



**European Committee
of the Regions**

COTER-VI/047

132nd plenary session, 5-6 December 2018

OPINION

European Territorial Cooperation

THE EUROPEAN COMMITTEE OF THE REGIONS

- sincerely welcomes the new regulation on European Territorial Cooperation (ETC) for the 2021-2027 programming period and is pleased that this founding policy of the EU is being made more visible through this dedicated regulation;
- regrets the Commission's proposal to reduce the ETC budget from 2.75% to 2.5% and is opposed to reducing EU co-financing rates from 85% to 70%;
- regrets that the budgets for both component 1 "cross-border cooperation" and component 4 on traditional "interregional cooperation" have been severely reduced;
- opposes the decision to move maritime cross-border cooperation from component 1 "cross-border" to component 2 "transnational";
- endorses the CPR rapporteurs' proposal to increase the budget for traditional territorial cooperation (components 1 and 4) to up to 3% of the cohesion budget for interregional innovation investments, a new initiative which is of high added value;
- emphasises that, while interregional innovation investments must give priority to excellence, they must also boost territorial cohesion by helping less innovative regions to become involved in the drive to achieve European interregional innovation;
- considers that the Commission proposal in Annex XXII of the CPR is arbitrary in prioritising financing for border regions at least half of whose population lives less than 25 km from the border and entirely rejects it for that reason;

Rapporteur

Marie-Antoinette Maupertuis (FR/EA), executive member of the Corsican regional authority

Reference document

Proposal for a Regulation of the European Parliament and of the Council on specific provisions for the European territorial cooperation goal (Interreg) supported by the European Regional Development Fund and external financing instruments
COM(2018) 374 – final

**Opinion of the European Committee of the Regions –
European Territorial Cooperation**

I. RECOMMENDATIONS FOR AMENDMENTS

Amendment 1

Recital 1

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(1) Article 176 of the Treaty on the Functioning of the European Union ('TFEU') provides that the European Regional Development Fund ('ERDF') is intended to help to redress the main regional imbalances in the Union. Under that Article and the second and third paragraphs of Article 174 of the TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and to reducing the backwardness of the least favoured regions, among which particular attention is to be paid to <i>certain categories of regions, among which</i> cross-border regions <i>are explicitly listed</i> .	(1) Article 176 of the Treaty on the Functioning of the European Union ('TFEU') provides that the European Regional Development Fund ('ERDF') is intended to help to redress the main regional imbalances in the Union. Under that Article and the second and third paragraphs of Article 174 TFEU, the ERDF is to contribute to reducing disparities between the levels of development of the various regions and to reducing the backwardness of the least favoured regions, among which particular attention is to be paid to <i>rural areas, areas affected by industrial transition, and regions which suffer from severe and permanent natural or demographic handicaps such as the northernmost regions with very low population density and island, cross-border and mountain</i> regions.

<i>Reason</i>
The main objective of the ERDF with regard to European territorial cooperation is to resolve the problems of the least favoured regions: the proposal does not specify the characteristics of such areas with sufficient clarity.

Amendment 2

Recital 3

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
(3) In order to support the harmonious development of the Union's territory at different levels, the ERDF should support cross-border cooperation, transnational cooperation, maritime cooperation, outermost regions' cooperation and interregional cooperation under the European territorial cooperation goal (Interreg).	(3) In order to support the harmonious development of the Union's territory at different levels, the ERDF should support <i>land and maritime</i> cross-border cooperation, transnational cooperation, maritime cooperation, outermost regions' cooperation and interregional cooperation under the European territorial cooperation goal (Interreg). <i>The principles of</i>

	<i>partnership and multilevel governance also need to be bolstered.</i>
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Reason
Reference to these two principles had been removed in the proposal for a regulation.

Amendment 3

Recital 4

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>(4) The cross-border cooperation component should aim to tackle common challenges identified jointly in the border regions, and to exploit the untapped growth potential in border areas as evidenced in the Communication of the Commission 'Boosting Growth and Cohesion in EU Border Regions'[1] ('Border Regions Communication'). <i>Consequently, the cross-border component should be limited to cooperation on land borders and cross-border cooperation on maritime borders should be integrated into the transnational component.</i></p> <hr/> <p>^[1] Communication from the Commission to the Council and the European Parliament 'Boosting growth and cohesion in EU border regions' - COM(2017) 534 final, 20.9.2017.</p>	<p>(4) The cross-border cooperation component, <i>covering both land and maritime borders,</i> should aim to tackle common challenges identified jointly in the border regions, and to exploit the untapped growth potential in border areas as evidenced in the Communication of the Commission 'Boosting Growth and Cohesion in EU Border Regions'[1] ('Border Regions Communication').</p> <hr/> <p>^[1] Communication from the Commission to the Council and the European Parliament 'Boosting growth and cohesion in EU border regions' - COM(2017) 534 final, 20.9.2017.</p>

Reason
The CoR cannot endorse shifting maritime cross-border cooperation from component 1 "cross-border" to component 2 "transnational". Despite the increase in the transnational budget, maritime cross-border cooperation is in danger of being watered down in the broader context of transnational cooperation. We need to propose moving maritime cross-border cooperation and its share of the budget back to component 1.

