221 710

25	Sweden – Denmark – Norway (Öresund – Kattegat – Skagerrak)	2014TC16RFCB026	271 376 522	135 688 261
26	Latvia – Lithuania	2014TC16RFCB027	82 255 348	69 621 072
27	Sweden – Finland – Norway (Botnia – Atlantica)	2014TC16RFCB028	61 284 055	36 334 420
28	Slovenia – Croatia	2014TC16RFCB029	55 690 913	46 114 193
29	Slovakia – Czech Republic	2014TC16RFCB030	106 046 429	90 139 463
30	Lithuania – Poland	2014TC16RFCB031	70 769 277	60 153 883
31	Sweden – Finland – Norway (Nord)	2014TC16RFCB032	94 617 296	60 413 727
32	Italy – France (Maritime)	2014TC16RFCB033	199 649 897	169 702 411
33	France – Italy (ALCOTRA)	2014TC16RFCB034	233 972 102	198 876 285
34	Italy – Switzerland	2014TC16RFCB035	118 281 056	100 221 466
35	Italy – Slovenia	2014TC16RFCB036	92 588 182	77 929 954
36	Italy – Malta	2014TC16RFCB037	51 708 438	43 952 171
37	France – Belgium – The Netherlands – United Kingdom (Les Deux Mers / Two seas / Twee Zeeën)	2014TC16RFCB038	392 143 504	256 648 702
38	France – Germany – Switzerland (Rhin supérieur / Oberrhein)	2014TC16RFCB039	210 615 695	109 704 965
39	France – United Kingdom (Manche / Channel)	2014TC16RFCB040	315 264 678	223 046 948
40	France – Switzerland	2014TC16RFCB041	102 823 622	65 890 505
41	Italy – Croatia	2014TC16RFCB042	236 890 849	201 357 220
42	Belgium – France (France – Wallonie – Vlaanderen)	2014TC16RFCB044	283 295 074	169 977 045
43	France – Belgium – Germany – Luxembourg (Grande Région / Großregion)	2014TC16RFCB045	234 606 265	139 802 646
44	Belgium – The Netherlands (Vlaanderen – Nederland)	2014TC16RFCB046	305 151 170	152 575 585
45	United Kingdom – Ireland (Ireland – Northern Ireland – Scotland)	2014TC16RFCB047	282 761 998	240 347 696
46	United Kingdom/Wales – Ireland	2014TC16RFCB048	98 998 059	79 198 450
47	Romania – Hungary	2014TC16RFCB049	231 861 763	189 138 672
48	Estonia – Latvia	2014TC16RFCB050	46 728 715	38 933 803
49	Italy – Austria	2014TC16RFCB052	98 380 352	82 238 866
50	Slovenia – Hungary	2014TC16RFCB053	18 641 195	14 795 015
51	Slovenia – Austria	2014TC16RFCB054	57 213 193	47 988 355

52	Greece – Cyprus	2014TC16RFCB055	64 560 486	54 876 411
53	Germany – Denmark	2014TC16RFCB056	121 306 000	89 634 975
	All cross-border cooperation for internal borders programmes		8 597 431 283	6 346 119 962
	The cross-border cooperation for internal borders programmes that we examined		3 508 658 525	2 708 476 109

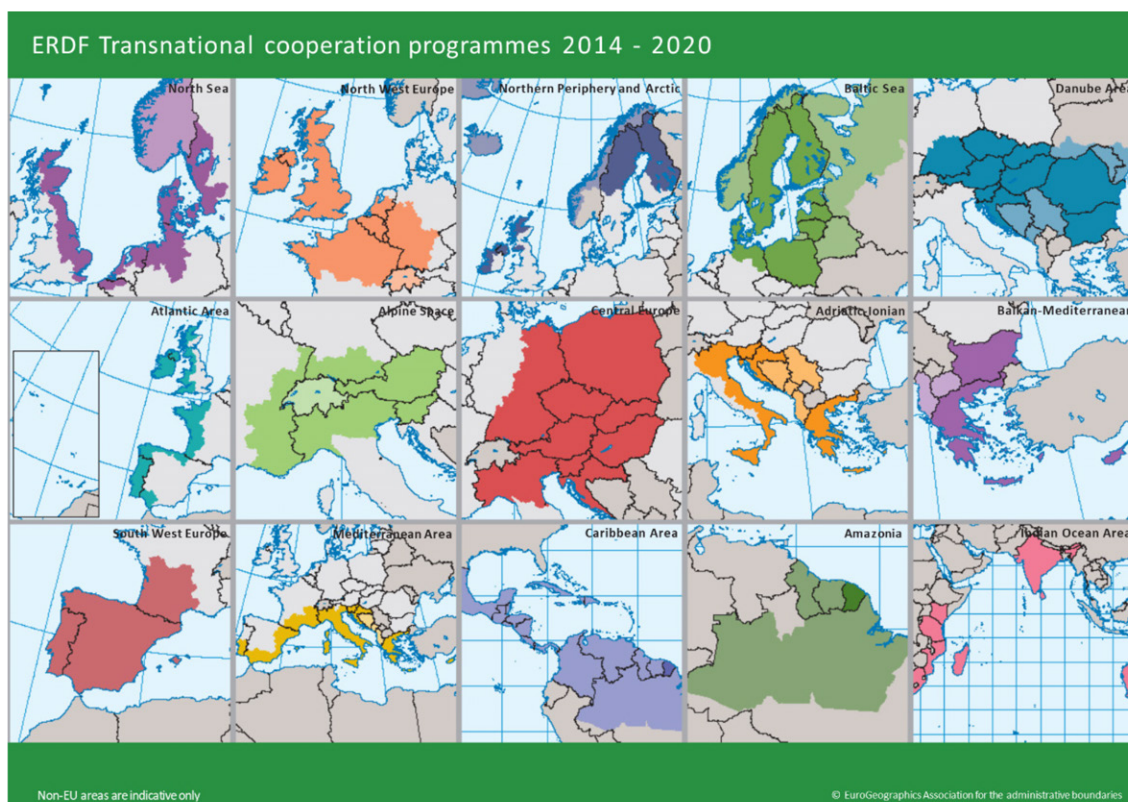
Source: ECA, based on the cooperation programmes for the 2014-2020 period.

