



**Overview of the draft regulations  
for the new period, 2007 – 2013,  
– An INTERREG practitioners' guide**

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### **INTRODUCTION**

This guide gives you an overview of the most important points in the draft regulations and interprets what they mean in practice. It is based on the draft regulations of July 2004 and should not be used to make final programming decisions without reference to the final approved regulations when these become available. Most of the key points mentioned are, however, unlikely to be changed in the final regulations and the document can therefore be used as a guide for programme planning. If you want to study a specific topic in more detail there are direct references to the relevant section of the regulations.

The guide is not intended to be exhaustive, but rather to give anyone involved in the preparation of the new round of cooperation programmes under Cooperation Objective 3 a quick overview of what are the key proposals.

If you have any questions or comments on the guide you are welcome to send your feedback to [Lindha.Feldin@interact-eu.net](mailto:Lindha.Feldin@interact-eu.net) and we will get back to you as soon as we can.

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## **WHICH REGULATIONS ARE RELEVANT?**

Three draft regulations on the Structural Funds 2007-2013, published by the European Commission in July 2004 are relevant to the preparation of future INTERREG programmes:

- The *general regulation* laying down the overall rules for managing the Structural Funds – giving general guidance on for example:
  - o Overall objectives, geographical eligibility criteria, financial resources and allocation, programming, evaluation, management and control systems, functions of Managing, Certifying and Audit Authority, monitoring and financial management.
- The *ERDF regulation* – covering specific guidance on the future ‘European territorial cooperation objective 3’ such as:
  - o Issues to be covered by programmes, eligibility, content of programme documents, programme authorities, auditing and control, project selection, the Lead Partner principle and spending funds outside the programme area
- The *regulation on EGCCs* (European Groupings of Cross-border Cooperation)
  - o Includes the proposal on how to formalise cooperation across a border, or a group of borders, between regions and other actors involved in the programme. Details are being discussed by Member States.

## **WHAT THEMES SHOULD FUTURE PROGRAMMES AND PROJECTS WORK WITH?**

**Future programmes should take a ‘strategic approach to cohesion’<sup>1</sup>. The regulations also refer to a ‘new architecture for EU cohesion policy’<sup>2</sup>.**

- Programmes should take relevant overall cohesion policies into account, particularly on EU level but also on the national level. A formal requirement is that programmes are in line with the Community Strategic Guidelines<sup>3</sup> and the National Strategic Frameworks.
- The Community Strategic Guidelines are envisaged as a bridge between the legal basis for programming contained in the regulations on the one hand and the programmes on the ground on the other. They set out strategic priorities from on which Member States and regions can define a suitable policy mix.
- Programmes should actively address the goals of the Lisbon and Gothenburg agendas: promoting growth, job creation, increased competitiveness and sustainable development.
- Programmes should continue to ensure coherence with EU policies in other sectors such as the European Employment Strategy, focusing on creating more and better jobs and the creation of a TransEuropean Transport Network (TEN-T), including rail transport and motorways of the sea.

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<sup>1</sup> General draft regulation, title II ‘Strategic approach to cohesion’

<sup>2</sup> General draft regulation, Explanatory memorandum

<sup>3</sup> The draft Community Guidelines are available in all Member State languages on [http://www.europa.eu.int/comm/regional\\_policy/sources/docoffic/2007/osc/index\\_en.htm](http://www.europa.eu.int/comm/regional_policy/sources/docoffic/2007/osc/index_en.htm)

**The regulations outline the programmes' overall 'objectives'<sup>4</sup> and emphasise the need to 'take specific economic, social and territorial features into account'<sup>5</sup>.**

- It is essential that each programme identifies and focuses programme activities on a few specific characteristics of its area. These characteristics can both be particular strengths that can be developed further, for example an attractive coastline, and/ or weaknesses where action is needed, such as poor accessibility to the coastline or parts of it being under threat of pollution. Identifying a limited number of programme themes increases the possibility of having a real impact in the region and will lead to more tangible and measurable activities and outcomes in the long run.
- There should be a concentration of issues covered and funding. There should be room both for larger projects involving infrastructure investment that will have a significant impact across the border and for smaller projects supporting mutual capacity building and strengthening through cooperation. The important thing is that all projects have a cross-border, transnational or inter-regional relevance and that they demonstrate good value for money – regardless of budget size. There is also a requirement to promote 'greater value for money through increased competition for support'<sup>6</sup>.
- Programmes should focus their activities on themes where cooperation across borders really makes a difference – genuine cooperation. This will increase the visibility of programme and project actions and distinguish them from other activities on each side of the border.