Amendment 4

Recital 6

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>(6) <i>The transnational</i> cooperation and maritime cooperation <i>component should</i> aim to strengthen cooperation by means of actions conducive to integrated territorial development linked to the Union's cohesion policy priorities, <i>and should also include maritime cross-border cooperation.</i> Transnational cooperation should cover larger territories on the mainland of the</p>	<p>(6) <i>Transnational</i> cooperation and maritime cooperation <i>must</i> aim to strengthen cooperation by means of actions conducive to integrated territorial development linked to the Union's cohesion policy priorities. Transnational cooperation should cover larger territories on the mainland of the Union, whereas maritime cooperation should cover territories around sea-</p>

<p>Union, whereas maritime cooperation should cover territories around sea-basins and integrate cross-border cooperation on maritime borders during the programming period 2014-2020. Maximum flexibility should be given to continue implementing <i>previous</i> maritime cross-border cooperation within a larger maritime cooperation framework, in particular by defining the territory covered, the specific objectives for such cooperation, the requirements for a project partnership and the setting-up of sub-programmes and specific steering committees.</p>	<p>basins. Maximum flexibility should be given to continue implementing maritime cross-border cooperation planned during the 2014-2020 programming period within a larger maritime cooperation framework, in particular by defining the territory covered, the specific objectives for such cooperation, the requirements for a project partnership and the setting-up of sub-programmes and specific steering committees.</p>
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Reason
<p>The CoR cannot endorse shifting maritime cross-border cooperation from component 1 "cross-border" to component 2 "transnational". Despite the increase in the transnational budget, maritime cross-border cooperation is in danger of being watered down in the broader context of transnational cooperation. We need to propose moving maritime cross-border cooperation and its share of the budget back to component 1.</p>

Amendment 5

Recital 8

Text proposed by the European Commission	CoR amendment
<p>(8) Based on the experience with the interregional cooperation programmes under Interreg and the lack of such cooperation within programmes under the Investment for jobs and growth goal during the programming period 2014-2020, the interregional cooperation component should focus more specifically on boosting the effectiveness of cohesion policy. That component should therefore be limited to two programmes, one to enable all kind of experience, innovative approaches and capacity building for programmes under both goals and to promote European groupings of territorial cooperation ('EGTCs') set up or to be set up pursuant to Regulation (EC) No 1082/2006 of the European Parliament and of the Council [24], and one to improve the analysis of development trends.</p> <p>Project-based cooperation throughout the Union should be integrated into the new component on</p>	<p>(8) Based on the experience with the interregional cooperation programmes under Interreg and the lack of such cooperation within programmes under the Investment for jobs and growth goal during the programming period 2014-2020, the interregional cooperation component should focus more specifically on boosting the effectiveness of cohesion policy. That component must continue to finance all kind of experience, innovative approaches and capacity building for programmes under both goals and to promote European groupings of territorial cooperation ('EGTCs') set up or to be set up pursuant to Regulation (EC) No 1082/2006 of the European Parliament and of the Council[24], and continue to support and promote the analysis of development trends.</p> <p>Cooperation based on projects from throughout the Union should continue to promote interregional cooperation between local and</p>

<p>interregional innovation investments <i>and</i> closely linked to the implementation of the Communication from the Commission 'Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth' [25], in particular to support thematic smart specialisation platforms <i>on fields such as energy, industrial modernisation or agrifood. Finally, integrated territorial development focusing on functional urban areas or urban areas should be concentrated within programmes under the Investment for jobs and growth goal and in one accompanying instrument, the 'European Urban Initiative'</i>. The <i>two</i> programmes under the interregional cooperation component should cover the whole Union and should also be open for the participation of third countries.</p>	<p><i>regional authorities with a view to identifying joint solutions promoting cohesion policy and to establishing lasting partnerships. Existing programmes, particularly promotion of project-based cooperation, should therefore be kept up.</i></p> <p><i>New</i> interregional innovation investments <i>will be</i> closely linked to the implementation of the Communication from the Commission 'Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth'[25], in particular to support thematic smart specialisation platforms.</p> <p><i>European territorial cooperation must make it possible to keep up support for integrated territorial development under component 4.</i> The programmes under the interregional cooperation component should cover the whole Union and should also be open for the participation of third countries.</p>
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Reason
<p>The CoR is keen to keep all current interregional cooperation activities in component 4, adding cooperation on projects to develop innovative solutions, scaling up projects and projects to roll out solutions to a number of regions suffering from the same structural handicap.</p> <p>Through component 4, ETC must continue to support integrated territorial development included in component 4, contrary to the Commission proposal that this be left solely to the European Urban Initiative provided for in the ERDF regulation.</p> <p>The Committee welcomes the establishment of this new initiative for innovative interregional investment, which follows on from the Vanguard initiative and primarily targets regions which are larger and have greater development potential and technical and economic capacities than most European regions.</p>

Amendment 6

New recital after recital 24

Text proposed by the European Commission	CoR amendment
	<p><i>(25) With a view to reducing the administrative burden, the Commission, the Member States and the regions must collaborate closely to simplify the management and reporting of state aid. Steps must be taken to see whether measures in the field of interregional cooperation at least</i></p>

	<i>can, as a general rule, be exempt from European legislation on state aid.</i>
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Reason
The efforts to simplify the management of funds begun in the last few years and culminating in the new proposals for regulations must apply to the planning and management phase in order to make this management more straightforward.