Annex II – List of Interreg V-B transnational cooperation programmes for the 2014-2020 period

For the 2014-2020 programme period, Interreg V-B covers 15 cooperation programmes of a total value of €2.1 billion.

These are: North sea, North-west Europe, Northern periphery and Arctic, Baltic Sea, Danube area, Atlantic area, Alpine space, Central Europe, Adriatic – Ionian, Balkan – Mediterranean, South-west Europe, Mediterranean area, Caribbean area, Amazonia, and Indian Ocean area. The countries involved in each cooperation programme are shown in *Figure 10*.

Figure 10 – Interreg V-B: The 15 transnational cooperation programmes



Source: European Commission, https://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/trans-national/.

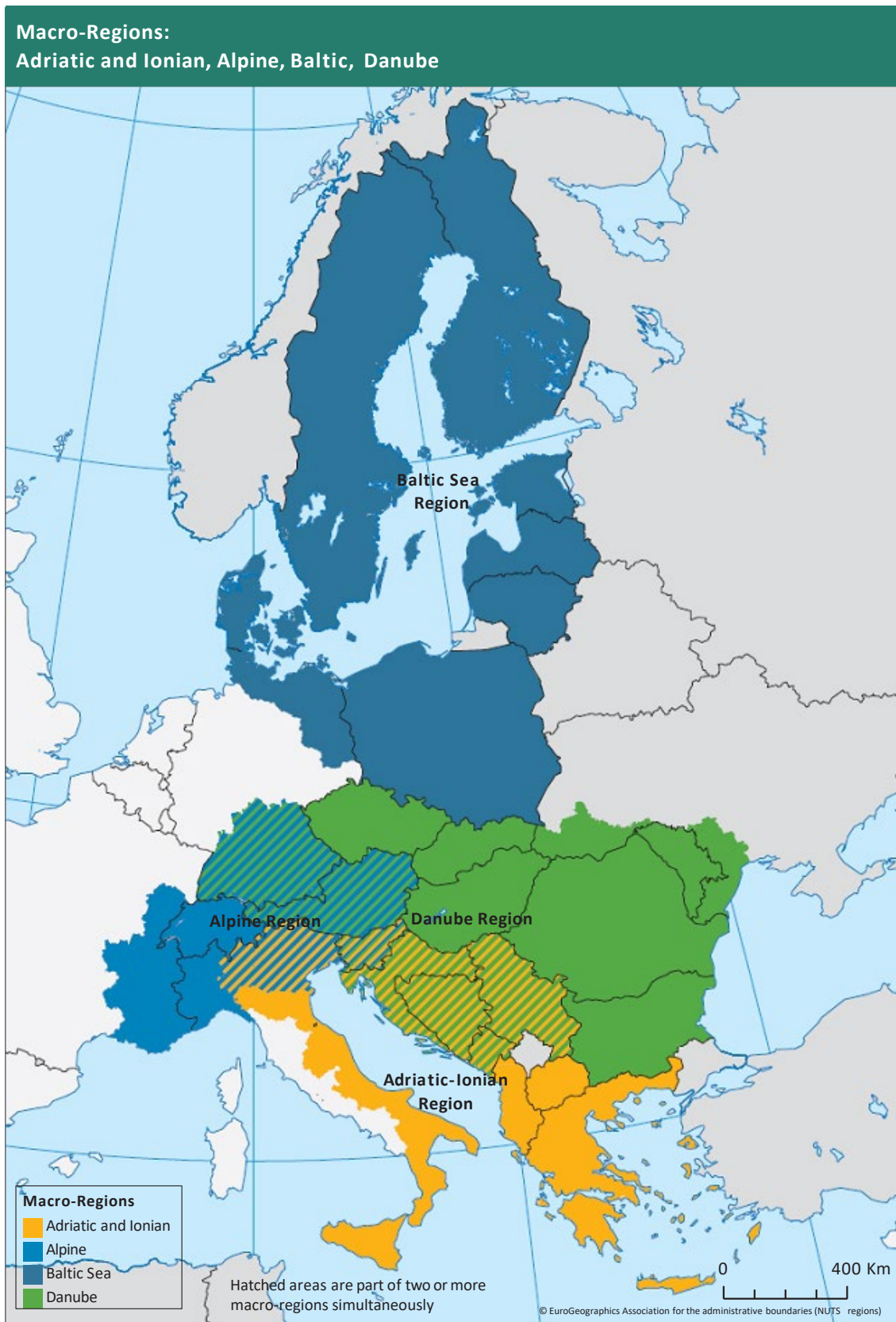
On top of the funding through Interreg B strand, the European Council has endorsed four macro-regional strategies⁴⁷:

- the EU strategy for the Baltic Sea region (2009);
- the EU strategy for the Danube region (2010);
- the EU strategy for the Adriatic and Ionian region (2014); and
- the EU strategy for the Alpine region (2015).

The four macro-regional strategies concern 19 EU Member States and eight non-EU countries, as shown in [Figure 11](#).

⁴⁷ COM(2019) 21 final, 'Report from the Commission on the implementation of EU macroregional strategies', of 29.1.2019.

Figure 11 – Interreg V-B: The four macro-transnational regions



Source: European Commission, https://ec.europa.eu/regional_policy/en/policy/cooperation/.

Annex III – List of thematic objectives for Interreg V-A for internal borders for the 2014-2020 period

Data as of 31.12.2020

TO	Name	Total EU contribution (in euros)	%
TO 1	Strengthening research, technological development and innovation	872 076 167	13.7 %
TO 2	Enhancing access to, and use and quality of information and communication technologies (ICT)	0	0 %
TO 3	Enhancing the competitiveness of small and medium-sized enterprises (SMEs)	300 110 731	4.7 %
TO 4	Supporting the shift towards a low-carbon economy in all sectors	161 017 673	2.5 %
TO 5	Promoting climate change adaptation, risk prevention and management	279 299 676	4.4 %
TO 6	Preserving and protecting the environment and promoting resource efficiency	1 478 698 158	23.2 %
TO 7	Promoting sustainable transport and removing bottlenecks in key network infrastructures	593 085 445	9.3 %
TO 8	Promoting sustainable and quality employment and supporting labour mobility	375 390 004	5.9 %
TO 9	Promoting social inclusion, combating poverty and any discrimination	216 707 527	3.4 %
TO 10	Investing in education, training and vocational training for skills and lifelong learning	116 666 051	1.8 %
TO 11	Enhancing institutional capacity of public authorities and stakeholders and efficient public administration	569 531 414	9.0 %
	Multiple TOs	940 330 421	14.8 %
	Technical Assistance	319 783 299	5.0 %
	No thematic objective selected (blanc)	123 423 396	1.9 %
	TOTAL	6 346 119 962	100 %

Source: ESI funds open data platform.

Annex IV – List of the 10 most used intervention codes for Interreg V-A for internal borders for the 2014-2020 period

Data as of 31.12.2020

Code	Description	Total EU contribution (in euros)	% (on the total)
94	Protection, development and promotion of public cultural and heritage assets	444 477 809	7 %
87	Adaptation to climate change measures and prevention of climate related risks e.g. erosion, fires, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures'	355 767 156	6 %
34	Other reconstructed or improved road (motorway, national, regional or local)	310 554 407	5 %
119	Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance	303 568 412	5 %
121	Technical Assistance: Preparation, implementation, monitoring and inspection	295 745 460	5 %
62	Technology transfer and university-enterprise cooperation primarily benefiting SMEs	272 901 928	4 %
85	Protection and enhancement of biodiversity, nature protection and green infrastructure	271 919 799	4 %
91	Development and promotion of the tourism potential of natural areas	254 307 765	4 %
60	Research and innovation activities in public research centres and centres of competence including networking	223 236 862	4 %
112	Enhancing access to affordable, sustainable and high-quality services, including health care and social services of general interest	205 317 652	3 %
	Total of the 10 most used intervention codes	2 937 797 250	46 %
	All the rest	3 408 322 712	54 %
	TOTAL	6 346 119 962	100 %

Source: ESI funds open data platform.