**The importance of clear programme 'priorities' and 'measurable goals'<sup>7</sup>:**

- The overall themes should be broken down into programme priorities with clearly identifiable and measurable goals. Projects supported through the programme must in turn contribute directly to these goals. Priorities will not be broken down into measures. Instead, the targets for the priority become the determining factor for selecting appropriate projects.
- Programme priorities and priority goals will define the programme strategy and expected outcomes and results. This will be an invaluable guide in project generation and development activities. It will also provide a good basis for effective monitoring of programme implementation.

**'Additionality'<sup>8</sup> is a primary requirement:**

- Activities supported must be additional compared to already ongoing or statutory activities in the region or country. In terms of programme implementation, additionality is most clearly demonstrated when there is a clear cross-border or transnational impact. This should be the red thread running from the overall programme strategy and priorities to the assessment of the cross-border and transnational value of each individual project.

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<sup>4</sup> General draft regulation, article 3

<sup>5</sup> General draft regulation, article 3(3)

<sup>6</sup> General draft regulation, Explanatory memorandum, 5.5 – A stronger accent on performance and quality

<sup>7</sup> General draft regulation, article 2(2)

<sup>8</sup> General draft regulation, article 13

## **HOW MUCH WILL THE ERDF FUNDING BE?**

### **How much will the 'financial contribution by the funds'<sup>9</sup> be?**

- The actual amounts to be allocated to the programmes are of course dependent on the outcome of the on-going budget negotiations.
- Programmes under the new Territorial Cooperation Objective receive ERDF funding of 75%.
- There is a possibility to use different ERDF rates in different priorities, starting at a minimum ERDF rate of 20%.

### **'ERDF contribution shall be paid into a single account with no national sub-accounts'<sup>10</sup>:**

- This refers to the joint management of funds, which should be an underlying principle of all programmes. Funds should be integrated into one joint budget equally available for all participating projects and regions independently of where they are located or carry out their activities.
- ERDF payments should not be incorporated into regional or national budgets.

## **WHAT SHOULD BE THE 'CONTENT OF THE OPERATIONAL PROGRAMMES'<sup>11</sup> DOCUMENTS?**

- For the future programmes only Operational Programmes need to be developed as there will be no Programme Complement. As we have seen, financial tables will be broken down on priority level only. This gives project developers and the project selecting body more flexibility in identifying the most appropriate projects for achieving the goals and targets set up, as funding can be allocated freely to projects within the same priority.

### **An Operational Programme document should include:**

- Analysis of the cooperation area, including strengths and weaknesses and how to deal with them – this should reflect the specific programme objectives identified (c.f. *What themes should future programmes and projects work with?*).
- Outcome of the ex-ante evaluation on the expected impact of the programme.
- An outline of the different programme priorities and a justification for why these have been chosen. The priorities should be further specified in overall goals and quantified indicators on implementation, results and impact to measure the progress towards achieving the goals.
- Breakdown of the spheres of assistance by category.
- Joint programme financial tables (i.e. NO breakdown by Member State). The first table should show the ERDF contribution split by programme year. The second table should show the total funding available, i.e. ERDF and public match-funding, for the whole programming period and per priority.
- Information on:
  - Programme bodies (see below)

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<sup>9</sup> General draft regulation, articles 50, 51(3d) and 53(1)

<sup>10</sup> Draft ERDF regulation, article 17(1)