Amendment 7

New recital after recital 35

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<i>(36) The promotion of European territorial cooperation (ETC) has been one of the key priorities of EU cohesion policy for many years. Specific provisions for regional aid for investments by businesses of all sizes are also included in the 2014-2020 guidelines on regional aid and in the GBER's section on regional aid. Given that aid for ETC would be compatible with the single market, it must be excluded from the reporting requirements in Article 108(3) of the TFEU.</i>

Reason
Territorial cooperation bolsters the single market. Completely abolishing the reporting requirements still in place for some types of state aid would support simplification.

Amendment 8

Article 1(1)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Article 1 Subject matter and scope 1. This Regulation lays down rules for the European territorial cooperation goal (Interreg) with a view to fostering cooperation between Member States inside the Union and between Member States and adjacent third countries, partner countries, other territories or overseas countries and territories ('OCTs') respectively.	Article 1 Subject matter and scope 1. This Regulation lays down rules for the European territorial cooperation goal (Interreg) with a view to fostering cooperation between Member States inside the Union and between Member States and adjacent third countries, partner countries, other territories or overseas countries and territories ('OCTs') respectively, <i>and a group of third countries within a regional organisation.</i>

Reason

The outermost regions, being distant from the European mainland, maintain cooperation links with third countries or regional organisations; cooperation is not with adjacent countries only.

Amendment 9

Article 2

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Article 2 Definitions	Article 2 Definitions
<p>1. For the purpose of this Regulation, the definitions in Article [2] of Regulation (EU) [new CPR] shall apply. The following definitions shall also apply:</p> <p>1) 'IPA beneficiary' means a country or territory listed in Annex I to Regulation (EU) [IPA III];</p> <p>2) 'third country' means a country which is not a Member State of the Union and does not receive support from the Interreg funds;</p> <p>3) 'partner country' means an IPA beneficiary or a country or territory covered by the 'Neighbourhood geographic area' listed in Annex I to Regulation (EU) [NDICI] and the Russian Federation, and which receives support from the external financing instruments of the Union;</p> <p>4) 'cross-border legal body' means a legal body established under the laws of one of the participating countries in an Interreg programme provided that it is set up by territorial authorities or other bodies from at least two participating countries.</p> <p>2. For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to a 'Member State', this shall be construed as meaning 'the Member State hosting the managing authority' and where provisions refer to 'Each Member State' or 'Member States', this shall be construed as meaning 'the Member States and, where applicable, third countries, partner countries and OCTs participating in a given Interreg programme'.</p> <p>For the purpose of this Regulation, where</p>	<p>1. For the purpose of this Regulation, the definitions in Article [2] of Regulation (EU) [new CPR] shall apply. The following definitions shall also apply:</p> <p>1) 'IPA beneficiary' means a country or territory listed in Annex I to Regulation (EU) [IPA III];</p> <p>2) 'third country' means a country which is not a Member State of the Union and does not receive support from the Interreg funds;</p> <p>3) 'partner country' means an IPA beneficiary or a country or territory covered by the 'Neighbourhood geographic area' listed in Annex I to Regulation (EU) [NDICI] and the Russian Federation, and which receives support from the external financing instruments of the Union;</p> <p>4) 'cross-border legal body' means a legal body, <i>including a euroregion or another association of various regional or local authorities</i>, established under the laws of one of the participating countries in an Interreg programme provided that it is set up by territorial authorities or other bodies from at least two participating countries.</p> <p>2. For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to a 'Member State', this shall be construed as meaning 'the Member State hosting the managing authority' and where provisions refer to 'Each Member State' or 'Member States', this shall be construed as meaning 'the Member States and, where applicable, third countries, partner countries and OCTs participating in a given</p>

provisions of Regulation (EU) [new CPR] refer to 'the Funds' as listed in [point (a) of Article 1(1)] of that Regulation or to the 'ERDF', this shall be construed as also covering the respective external financing instrument of the Union.	Interreg programme'. For the purpose of this Regulation, where provisions of Regulation (EU) [new CPR] refer to 'the Funds' as listed in [point (a) of Article 1(1)] of that Regulation or to the 'ERDF', this shall be construed as also covering the respective external financing instrument of the Union.
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Reason
Euroregions should be included here, together with other associations of various regional or local authorities.