Annex V – List of the examined cooperation programmes, type of examination performed and mainstream programmes selected for comparison

The table below lists the 23 cooperation programmes, along with the total budget, the EU contribution and the length of examination we performed for each one:

- in a **simple desk review** (ten programmes in total), we examined the: cross-border challenges; SWOT and/or socioeconomic analysis; intervention logic; focus of the programme in comparison to two mainstreams from the adjacent regions; indicators; process for assessing the cross-border character of the projects; process for coordinating with other ESI funds; position and border orientation papers; and preparation stage for the 2021-2027 period;
- in an **extended desk review** (ten programmes in total), we additionally examined the: calls for proposals; selection process of projects; and approach followed for attracting project proposals ('top-down' or 'bottom-up'); and
- in an **examination on the spot** (three programmes in total), we additionally examined: a sample of four projects, and their cross-border character.

	Name	CCI	Total OP budget (in euros)	Total EU contribution (in euros)	Type of ECA examination
1	Belgium – Germany – The Netherlands (Euregio Maas-Rijn)	2014TC16RFCB001	140 434 645	96 000 250	simple desk review
	<u>Mainstream 1</u> Belgium: OP Flanders (regional)	2014BE16RFOP002	435 508 941	175 592 099	
	<u>Mainstream 2</u> Germany: OP North Rhine-Westphalia (regional)	2014DE16RFOP009	2 423 462 022	1 211 731 011	
2	Austria – Germany/Bavaria	2014TC16RFCB004	64 332 186	54 478 064	simple desk review
	<u>Mainstream 1</u> Austria: OP Investments in Growth and Employment (national)	2014AT16RFOP001	2 037 475 362	536 262 079	
	<u>Mainstream 2</u> Germany: OP Bayern 2014-2020 EFRE (regional)	2014DE16RFOP002	1 478 842 432	494 704 308	

3	Spain – Portugal (POCTEP)	2014TC16RFCB005	484 687 353	365 769 686	simple desk review
	<u>Mainstream 1</u> Spain: OP Andalucía 2014-2020 (regional)	2014ES16RFOP003	3 951 571 669	3 200 907 333	
	<u>Mainstream 2</u> Portugal: OP Norte 2014-2020 (regional)	2014PT16M2OP001	4 209 657 730	3 378 770 731	
4	Spain – France – Andorra (POCTEFA)	2014TC16RFCB006	288 964 102	189 341 397	simple desk review
	<u>Mainstream 1</u> Spain: Cataluña (regional)	2014ES16RFOP011	1 671 234 350	835 617 175	
	<u>Mainstream 2</u> France: Languedoc-Roussillon (regional)	2014FR16M0OP006	754 041 639	431 686 793	
5	Germany/Bavaria – Czech Republic	2014TC16RFCB009	121 617 825	103 375 149	extended desk review
	<u>Mainstream 1</u> Germany: OP Bayern 2014-2020 (regional)	2014DE16RFOP002	1 478 842 432	494 704 308	
	<u>Mainstream 2</u> Czechia: Integrated ROP Growth 2014-2020 (national)	2014CZ16RFOP002	5 575 445 155	4 763 230 350	
6	Austria – Hungary	2014TC16RFCB010	95 870 327	78 847 880	extended desk review
	<u>Mainstream 1</u> Austria: OP Investments in Growth and Employment (national)	2014AT16RFOP001	2 037 475 362	536 262 079	
	<u>Mainstream 2</u> Hungary: OP Economic Development and Innovation 2014-2020 (national)	2014HU16M0OP001	8 813 195 514	7 733 969 530	
7	Poland – Lithuania – Denmark – Germany –Sweden (South Baltic)	2014TC16RFCB013	100 614 276	82 978 784	extended desk review
	<u>Mainstream 1</u> Poland: Regional OP Pomorskie 2014-2020 (regional)	2014PL16M2OP011	2 193 896 122	1 864 811 698	
	<u>Mainstream 2</u> Lithuania: OP for EU Structural Funds Investments for 2014-2020 (national)	2014LT16MAOP001	7 887 798 523	6 709 396 130	