<sup>11</sup> Draft ERDF regulation, article 12

- Monitoring and evaluation system and the Monitoring Committee
- Procedures for financial flows
- 'Information and publicity'<sup>12</sup> activities:
  - The programme and the opportunity it offers for co-funding should be publicised in an effective way to ensure that the information reaches relevant target groups and potential beneficiaries. General information on the programme, its activities and findings should be made available to a wider target group, including the general public.
  - Electronic monitoring system for exchange of digital data between the Programme and the Commission.
- An indicative list of any major projects expected to be submitted under the programme:
  - The possibility to finance major projects dealing with an issue of precise economic or technical nature will remain in the next programme period. Such projects should have clearly identifiable goals and a total cost of at least €50 million or €25 million for projects dealing with the environment. The Commission is responsible for assessing major projects on the basis of the information that the MA submits and taking the final decision on possible co-financing.

### **WHICH ARE THE RELEVANT PROGRAMME BODIES AND THEIR FUNCTIONS?**

#### **'General principles of the management and control systems'<sup>13</sup>:**

- A clear definition of the functions of different programme bodies and separation between their roles is essential. They must also be allocated the necessary resources in terms of staff, offices, equipment etc to perform their duties and coordinate properly with each other. There should be a manual giving an overview of the procedures for carrying out the different tasks. Reliable systems for monitoring, reporting, accounting and auditing must be set up.
- As long as the definition and separation of functions are clear, different tasks may be carried out by the same body.<sup>14</sup>
- 'Technical assistance'<sup>15</sup>:
  - Technical Assistance (TA) will increase to 6% of total programme funds compared to the current 5%. It should be used to prepare, manage, monitor, control and inform about programme activities.
  - The 6% should, however, also include the 'Other expenditure under technical assistance', such as seminars, studies, evaluation and computerised management systems, listed in EC 448/2004 rule 11 §3 which at present can be funded in addition to the 5% for conventional technical assistance. Depending on to what extent programmes have made use of this possibility of extra TA resources in the present period, their total TA percentage will increase or decrease.

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<sup>12</sup> General draft regulation, article 68

<sup>13</sup> General draft regulation, article 57

<sup>14</sup> General draft regulation, article 58

<sup>15</sup> General draft regulation, article 44

### Programme bodies:

- 'Functions of the Managing Authority'<sup>16</sup> (MA) and of the 'Joint Technical Secretariat'<sup>17</sup> (JTS) include:
  - The MA has the main operational responsibility for efficient and correct management and implementation of the programme, but can be assisted by the JTS in fulfilling its tasks. The MA and JTS should generally be located close to one another as cooperation over long distances can be problematic.
  - Ensuring that project assessments are carried out in line with agreed selection criteria. After approval, ensuring that projects keep a specific accounting system for project funds and being responsible for checking that project activities and finances have been properly audited.
  - Building up a well-functioning monitoring system that provides for electronic collection and storage of relevant data needed for financial management, monitoring, control and evaluation. Being responsible for the annual reporting to the Commission and for ensuring that necessary evaluations are carried out throughout the period of the programme. Should also make sure that a transparent system for the audit trail is developed.
  - Providing the Certifying Authority and the Monitoring Committee with relevant information and documentation on financial management and programme implementation.
  - Carrying out necessary information and publicity measures.
- 'Functions of the Certifying Authority'<sup>18</sup> (CA):
  - The CA should certify that project expenditure statements and requests for payment are accurate before sending them to the Commission. In order to do this it needs to 'clarify the nature and quality of the information on which these requests are based'<sup>19</sup>. It receives Commission payments and, as a general rule, makes payments to project Lead Partners.
  - To be able to carry out the above tasks efficiently and accurately the CA should have a computerised accounting system to keep track of relevant data and figures.
  - If necessary, the CA is also responsible for recovering funds wrongly paid out and for transferring them to the Commission. However, the Member States and project partners still remain financially liable for repayment of funds (c.f. section on *Financial corrections*).
- 'Functions of the Audit Authority'<sup>20</sup> (AA):
  - Responsible for a sound management and control system of the programme and that audits are carried out in line with international auditing standards. The AA

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<sup>16</sup> Draft ERDF regulation, article 15 and general draft regulation, article 59

<sup>17</sup> Draft ERDF regulation, article 14(1)

<sup>18</sup> General draft regulation, article 58(1b) and article 60 and draft ERDF regulation, article 14(1)

<sup>19</sup> General draft regulation, pre-amble, point (53), p 19

<sup>20</sup> Draft ERDF regulation, article 14(1) – 14(2) and draft general regulation, article 61

should audit a representative sample of the projects to verify the expenditure reported.