Amendment 10

Article 3

Text proposed by the European Commission	CoR amendment
Article 3	Article 3
Components of the European territorial cooperation goal (Interreg)	Components of the European territorial cooperation goal (Interreg)
Under the European territorial cooperation goal (Interreg), the ERDF and, where applicable, external financing instruments of the Union shall support the following components:	Under the European territorial cooperation goal (Interreg), the ERDF and, where applicable, external financing instruments of the Union shall support the following components:
1) cross-border cooperation between <i>adjacent</i> regions to promote integrated regional development (component 1):	1) <i>land and maritime</i> cross-border cooperation between <i>border</i> regions to promote integrated regional development (component 1):
a) internal cross-border cooperation between <i>adjacent land</i> border regions of two or more Member States or between <i>adjacent land</i> border regions of at least one Member State and one or more third countries listed in Article 4(3); or	a) internal cross-border cooperation between border regions of two or more Member States or between border regions of at least one Member State and one or more third countries listed in Article 4(3); or
b) external cross-border cooperation, between <i>adjacent land</i> border regions of at least one Member State and of one or more of the following:	b) external cross-border cooperation, between border regions of at least one Member State and of one or more of the following:
i) IPA beneficiaries; or	i) IPA beneficiaries; or
ii) partner countries supported by NDICI; or	ii) partner countries supported by NDICI; or
iii) the Russian Federation, for the purpose of enabling its participation in cross-border cooperation also supported by NDICI;	iii) the Russian Federation, for the purpose of enabling its participation in cross-border cooperation also supported by NDICI;
2) transnational cooperation <i>and maritime cooperation</i> over larger transnational territories	2) transnational cooperation over larger transnational territories or around sea-basins, involving national, regional and local programme partners in Member States, third countries and

<p>or around sea-basins, involving national, regional and local programme partners in Member States, third countries and partner countries and in Greenland, with a view to achieving a higher degree of territorial integration ('component 2'; where referring only to transnational cooperation: 'component 2A'; where referring only to maritime cooperation: 'component 2B');</p> <p>3) outermost regions' cooperation among themselves and with their neighbouring third or partner countries or OCTs, or several thereof, to facilitate their regional integration in their neighbourhood ('component 3');</p> <p>4) interregional cooperation to reinforce the effectiveness of cohesion policy ('component 4') by promoting:</p> <p>a) exchange of experiences, innovative approaches and capacity building in relation to:</p> <p>i) the implementation of Interreg programmes;</p> <p>ii) the implementation of Investment for jobs and growth goal programmes, in particular with regard to interregional and transnational actions with beneficiaries located in at least one other Member State;</p> <p>iii) the setting-up, functioning and use of European groupings of territorial cooperation (EGTCs);</p> <p>b) analysis of development trends in relation to the aims of territorial cohesion;</p> <p>5) interregional innovation investments through the commercialisation and scaling up of interregional innovation projects having the potential to encourage the development of European value chains ('component 5').</p>	<p>partner countries and in Greenland, with a view to achieving a higher degree of territorial integration ('component 2');</p> <p>3) outermost regions' cooperation among themselves and with their neighbouring third or partner countries or OCTs, or a group of third countries within a regional organisation, or several thereof, to facilitate their regional integration in their neighbourhood ('component 3');</p> <p>4) interregional cooperation to reinforce the effectiveness of cohesion policy ('component 4') by promoting:</p> <p>a) exchange of experiences, innovative approaches and capacity building in relation to:</p> <p>i) the implementation of Interreg programmes;</p> <p>ii) the development of capacities between partners throughout the Union in connection with:</p> <ul style="list-style-type: none"> - the implementation of Investment for jobs and growth goal programmes, in particular with regard to interregional and transnational actions with beneficiaries located in at least one other Member State; - the identification, dissemination and transfer of good practice in regional development policies and particularly in operational programmes under the investment for growth and jobs goal; - the identification, dissemination and transfer of good practice relating to sustainable urban development, including urban-rural linkages; <p>iii) the setting-up, functioning and use of European groupings of territorial cooperation (EGTCs);</p> <p>b) analysis of development trends in relation to the aims of territorial cohesion.</p>
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Reason

The CoR is in favour of moving maritime cross-border cooperation back to component 1 and reinforcing the other components. It is proposed to delete the word "adjacent" in point 1. Taking into account that cross-border cooperation will cover NUTS 3 regions, this may interfere with current geography of some cross-border Programmes and reduce their areas only to adjacent NUTS 3 regions.

Amendment 11

Article 4

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p style="text-align: center;">Article 4</p> <p style="text-align: center;">Geographical coverage for cross-border cooperation</p> <p>1. For cross-border cooperation, the regions to be supported by the ERDF shall be the NUTS level 3 regions of the Union along all internal and external <i>land</i> borders with third countries or partner countries.</p> <p>2. Regions on maritime borders which are connected <i>over the sea by a fixed link</i> shall also be supported under cross-border cooperation.</p> <p>3. Internal cross-border cooperation Interreg programmes may cover regions in Norway, Switzerland and the United Kingdom which are equivalent to NUTS level 3 regions as well as Liechtenstein, Andorra and Monaco.</p> <p>4. For external cross-border cooperation, the regions to be supported by IPA III or NDICI shall be NUTS level 3 regions of the respective partner country or, in the absence of NUTS classification, equivalent areas along all land borders between Member States and partner countries eligible under IPA III or NDICI.</p>	<p style="text-align: center;">Article 4</p> <p style="text-align: center;">Geographical coverage for cross-border <i>and maritime</i> cooperation</p> <p>1. For <i>land and maritime</i> cross-border cooperation, the regions to be supported by the ERDF shall be the NUTS level 3 regions of the Union along all internal and external borders with third countries or partner countries, <i>without prejudice to any adjustments that might be necessary to ensure consistency and continuity with regard to cooperation programmes established under the 2014-2020 programming period.</i></p> <p>2. Regions on maritime borders which are connected <i>by maritime, rail, air or road routes</i> shall also be supported under cross-border cooperation.</p> <p>3. Internal cross-border cooperation Interreg programmes may cover regions in Norway, Switzerland and the United Kingdom which are equivalent to NUTS level 3 regions as well as Liechtenstein, Andorra, <i>San Marino</i> and Monaco.</p> <p>4. <i>As regards maritime cross-border cooperation for the 2014-2020 programming period, 18 cross-border cooperation programmes in place under this programming period (Two Seas, Botnia-Atlantica, Central Baltic, Estonia-Latvia, Manche, Guadeloupe-Martinique-OEEC, Mayotte/Comores/Madagascar, Germany-Denmark, Greece-Cyprus, Greece-Italy, Ireland-Wales, Italy-Croatia, France-</i></p>