8	Finland – Estonia – Latvia – Sweden (Central Baltic)	2014TC16RFCB014	170 544 922	132 628 689	examination on the spot
	<u>Mainstream 1</u> Finland: Sustainable growth and jobs for Finland 2014-2020 (national)	2014FI16M2OP001	2 570 429 202	1 285 214 601	
	<u>Mainstream 2</u> Estonia: Estonia's Investment for Growth and Jobs 2014-2020 (national)	2014EE16M3OP001	4 891 748 878	3 499 202 664	
9	Slovakia – Hungary	2014TC16RFCB015	183 304 695	155 808 987	simple desk review
	<u>Mainstream 1</u> Slovakia: Integrated Regional OP 2014-2020 (national)	2014SK16RFOP002	2 059 278 976	1 699 941 778	
	<u>Mainstream 2</u> Hungary: Economic Development and Innovation 2014-2020 (national)	2014HU16M0OP001	8 813 195 514	7 733 969 530	
10	Sweden – Norway	2014TC16RFCB016	94 399 930	47 199 965	simple desk review
	<u>Mainstream 1</u> Sweden: OP Mellersta Norrland (regional)	2014SE16RFOP007	289 910 518	144 955 259	
11	Germany/Saxony – Czechia	2014TC16RFCB017	189 274 570	157 967 067	extended desk review
	<u>Mainstream 1</u> Germany: OP Sachsen 2014–2020 (regional)	2014DE16RFOP012	2 341 365 486	1 873 092 389	
	<u>Mainstream 2</u> Czechia: Czechia: Integrated ROP Growth 2014-2020 (national)	2014CZ16RFOP002	5 575 445 155	4 763 230 350	
12	Romania – Bulgaria	2014TC16RFCB021	258 504 126	215 745 513	extended desk review⁴⁸
	<u>Mainstream 1</u> Romania: Romanian Regional OP (national)	2014RO16RFOP002	8 384 288 100	6 860 000 000	

⁴⁸ Initially, we were planning to examine this cooperation programme on the spot. Instead, and because of the COVID-19 travel restrictions, we had to change the type of examination to an extended desk review.

	<u>Mainstream 2</u> Bulgaria: Bulgarian regional OP Regions in Growth (national)	2014BG16RFOP001	1 543 182 113	1 311 704 793	
13	Germany – Austria – Switzerland – Liechtenstein (Alpenrhein – Bodensee – Hochrhein)	2014TC16RFCB024	56 554 900	39 588 430	extended desk review
	<u>Mainstream 1</u> Germany: ROP Baden-Württemberg Innovation and Energy 2014-2020 (regional)	2014DE16RFOP001	493 170 076	246 585 038	
	<u>Mainstream 2</u> Austria: ERDF OP Growth and Employment Austria 2014-2020 (national)	2014AT16RFOP001	2 073 339 826	536 262 079	
14	Czechia – Poland	2014TC16RFCB025	266 143 190	226 221 710	examination on the spot
	<u>Mainstream 1</u> Czechia: Integrated Regional OP 2014 – 2020 (national)	2014CZ16RFOP002	5 575 445 155	4 763 230 350	
	<u>Mainstream 2</u> Poland: Regional OP Dolnośląskie 2014 – 2020 (regional)	2014PL16M2OP001	2 659 054 816	2 252 546 589	
15	Sweden – Finland – Norway (Botnia – Atlantica)	2014TC16RFCB028	61 284 055	36 334 420	simple desk review
	<u>Mainstream 1</u> Sweden: OP Upper Norrland (regional)	2014SE16RFOP008	421 646 628	210 823 314	
	<u>Mainstream 2</u> Finland: Sustainable growth and jobs 2014-2020 (national)	2014FI16M2OP001	2 570 429 202	1 285 214 601	
16	Slovakia – Czechia	2014TC16RFCB030	106 046 429	90 139 463	extended desk review
	<u>Mainstream 1</u> Slovakia: OP Integrated Infrastructure 2014-2020 (national)	2014SK16M1OP001	4 646 130 079	3 949 210 563	
	<u>Mainstream 2</u> Czechia: Integrated Regional OP 2014-2020 (national)	2014CZ16RFOP002	5 575 445 155	4 763 230 350	

17	Italy – Slovenia	2014TC16RFCB036	92 588 182	77 929 954	extended desk review
	<u>Mainstream 1</u> Italy: ROP Friuli Venezia Giulia (regional)	2014IT16RFOP009	230 779 184	115 389 592	
	<u>Mainstream 2</u> Slovenia: OP for the Implementation of the EU Cohesion Policy (national)	2014SI16MAOP001	3 818 118 670	3 067 924 925	
18	Italy – Malta	2014TC16RFCB037	51 708 438	43 952 171	extended desk review
	<u>Mainstream 1</u> Italy: ROP Sicilia ERDF 2014-2020 (regional)	2014IT16RFOP016	4 273 038 791	3 418 431 018	
	<u>Mainstream 2</u> Malta: OP Malta - Fostering a competitive and sustainable economy to meet our challenges 2014-2020 (national)	2014MT16M1OP001	709 109 686	580 096 106	
19	Italy – Croatia	2014TC16RFCB042	236 890 849	201 357 220	simple desk review
	<u>Mainstream 1</u> Italy: Apulia Regional OP 2014-2020 (regional)	2014IT16M2OP002	7 120 958 992	3 560 479 496	
	<u>Mainstream 2</u> Croatia: OP Competitiveness and Cohesion 2014-2020 (national)	2014HR16M1OP001	8 036 770 938	6 831 255 232	
20	France – Belgium – Germany – Luxembourg (Greater Region)	2014TC16RFCB045	234 606 265	139 802 646	examination on the spot
	<u>Mainstream 1</u> France: OP ERDF/ESF Lorraine and Vosges 2014-2020 (regional)	2014FR16M0OP015	689 879 511	409 839 615	
	<u>Mainstream 2</u> Belgium: OP Wallonia-2020.EU (regional)	2014BE16RFOP003	1 700 524 237	681 639 700	