- Shall be assisted by a group of auditors, comprising a representative of a designated audit body from each Member State in the programme. The AA chairs the group.
- The AA should be situated in the same Member State as the MA, but should be independent of the MA as well as of the CA. It should be set up within 3 months after programme approval.
- Within six months of programme approval, the AA should present a programme audit strategy to the Commission outlining which bodies will carry out the audit of the programme and of a sample of projects as well as an indicative plan for when this will take place. If two programmes or more apply the same audit system they can develop a joint audit strategy.
- As from 2008 the AA will draw up an annual control report summarising the findings of the audits carried out, reporting any shortcomings found in the programme management and control system and giving their opinion on the same.
- At the end of the next programme period, the AA shall produce a final control report as well as a declaration of the validity of the final balance payment.
- 'Composition and tasks of the Monitoring Committee'<sup>21</sup>(MC):
  - The MC shall consist of the MA and 'each Member State shall designate the most representative partners at national, regional and local level and in the economic and social or other spheres'<sup>22</sup>. A Commission representative may participate in an advisory function as well as a representative from the European Investment Bank or the European Investment Fund for those programmes where it gives a financial contribution.
  - It should be set up within three months after programme approval.
  - It is the main body responsible for monitoring that programme implementation is effective and of a high quality. Throughout the programme it shall follow the progress made towards achieving the programme targets and goals set-up, particularly by examining project and programme outcomes and results achieved and to what extent they contribute to the programme goals. This should both be done for each programme priority and for the programme as a whole.
  - By discussing and approving the project selection criteria, the Committee sets the standards to be met by project applicants. It is therefore essential that the criteria are well developed from the start of the programme so they send strong signals that only high-quality projects with a genuine added value will be approved.
  - The draft ERDF regulation proposes that the MC should be responsible also for project selection. It will be up to the programmes to decide if a separate Steering Committee should be set up or not.

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<sup>21</sup> General draft regulation, articles 62-64 and draft ERDF regulation, article 19(3)

<sup>22</sup> General draft regulation, article 10

- The MC is also responsible for approving the annual reports before they are sent to the Commission and should also be informed of the annual control report and any comments the Commission might give on it.
- If the programme faces serious difficulties in reaching its targets and goals set up at the start of the programme or is not being well managed, the MC has the power to propose adjustments. The MC is the body with overall responsibility for the final outcome of programme delivery.
- 'Intermediate Body'<sup>23</sup> (IB):
  - IBs are envisaged also for the next round of programmes. They have played an important role in many programmes so far by constituting a direct link between local project partners and the programme bodies.
  - They can be public or private bodies and can act on behalf of the Managing or the Certifying Authority during the project development, assessment and implementation phases. Their role and relationship with other programme bodies must be clearly defined in the Operational Programme.

### **WHAT WILL BE THE CHARACTERISTICS OF FUTURE COOPERATION PROJECTS?**

Very few programmes have initiated project generation and development activities for the new period at this point, but the draft regulations do provide some very important guidance on what future projects should look like. For a summary of what type of themes projects could be working on, please refer to section *What themes should future programmes and projects work with?* Below you will find a summary of other key characteristics.