	<p><i>Italy-Maritime, Italy-Malta, Madeira-Açores-Canarias (MAC), Northern Ireland-Ireland-Scotland, Öresund-Kattegat-Skagerrak, South Baltic) shall be adjusted by common agreement with the states, regions and other local and regional authorities concerned.</i></p> <p>5. For external cross-border cooperation, the regions to be supported by IPA III or NDICI shall be NUTS level 3 regions of the respective partner country or, in the absence of NUTS classification, equivalent areas along all land borders between Member States and partner countries eligible under IPA III or NDICI.</p>
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<i>Reason</i>
<p>The CoR is in favour of moving maritime cross-border cooperation back to component 1. The CoR also proposes removing the arbitrary criterion of there being a bridge to implement maritime cross-border cooperation. Under the subsidiarity principle, the notion of areas of cross-border cooperation must be defined in agreement with the Member States, regions and other local and regional authorities concerned in order to ensure continuity and consistency with current programmes.</p>

Amendment 12
Article 7

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p style="text-align: center;">Article 7</p> <p style="text-align: center;">Geographical coverage for interregional cooperation <i>and interregional innovation investments</i></p> <p>1. For any component 4 Interreg programme <i>or for interregional innovation investments under component 5</i>, the entire territory of the Union shall be supported by the ERDF.</p> <p>2. Component 4 Interreg programmes may cover the whole or part of the third countries, partner countries, other territories or OCTs referred to in Articles 4, 5 and 6, whether or not they are supported by the external financing instruments of the Union.</p>	<p style="text-align: center;">Article 7</p> <p style="text-align: center;">Geographical coverage for interregional cooperation</p> <p>1. For any component 4 Interreg programme, the entire territory of the Union shall be supported by the ERDF.</p> <p>2. Component 4 Interreg programmes may cover the whole or part of the third countries, partner countries, other territories or OCTs referred to in Articles 4, 5 and 6, whether or not they are supported by the external financing instruments of the Union.</p> <p><i>Third countries may make a financial contribution in the form of external assigned revenue.</i></p>

Reason

All aspects of interregional innovation investments will be covered by a specific chapter in this regulation. This amendment clarifies the fact that third countries may participate in component 4 subject to a financial contribution in the form of external assigned revenue. The CoR is in favour of including the UK's financial contribution as external assigned revenue to components 4 (interregional) and 5 (interregional innovation investments) and of continuing to enable local authorities from third countries to participate in the same way.

Amendment 13

Article 9

Text proposed by the European Commission	CoR amendment
<p style="text-align: center;">Article 9</p> <p>ERDF resources for the European territorial cooperation goal (Interreg)</p> <p>1. The ERDF resources for the European territorial cooperation goal (Interreg) shall amount to EUR 8 430 000 000 of the global resources available for budgetary commitment from the ERDF, ESF+ and the Cohesion Fund for the 2021-2027 programming period and set out in Article [102(1)] of Regulation (EU) [new CPR].</p> <p>2. The resources referred to in paragraph 1 shall be allocated as follows:</p> <p>a) 52.7 % (i.e., a total of EUR 4 440 000 000) for cross-border cooperation (component 1);</p> <p>b) 31.4 % (i.e., a total of EUR 2 649 900 000) for transnational cooperation and maritime cooperation (component 2);</p> <p>c) 3.2 % (i.e., a total of EUR 270 100 000) for outermost regions' cooperation (component 3);</p> <p>d) 1.2 % (i.e., a total of EUR 100 000 000) for interregional cooperation (component 4);</p> <p>e) 11.5 % (i.e., a total of EUR 970 000 000) for interregional innovation investments (component 5).</p> <p>3. The Commission shall communicate to each Member State its share of the global amounts for components 1, 2 and 3, broken down by year.</p> <p>Population size in the following regions shall be used as the criterion for the breakdown by</p>	<p style="text-align: center;">Article 9</p> <p>ERDF resources for the European territorial cooperation goal (Interreg)</p> <p>1. 3 % of the global resources available for the funds' budgetary commitments for 2021 to 2027 (i.e. a total of EUR 10 000 000 000) shall be hived off from the global resources available for budgetary commitment from the ERDF, ESF+ and the Cohesion Fund for the 2021-2027 programming period and set out in Article [102(1)] of Regulation (EU) [new CPR] to finance components 1 to 4.</p> <p>2. The resources referred to in paragraph 1 shall be allocated as follows:</p> <p>a) 72.3 % (i.e., a total of EUR 7 236 000 000) for land and maritime cross-border cooperation (component 1);</p> <p>b) 19.2 % (i.e., a total of EUR 1 929 000 000) for transnational cooperation (component 2);</p> <p>c) 2.9 % (i.e., a total of EUR 272 000 000) for outermost regions' cooperation (component 3);</p> <p>d) 5.6 % (i.e., a total of EUR 563 000 000) for interregional cooperation (component 4).</p> <p>3. The Commission shall communicate to each Member State its share of the global amounts for components 1, 2 and 3, broken down by year.</p> <p>Population size in the following regions shall be used as the criterion for the breakdown by Member State:</p>