21	United Kingdom/Wales – Ireland	2014TC16RFCB048	98 998 059	79 198 450	extended desk review
	<u>Mainstream 1</u> United Kingdom: ERDF West Wales and The Valleys (regional)	2014UK16RFOP005	1 829 859 998	1 206 110 065	
	<u>Mainstream 2</u> Ireland: Southern & Eastern ROP (regional)	2014IE16RFOP002	500 132 354	250 066 177	
22	Estonia – Latvia	2014TC16RFCB050	46 728 715	38 933 803	simple desk review
	<u>Mainstream 1</u> Estonia: Operational Program for Cohesion Policy Funds 2014-2020 (national)	2014EE16M3OP001	4 655 679 786	3 499 202 664	
	<u>Mainstream 2</u> Latvia: Growth and employment 2014-2020 (national)	2014LV16MAOP001	5 192 801 940	4 418 233 214	
23	Greece – Cyprus	2014TC16RFCB055	64 560 486	54 876 411	simple desk review
	<u>Mainstream 1</u> Greece: Crete OP (regional)	2014GR16M2OP011	449 652 852	359 722 280	
	<u>Mainstream 2</u> Cyprus: OP Competitiveness and sustainable development (national)	2014CY16M1OP001	699 726 575	594 767 585	

Source: ECA, based on data from the cooperation and mainstream programmes for the 2014-2020 period.

Annex VI – Reaction by programme authorities to recommendations 1a and 2

Some of our recommendations are addressed to the programme authorities, responsible for implementing them. We have therefore requested their reaction to our recommendations. The replies we have received, as well as the reasons why some of the authorities did not (or only partially) accept our recommendations, are summarised below.

Table 1 – Recommendation 1a: Better focus the cooperation programme

Reaction by programme authorities	
Accepted	14
Partially accepted	5
Not accepted	4
<p>The main reasons for ‘partially’ or ‘not accepting’ this recommendation is that these programme authorities consider that the relevant Interreg programmes are already well-focused and sufficiently coordinated with the mainstream programmes of the adjacent regions as:</p> <ul style="list-style-type: none"> (a) the existing legal requirements ask for joint programming, joint financing, joint staff and joint implementation of the projects with partners from the cross-border region of the neighboring country; (b) representatives of the institutions of the mainstream programmes take part in the Interreg Monitoring Committees’ meetings; (c) cross-border regions face different kind of problems than the rest of the country, thus, different kind of projects are selected for financing in comparison to those of the mainstream programmes; and (d) the ultimate goal of Interreg projects is to build partnerships between beneficiaries from neighboring countries and selected projects should address this goal. 	

Table 2 – Recommendation 2: Prioritise and award support to projects based on merit using scores

Reaction by programme authorities	
Accepted	14
Partially accepted	6
Not accepted	3
The main reason for 'partially' or 'not accepting' this recommendation is because programme authorities consider it as already implemented.	

Acronyms and abbreviations

CPR: Common Provisions Regulation

CRII: Coronavirus Response Investment Initiative

CRII+: Coronavirus Response Investment Initiative Plus

DG REGIO: Directorate-General for Regional and Urban Policy

ERDF: European Regional Development Fund

ESF: European Social Fund

ESI funds: European Structural and Investment funds

ETC: European Territorial Cooperation

GDP: Gross Domestic Product

Interreg: Acronym by which the EU's interregional cooperation programme is generally known

NUTS: Nomenclature of Territorial Units for Statistics

SMART: Specific, Measurable, Attainable, Relevant, Timely

SWOT: Strengths, weaknesses, opportunities and threats

TO: Thematic Objective

Glossary

Coronavirus Response Investment Initiative: Package of measures to allow flexible use of the European Structural and Investment Funds in response to the COVID-19 outbreak.

European Regional Development Fund: An EU fund that strengthens economic and social cohesion in the EU by financing investments that reduce imbalances between regions.

European Structural and Investment funds: The five main EU funds which together support economic development across the EU: the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development, and the European Maritime and Fisheries Fund.

European Territorial Cooperation: Framework for interregional, cross-border and transnational cooperation guiding policy exchanges and the implementation of joint action.

Intervention logic: The links between a proposal's objectives, the planned inputs and activities and the intended results and impact.

Investment priority: Sub-division of a priority axis.

Joint secretariat: Office that assists the managing authority and monitoring committee of a European territorial cooperation programme, as well as informing beneficiaries about potential funding opportunities and supporting project implementation.