#### **'Responsibility of the Lead Partner'<sup>24</sup>:**

- As from 2007, all projects in all programmes must have one single Lead Partner with the overall responsibility for implementation of the project as a whole. Accordingly it is the Lead Partner that signs the project contract.
- To clarify the individual responsibility that lies with each project partner, partnership agreements should be drawn up. The agreements should include a clause about the recovery of funds unduly paid, which should be covered by the partner responsible for the mismanagement of funds.
- During project implementation it is the Lead Partner that is responsible for checking that partner expenditure has been duly audited and that this expenditure is in line with activities carried out as part of the project. Again there is an important split of responsibility: each partner is responsible for ensuring that funds are spent in accordance with the eligibility rules and are properly audited. The Lead Partner is only responsible for checking that this has been done before sending a project claim to the Certifying Authority.
- The Lead Partner receives all project ERDF funds from the CA and is responsible for transferring the right amounts on to the right partner.

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<sup>23</sup> General draft regulation, article 2(6)

<sup>24</sup> Draft ERDF regulation, article 20

### **New cooperation criteria for ‘selection of operations’<sup>25</sup>:**

- To make future projects as effective and strong as possible, 4 new cooperation criteria are outlined to ensure a high level of integration between project partners:
  - Joint development→ All project partners should contribute to the development of the project. Together they should identify overall project objectives, project actions and estimated outcomes, what knowledge or experience each partner brings to the project that the others can benefit from and what each partner expects to get out of the project. Preparations should also be made for how the project will operate, including drawing up a joint project budget and outlining which partner will have the coordinating function of each work package (or similar), when the different work packages should be completed, how they are interconnected and in what way they contribute to achieving the project objectives.
  - Joint implementation→ Even though the Lead Partner will have the overall responsibility and will manage most of the project administration, all project partners take on responsibilities for different parts of project implementation. A project partner responsible for a work package ensures that planned activities are carried out, that interim targets are met, that any unexpected challenges to implementation are dealt with and facilitates coordination of all partners’ contribution to the work package.
  - Joint staffing→ Project partners should allocate staff according to their responsibilities within the project and these staff should work together to achieve joint implementation of the project. Partners should not merely carry out activities in parallel without coordination and exchange. Thus there should be no unnecessary duplication of functions between partners.
  - Joint financing→ Projects should have a joint budget where funding is allocated to the partners on the basis of what activities they will carry out and need financed. The split should reflect responsibility and not be based on any other criteria. The joint budgets should also include annual spending targets and spending targets linked to each work package so the CA can monitor project implementation and spending effectively.
- The basic requirement is that cross-border and transnational projects must fulfil at least two of the cooperation criteria, whereas inter-regional projects should fulfil all four. Note that this is only the minimum requirement and as a general principle programmes should support projects in fulfilling all four of them to achieve as high project quality and close cooperation as possible. It could also be expected that by clearly fulfilling two of the criteria the remaining two would be fulfilled more easily.
- In addition, all projects should have partners from at least two countries. Several cross-border programmes, and particularly the ones funding single partner projects, should take the implications of this change particularly into account.

### **‘Location of operations’<sup>26</sup> outside the programme area:**

- In the new period it will be possible for cross-border and for transnational programmes to spend up to 20% of their funds in adjacent areas or, for the transnational strand, outside the

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<sup>25</sup> Draft ERDF regulation, article 19(1-2)

<sup>26</sup> Draft ERDF regulation, article 22

area in general. In addition up to 10% may be used to finance activities outside the EU as long as they are of benefit to regions in the Community.

- To make use of this flexibility programmes need to provide arguments as to why the extended cooperation is needed and in what way the programme area as a whole would benefit from it.

### **What about participation of private partners?**

- 'Public expenditure'<sup>27</sup>: Only partners that are public bodies (or bodies run in accordance with public law), local or regional authorities and partners working under a public work, supply or service contract may provide eligible co-funding.

## **MONITORING AND EVALUATION**

### **'Monitoring'<sup>28</sup>:**

- Indicators on programme implementation, results and impact will remain a key aspect of monitoring and reporting.
- As from 2008 the MA will compile and submit annual programme reports to the Commission. They should provide up-dates on the progress in implementing the programme and its priorities, on financial management, such as how much projects have spent during the year, and on on-going information and publicity activities. The annual reports should also inform on the standard of overall programme management, including the effectiveness of the monitoring and evaluation system in place, how TA has been made use of and a summary of any significant problems and measures taken as a result.
- On the basis of the programme annual report shall the MA and the Commission examine the progress made in programme implementation. The Commission can give comments on the quality of programme implementation to the programme bodies, which should decide on appropriate action needed to be taken.