<p>Member State:</p> <p>a) NUTS level 3 regions for component 1 <i>and those NUTS level 3 regions for component 2B</i> listed in the implementing act under Article 8(2);</p> <p>b) NUTS level 2 regions for components 2A and 3.</p> <p>4. Each Member State may transfer up to 15% of its financial allocation for each of components 1, 2 and 3 from one of those components to one or more of the others.</p> <p>5. Based on the amounts communicated pursuant to paragraph 3, each Member State shall inform the Commission whether and how it has used the transfer option provided for in paragraph 4 and the resulting distribution of its share among the Interreg programmes in which the Member State participates.</p>	<p>a) NUTS level 3 regions for component 1 listed in the implementing act under Article 8(2);</p> <p>b) NUTS level 2 regions for components 2 and 3.</p> <p>4. Each Member State may transfer up to 15% of its financial allocation for each of components 1, 2 and 3 from one of those components to one or more of the others.</p> <p><i>For cross-border and maritime cooperation programmes which have experienced a reduction in funds for the 2021-2017 period, the Member States concerned must earmark ERDF funds from their national budgets to ensure that these programmes continue to receive at least two thirds of the funding allocated for the 2014-2020 period.</i></p> <p>5. Based on the amounts communicated pursuant to paragraph 3, each Member State shall, <i>after consulting local and regional authorities</i>, inform the Commission whether and how it has used the transfer option provided for in paragraph 4 and the resulting distribution of its share among the Interreg programmes in which the Member State participates.</p>
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Reason
<p>Following the budget increase proposed by CPR rapporteurs in Article 104(7) of the new (EU) CPR regulation, which would entail going from 2.5% of global resources available for the funds' budgetary commitments to 3.3% to finance the cooperation activities provided for in this regulation. We propose to allocate 3% of this 3.3% to traditional ETC activities (i.e. components 1, 2 and 4) and to the new component 3. We propose to use the distribution key used in the current programming period, i.e. around 75% for cross-border cooperation, including maritime cross-border cooperation, 20% for transnational cooperation and around 5% for extended interregional cooperation.</p> <p>The remaining 0.3% would be allocated to interregional innovation investments, taking account of the specific nature of this new initiative which we feel deserves a separate chapter in this regulation.</p>

Amendment 14

Article 11

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Article 11 List of Interreg programme resources	Article 11 List of Interreg programme resources
1. On the basis of the information provided by Member States pursuant to Article 9(5), the Commission shall, adopt an implementing act setting out a list of all Interreg programmes and indicating per programme the global amount of the total support from the ERDF and, where applicable, the total support from external financing instruments of the Union. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 63(2).	1. On the basis of the information provided by Member States pursuant to Article 9(5), the Commission shall, adopt an implementing act setting out a list of all Interreg programmes and indicating per programme the global amount of the total support from the ERDF and, where applicable, the total support from external financing instruments of the Union. That implementing act shall be adopted in accordance with the advisory procedure referred to in Article 63(2).
2. That implementing act shall also contain a list of the amounts transferred pursuant to Article 9(5) broken down by Member State and by external financing instrument of the Union.	2. That implementing act shall also contain a list of the amounts transferred pursuant to Article 9(5) broken down by Member State and by external financing instrument of the Union.
	3. Member States should report on how local and regional authorities and other interested parties have been involved in developing the programme, with reference to Article 6 of the Common Provisions Regulation on partnership and multilevel governance.

Amendment 15

Article 13

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Article 13 Co-financing rates	Article 13 Co-financing rates
The co-financing rate at the level of each Interreg programme shall be not higher than 70 % , <i>unless</i> , with regard to external cross-border or component 3 Interreg programmes, a higher percentage is fixed in Regulations (EU) [IPA III], [NDICI] or Council Decision (EU) [OCTP] respectively or in any act adopted thereunder.	The co-financing rate at the level of each Interreg programme shall be not higher than 85 % , particularly with regard to external cross-border or component 3 Interreg programmes, small projects provided for in articles 16 to 26 , Regulations (EU) [IPA III], [NDICI] or Council Decision (EU) [OCTP] respectively or in any act adopted thereunder.

<i>Reason</i>
The CoR calls for a cofinancing rate of 85% to be kept up for all projects, and at least for the smallest interregional projects and especially the small projects listed in articles 16 to 26.