Managing authority: The national, regional or local authority (public or private) designated by a Member State to manage an EU-funded programme.

Monitoring committee: A body that oversees the implementation of an operational programme, comprising representatives of Member State authorities and the Commission as observer.

Priority axis: A key objective of an operational programme, divided into one or more investment priorities.

Thematic objective: The intended overall result of an investment priority, broken down into specific objectives for implementation purposes.

**REPLIES OF THE EUROPEAN COMMISSION TO THE EUROPEAN COURT OF
AUDITORS SPECIAL REPORT:
“INTERREG COOPERATION –THE POTENTIAL OF THE EUROPEAN UNION’S CROSS
BORDER REGIONS HAS NOT YET BEEN FULLY UNLOCKED”**

EXECUTIVE SUMMARY

I. Interreg is one of the key instruments of the European Union supporting cooperation across borders through project funding. Its aim is to jointly tackle common challenges and find shared solutions in fields such as health, environment, research, education, transport, sustainable energy and more. It helps to harmonize the development of the Union’s territory at different levels relying on the partnership principle and multilevel governance concept.

To integrate potential beneficiaries for such co-operation, based on the experience gained in the previous programming periods, a number of measures aiming at increasing the impact of the interventions on the cross border area have been introduced to the Interreg Regulation for the programming period 2021-2027. Ahead of the design of the new Interreg Cross-Border Cooperation programmes for 2021-2027, the Commission services have prepared border orientation papers, providing a review of current and new opportunities, and challenges. They are intended to guide Member States and regions through the programming process.

The Commission expects that the 2021-2027 legislative framework as well as well as the active involvement of the Commission representatives in the programming exercise will ensure an increase of the quality of the individual projects, strategic orientations and overall impact of the interventions on the border area.

V. The Commission notes that cooperation programmes should by definition support differently managed projects than mainstream programmes. As mentioned in Article 12 of the Interreg regulation for the 2014-2020 period beneficiaries shall cooperate in the development and implementation of operations; in addition, they shall cooperate in the staffing or the financing of operations, or in both.

VI. Fourth indent - The Commission initiated a number of actions focused on cross-border data collection such as cooperation projects with national statistical offices and analysis and studies for specific sectors like rail, health and other public services.

The border orientation papers shared with future programme authorities recommend for the 2021-2027 period to develop stronger data and knowledge of cross-border territories.

IX. 1) The first part of recommendation 1 is addressed to the programme authorities examined. The Commission accepts the second part of recommendation 1.

The Commission stresses that the projects in cooperation programmes are different due to their obligatory cooperation character. Projects can in principle fall under the same specific objectives and be complementary.

2. This recommendation is addressed to the programme authorities.

3. The Commission accepts the recommendation.

The ERDF/CF Regulation 2021-2027, Annex 1, Table 2, lists the dedicated Interreg common output and result indicators. The list has been developed in close cooperation with the representatives of the Interreg programmes and it builds on the lessons learned from the 2014-2020 programming period, thus better reflecting the possible outputs and results of cooperation interventions.

4. This recommendation is addressed to the programme authorities. Nonetheless, the Commission notes that lack of statistical data continues to be an issue and that it is active in supporting new data developments and ongoing initiatives in this respect at EU level. The Commission observes that this is a long-term effort with no quick solutions.

The Commission initiated a number of actions focused on cross-border data and will start further initiatives to address this.

The regional statistics department at Eurostat has set up a working group to further develop cross-border statistics on cross-border cities and functional urban areas.

OBSERVATIONS

38. The Commission is aware that the funding needs to tackle the existing cross-border challenges. Cooperation is however not the sole responsibility of Interreg. For major infrastructure investments, the role of Interreg funds should be seen in the preparatory phase. Feasibility studies, environmental impact assessments, technical options assessments etc. can constitute high quality Interreg operations. They will allow for the actual works to be implemented with use of EU or national resources. Even in case of preparatory projects, co-operation between partners and involved authorities may provide trust building.

39. In the 2021-2027 period, the Commission has the overall objective of facilitating and increasing cooperation between regions and Member States within the "mainstream" Cohesion policy programmes. This means ensuring that actions and investments, which have a higher EU benefit when implemented jointly should be promoted. This objective can be reached through for instance synergies and alignment with the priorities of the macro-regional strategies and sea-basin strategies/initiatives, increased funding for inter-regional innovation initiatives and investments in cross-border services or infrastructures.

Each Member State/region is therefore encouraged to cooperate in the areas identified in Annex D of the European Semester 2019 Country Report.

40. As a general remark, the Commission would like to stress that for the purpose of the labour market integration and improvement of the conditions for accessing jobs across the border big investments are not necessarily needed. The same applies to cross border governance investments. Sometimes, there might be specific needs which can be addressed with targeted projects, including small value projects for example in terms of cooperation between employers and between vocational schools and companies across the border.