### **'Evaluation'<sup>29</sup>:**

- Regularly ongoing evaluation before, during and after the programming period will remain a key instrument to ensure effectiveness, transparency and high quality in programme delivery. To be able to meet these requirements, necessary human and resource requirements need to be in place in addition to a well functioning monitoring system. Evaluation objectives can either be strategic (to ensure implementation in accordance with and contributing to overall EU cohesion policy) or of an operational nature (to ensure the effectiveness and efficiency programme and its projects).

## **FINANCIAL MANAGEMENT AND CONTROLS**

### **'Management and control systems'<sup>30</sup>:**

- Three months after programme approval at the latest should the programme submit a description of the programme management and control systems to the Commission, providing

<sup>27</sup> General draft regulation, article 2(5)

<sup>28</sup> General draft regulation, articles 65-67

<sup>29</sup> General draft regulation, articles 45-46

<sup>30</sup> General draft regulation, article 70

information on the structures and procedures guiding the programme bodies and on the internal audit system.

- Together with this description should a compliance assessment body provide an assessment of the systems developed and give an opinion on their suitability. The role as compliance assessment body may be taken on by the programme Audit Authority, but its operational independence must be ensured.
- 'Each Member State shall ensure that the expenditure can be validated by the approved auditors within a period of two months.'<sup>31</sup>
  - The proposal is a way of trying to speed up the time required from when the project puts in its claim until it receives the funds. Quick administrative procedures are fundamental to ensuring that projects can be implemented in a timely and efficient manner without delays and consequent de-commitment problems.
  - Planning for how to make the above principle work in practice should start as soon as it is possible as a number of programmes are not currently meeting this target.

#### **'Financial corrections'<sup>32</sup>:**

- In the first instance it is the Member States that are responsible for investigating any irregularities by a project or programme and, if necessary, for recovering all or part of the Community contribution. The Commission should be kept informed of the detection of irregularities and progress in dealing with them.
  - Funds recovered from a project may be reused for another project.
  - If there are universal irregularities should all projects under the programme be investigated.
- Also the Commission may make investigations into programmes and reclaim funds when necessary if the irregularities:
  - are part of a flawed programme management and control system
  - are part of the statement of accounts sent to the Commission by the MA, without first having been corrected by the Member State
- 'When amounts unduly paid to a beneficiary cannot be recovered, the Member State is responsible for reimbursing the amounts lost to the budget of the European Communities, save when it proves that the loss incurred has not been caused by its irregularity or negligence.'<sup>33</sup> And 'each beneficiary participating in the operation shall assume responsibility in the event of any irregularity in the expenditure which it has declared'.<sup>34</sup>
  - This means that the Member States have the final responsibility for misused funds if it is due to bad management or negligence of the programme. If this is not the case the responsibility should rely with the relevant project partner.

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<sup>31</sup> Draft ERDF regulation, article 16

<sup>32</sup> General draft regulation, articles 99-100

<sup>33</sup> General draft regulation, article 69(3)

<sup>34</sup> Draft ERDF regulation, article 21

- Within the new Objective 3 responsibility relating to recovery of funds must also be taken on by the Certifying Authority and the Lead Partner. It is the CA that shall recover funds from the Lead Partner and in turn it is the Lead Partner that should be repaid by the relevant project partner. However 'if the lead beneficiary does not succeed in securing repayment from the beneficiaries, the Member States on whose territory the relevant beneficiary is located shall reimburse the certification authority the amount paid in error to that beneficiary'<sup>35</sup>.
- For the Member States to avoid negligence, solid management, monitoring and control systems must be developed and maintained throughout the programme period. This includes a clear indication of the roles and responsibilities of each programme body within these systems.
- To avoid project partners misusing funds, strong guidance and support must be provided by the programme bodies during all phases of the project on eligible activities, sound financial project management etc.