Amendment 16

Article 14(4)

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>4. Under components 1, 2, and 3, the ERDF and, where applicable, the external financing instruments of the Union may also support the Interreg-specific objective 'a better Interreg governance', in particular by the following actions:</p> <p>(a) under component 1 and 2B Interreg programmes:</p> <p>(i) enhance the institutional capacity of public authorities, in particular those mandated to manage a specific territory, and of stakeholders;</p> <p>(ii) enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions, in particular, with a view to resolving legal and other obstacles in border regions;</p> <p>(b) under component 1, 2 and 3 Interreg programmes: enhance institutional capacity of public authorities and stakeholders to implement macro-regional strategies and sea-basin strategies;</p> <p>(c) under external cross-border and component 2 and 3 Interreg programmes supported by the Interreg funds, in addition to points (a) and (b): building up mutual trust, in particular by encouraging people-to-people actions, by enhancing sustainable democracy and by supporting civil society actors and their role in reforming processes and democratic transitions;</p>	<p>4. Under components 1, 2, and 3, the ERDF and, where applicable, the external financing instruments of the Union may also support the Interreg-specific objective 'a better Interreg governance', in particular by the following actions:</p> <p>(a) under component 1 Interreg programmes:</p> <p>(i) enhance the institutional capacity of public authorities, in particular those mandated to manage a specific territory, and of stakeholders;</p> <p>(ii) enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions, in particular, with a view to resolving legal and other obstacles in border regions, building up mutual trust, in particular by encouraging people-to-people actions;</p> <p>(b) under component 1, 2 and 3 Interreg programmes: enhance institutional capacity of public authorities and stakeholders to implement macro-regional strategies and sea-basin strategies;</p> <p>(c) under external cross-border and component 2 and 3 Interreg programmes supported by the Interreg funds, in addition to points (a) and (b): building up mutual trust, in particular by enhancing sustainable democracy and by supporting civil society actors and their role in reforming processes and democratic transitions;</p>

<i>Reason</i>
Building up mutual trust and encouraging people-to-people projects is relevant not only for the external but also for internal cross-border cooperation and should be explicitly supported.

Amendment 17

Article 15

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>Article 15</p> <p>Thematic concentration</p>	<p>Article 15</p> <p>Thematic concentration</p>
1. At least 60% of the ERDF and, where	1. A maximum of 60 % of the ERDF at

applicable, of the external financing instruments of the Union allocated under priorities other than for technical assistance to each Interreg programme under components 1, 2 and 3, shall be allocated on a maximum of three of the policy objectives set out in Article [4(1)] of Regulation (EU) [new CPR].

2. **An** additional 15% of the ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance to each Interreg programme under components 1, 2 and 3, **shall** be allocated on the Interreg-specific objective of 'a better Interreg governance' or on the external Interreg-specific objective of 'a safer and more secure Europe'.

3. Where a component **2A** Interreg programme supports a macro-regional strategy, the total ERDF and, where applicable, the total external financing instruments of the Union allocations under priorities other than for technical assistance shall be programmed on the objectives of that strategy.

4. Where a component **2B** Interreg programme supports a macro-regional strategy or sea-basin strategy, at least 70% of the total ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance shall be allocated on the objectives of that strategy.

5. For component 4 Interreg programmes, the total ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance shall be allocated on the Interreg-specific objective 'a better Interreg governance'.

national and regional level and, where applicable, of the external financing instruments of the Union allocated under priorities other than for technical assistance to each Interreg programme under components 1, 2 and 3, shall be allocated on a maximum of three of the policy objectives set out in Article [4(1)] of Regulation (EU) [new CPR].

2. **A maximum of an** additional 15% of the ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance to each Interreg programme under components 1, 2 and 3, **may** be allocated on the Interreg-specific objective of 'a better Interreg governance' **and/or** on the external Interreg-specific objective of 'a safer and more secure Europe'. **This percentage may be higher than the maximum of 15% when those engaged in the negotiations on the programme deem it necessary.**

Projects under 'a better Interreg governance' may also receive funding under Regulation (EU) No 2018/XXX (establishing the Reform Support Programme). In that case, Regulation (EU) No 2018/XXX [ETC] will act as leader.

3. Where a component **2** Interreg programme supports a macro-regional strategy, the total ERDF and, where applicable, the total external financing instruments of the Union allocations under priorities other than for technical assistance shall be programmed on the objectives of that strategy.