42. For the 2021-2027 programming period, the prioritisation need has been translated into the legislative requirements. Namely, Article 22.2 of the Interreg Regulation requires that “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”.

43. The 2021-2027 Interreg Regulation added two Interreg-specific objectives:

- one to support “better cooperation governance”, i.e. strengthening institutional capacity, enhancing legal and administrative cooperation, in particular where linked to implementation of the Border Regions Communication (2017), 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 cooperation issues on safety, security, border crossing management and migration.

Box 5 - Two options for attracting projects

Competitive and non-competitive modes of project selection are allowed, for example strategic projects can be selected without open calls for projects, they can be identified in the programme document or they can be submitted directly to the Monitoring Committee for approval. This can happen for instance, when an objective can only be met by certain partners who have the mandate to act in a given field (e.g. inland navigation).

The arrangements in place in the area of selection of operation are the responsibility of the Member States under shared management. It is also in line with the subsidiarity principle.

There is not a single ideal selection of operation model which fits all programmes' needs. Size, envisaged number of projects to be selected, complexity and technical nature may require different solutions to be applied by programmes. Other factors to be considered are the working environment, working arrangements, relations between partners, programme specificities, administrative culture and capacity. In cases where objectives can be reached with one specific project, targeted project selection as such is not needed and could be regarded as disproportionate administrative burden.

77. For the 2021-2027 period, common indicators specifically related to Interreg capturing the cross border dimension have been included in the ERDF/CF Regulation.

85. The Commission welcomes this positive assessment of the border orientation papers and the results deriving from their conclusions. The papers allowed the Commission to engage earlier with Member States on the programming and should translate into an overall increase of the programming process quality and selection of strategic orientations. In certain situations however, due to the complexity of factors impacting the socio-economic situation in border areas, including dynamics of changes and limited resources, it was not always possible to address all considerations of programming authorities.

CONCLUSIONS AND RECOMMENDATIONS

Recommendation 1 – Better focus the cooperation programmes

b) The Commission accepts this recommendation.

In the 2021-2027 period, the provisions in the relevant cohesion regulations have the objective of facilitating and increasing cooperation between regions and Member States through the mainstream programmes, and not only through Interreg.

The Commission is actively promoting the “embedding cooperation” concept during informal negotiations with Member States and will formally assess the content of the programmes in this regard (Section 2 of the programme template). In relation to Interreg programmes, co-ordination mechanisms in place will be also subject to examination on the basis of information provided in the programming documents (Section 1.2 of the programme template).

Recommendation 2 – Prioritise and award support to projects based on merit using scores

With the support of provisions of the new Interreg Regulation, once in force, the Commission will put emphasis on the selection process. Dedicated trainings will be prepared for the programmes in order to share best practice examples and raise awareness.

Recommendation 3 – Use indicators that aim to capture the effect of cross-border projects

The Commission accepts recommendation.

The ERDF/CF Regulation 2021-2027, Annex 1, Table 2, lists the dedicated Interreg common output and result indicators. The list has been developed in close cooperation with the representatives of the

Interreg programmes and it builds on the lessons learned from the 2014-2020 programming period, thus better reflecting the possible outputs and results of cooperation interventions.

Audit team

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This performance audit was carried out by Audit Chamber II Investment for cohesion, growth and inclusion spending areas, headed by ECA Member Iliana Ivanova. The audit was led by ECA Member Ladislav Balko, supported by Branislav Urbanič, Head of Private Office and Zuzana Franková, Private Office Attaché; Niels-Erik Brokopp, Principal Manager; Chrysoula Latopoulou, Head of Task; Dennis Wernerus, Deputy Head of Task; Thierry Lavigne, Katarzyna Solarek, Ana Popescu, Aleksandar Latinov, Angelika Zych, Aino Nyholm, Nils Odins and Francisco Carretero Llorente, Auditors. James Verity provided linguistic support.



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Timeline

Event	Date
Adoption of Audit Planning Memorandum (APM) / Start of audit	25.9.2019
Official sending of draft report to Commission (or other auditee)	26.3.2021
Adoption of the final report after the adversarial procedure	19.5.2021
Commission's (or other auditee's) official replies received in all languages	7.6.2021

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Cross-border cooperation aims to tackle common challenges identified jointly by the Member States in the border regions, and to exploit the untapped growth potential. Many such regions generally perform less well economically than other regions within a Member State.

We found that the cooperation programmes we examined had clear strategies for addressing the challenges facing the cross-border regions they covered. However, weaknesses in implementation and insufficiencies in monitoring information limited the potential of programmes to unlock the potential of these regions.

We address a number of recommendations to programme authorities and the Commission to better focus the cooperation programmes, and to prioritise and support projects based on merit. Also, to define indicators that capture the cross-border effect of the projects.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.



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