#### **Automatic de-commitment:**

- 'The Commission shall automatically de-commit any part of a budget commitment in an operational programme that has not been used for payment of the pre-financing or interim payments, or for which it has not received an acceptable payment request by 31 December of the second year following the year of budget commitment under the programme.'<sup>36</sup>
  - The fact that the N+2 rule will remain will put pressure also this time around on programmes starting project implementation as soon as possible after programme approval and on projects meeting their spending targets.
  - The necessary basis for this is effective project generation and thorough development of promising project ideas. Work on generating projects in order to have a large number potential applicants ready to go directly after programme approval could in many programme areas start already now.

#### **'Pre-financing'<sup>37</sup>:**

- It is proposed that programmes should get 7% of their funds paid out in advance to support timely start-up of project activities. It may be possible to spread the advance over the first two years.

#### **Eligibility rules:**

- 'The Commission may propose rules on eligibility [...] replacing national rules'<sup>38</sup>:
  - A regulation on eligibility costs especially for the future Objective 3 is currently being developed.
- 'Expenditure not eligible for contribution'<sup>39</sup>:

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<sup>35</sup> Draft ERDF regulation, article 17(2)

<sup>36</sup> General draft regulation, article 92(1)

<sup>37</sup> General draft regulation, articles 81-82

<sup>38</sup> Draft ERDF regulation, article 13

<sup>39</sup> Draft ERDF regulation, article 7

- VAT → All VAT rather than just irrecoverable VAT will be ineligible. This could create delays due to the time required to put VAT exemption schemes in place. It is therefore essential to identify good practice examples of how this can best be managed and what role programmes can play.
- Purchase of land for more than 10% of total eligible project costs and housing.
- Interest on debt.

**State aid:**

- 'Aid to businesses shall respect the ceilings of state aid'<sup>40</sup>.

**'Global grants'<sup>41</sup>:**

- A local or regional authority, an NGO or similar body may be designated by the MA as an Intermediate Body responsible for the implementation of one or several projects.

**'STRATEGIC APPROACH TO COHESION'<sup>42</sup> – MEMBER STATES AND COMMISSION CONTRIBUTION TO IMPLEMENTING THE EU COHESION POLICY**

**Pre-programme approval:**

- Community Strategic Guidelines outlining the priorities of the Community should be adopted within 3 months after the final regulations. The Guidelines should take the Broad Economic Policy Guidelines (BEPGs) covering how to achieve the Lisbon goals and get the European economy growing into account.
- Member States shall develop National Strategic Frameworks identifying links between the Community priorities and national/ regional priorities. They should be presented as soon as possible after the Community guidelines have been adopted.
- The Frameworks are discussed in the ERDF, Cohesion Fund and Fund Coordination Committee, consisting of representatives of national governments, labour unions and employers' organisations from each MS and the Commission. On the basis of this consultation should there be a Commission decision regarding:
  - List of programmes
  - Funding for each programme
- As soon as possible after this should programme proposals be submitted or they can be presented at the same time as the National Frameworks. Proposals are assessed on how much they contribute to the goals and priorities of the National Frameworks and to what extent they are in line with the Community Guidelines

**Post-programme approval:**

- Member States annual reports:
  - MS shall annually, as from autumn 2008, report to the Commission on the progress towards achieving the goals and priorities of the National Frameworks, as well as of the Community Guidelines.
- Commission annual report:

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<sup>40</sup> General draft regulation, article 53(4)

<sup>41</sup> General draft regulation, articles 41-42

<sup>42</sup> General draft regulation, Title II



- The Commission shall annually, as from the beginning of 2009, summarise progress towards implementation of Community Guidelines and National Frameworks and state follow-up needed by MS and/or the Commission
- It should particularly include an up-date on the progress made towards economic and social cohesion
- Spring European Council:
  - The Council receives the Commission annual report on cohesion, Report on implementation of Broad Economic Policy Guidelines, Report on European Employment Strategy and the Report on implementation of the Internal Market. The Council adopts conclusions on the basis of this. The Commission ensures they are followed-up on.