4. Where a component **I** Interreg programme supports a macro-regional strategy or sea-basin strategy, at least 70% of the total ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance shall, **as a general rule**, be allocated on the objectives of that strategy. **Different percentages may be established by common agreement with the Commission.**

	<p>5. For component 4 Interreg programmes, the total ERDF and, where applicable, of the external financing instruments of the Union allocations under priorities other than for technical assistance shall be allocated on the Interreg-specific objective 'a better Interreg governance'.</p>
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<i>Reason</i>
<p>It is not fair to ask all European regions to allocate the same fixed percentage to 'a better Interreg governance' in addition to technical assistance.</p> <p>Nonetheless, it must continue to be possible for regions which want to use ETC as a tool to promote good governance and structural reform to receive additional support under the new Reform Support Programme.</p> <p>The CoR endorses macro-regional strategies being supported by components 1 and 2.</p>

Amendment 18

Add new chapter after Chapter II

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
	<p style="text-align: center;">CHAPTER III</p> <p style="text-align: center;"><i>Interregional innovation investments</i></p> <p style="text-align: center;"><i>Article 16</i></p> <p style="text-align: center;"><i>Interregional innovation investments</i></p> <p><i>1. 0.3 % of the global resources available for the funds' budgetary commitments for the 2021-2027 period (i.e. a total of EUR 970 000 000) shall be allocated to interregional innovation investments and earmarked for marketing and stepping up interregional innovation projects which have the potential to promote European value chains. Additional funds from Horizon Europe [proposal for a regulation (EU) No 2018/XXX] may be transferred to the budget either directly or using the Lead Fund method.</i></p> <p><i>2. Interregional innovation investments shall be intended for the following activities:</i></p> <p><i>(a) marketing and scaling up common innovation projects which could promote European value chains;</i></p> <p><i>(b) bringing together researchers, businesses, civil society and public administrations</i></p>

	<p><i>involved in national or regional smart specialisation strategies;</i></p> <p><i>(c) pilot projects to identify or test new regional and local development solutions based on smart specialisation strategies;</i></p> <p><i>(d) exchanges of experience in the field of innovation in order to capitalise on experience in regional or local development.</i></p> <p><i>3. With regard to interregional innovation investments, the entire Union shall be eligible for ERDF funding.</i></p> <p><i>4. Interregional innovation investments shall be prepared and submitted under direct management.</i></p> <p><i>5. In accordance with the principle of European territorial cohesion, regions ranked below the average on the 2013-2016 European Regional Competitiveness Index, regions covered by Article 174 and outermost regions will be entitled under the interregional innovation investment scheme to a higher ERFD co-financing rate that may vary from 85 to 100%. This incentive to promote interregional innovation investments in regions with structural handicaps must:</i></p> <p><i>(a) enable these regions to develop joint innovative investment projects which have the potential to be transferred and replicated in other regions with the same structural handicaps;</i></p> <p><i>(b) be geared towards spurring on innovation in regional economies suffering from structural geographical or demographic handicaps, developing local resources, support for renewable energy use, waste processing, water management, promotion of cultural and natural heritage and the implementation of a circular economy, with the word "innovation" here covering technological, organisational, social and environmental innovation;</i></p> <p><i>(c) enable these regions to make use of technology platforms provided by more</i></p>
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	<p><i>competitive regions, thus providing for the transfer of technology and know-how between regions and promoting greater interregional integration.</i></p> <p><i>6. Third countries may participate provided that they contribute financially in the form of external assigned revenue.</i></p>
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Reason
<p>Although the establishment of interregional innovation investments is one of the most positive innovations in the new programming period, they are still a very different tool from European territorial cooperation. For this reason and in order to underscore its specific importance, we suggest drafting a chapter and article on these investments bringing together various provisions which are scattered throughout the proposal for a regulation.</p> <p>We also propose increasing its budget with a specific reserve of 0.3% of the cohesion budget and authorising further transfers. Lastly, in order to comply with the principle of European territorial cohesion, part of the resources must be earmarked for regions which are not yet among the most innovative in Europe.</p> <p>Furthermore, in order to avoid exacerbating interregional disparities in terms of innovation and competitiveness, we need to promote innovation in regions which are struggling and/or which are below the EU average in terms of competitiveness.</p> <p>This proposal incorporates into the ETC regulation those recommendations set out in the following opinions: Ms Maupertuis (2017), Mr Herrera Campo (2016), Mr Osvald (2012) and Mr Karácsony (2018), among others.</p>

Amendment 19

Article 16

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p>Article 16</p> <p>Preparation and submission of Interreg programmes</p> <p>1. The European territorial cooperation goal (Interreg) shall be implemented through Interreg programmes under shared management with the exception of component 3, which may be implemented as a whole or partially under indirect management, <i>and of component 5 which shall be implemented under direct or indirect management.</i></p>	<p>Article 16</p> <p>Preparation and submission of Interreg programmes</p> <p>1. The European territorial cooperation goal (Interreg) shall be implemented through Interreg programmes under shared management with the exception of component 3, which may be implemented as a whole or partially under indirect management.</p> <p>2. The participating Member States and,</p>

<p>2. The participating Member States and, where applicable, third countries, partner countries or OCTs, shall prepare an Interreg programme in accordance with the template set out in the Annex for the period from 1 January 2021 to 31 December 2027.</p> <p>3. The participating Member States shall prepare an Interreg programme in cooperation with the programme partners referred to in Article [6] of Regulation (EU) [the new CPR]. The participating third countries or partner countries or OCTs, where applicable, shall also involve the programme partners equivalent to those referred to in that Article.</p> <p>4. The Member State hosting the prospective managing authority, shall submit <i>an Interreg programme</i> to the Commission by [date of entry into force plus nine months;] on behalf of all participating Member States and, where applicable, third countries, partner countries or OCTs. However, an Interreg programme covering support from an external financing instrument of the Union shall be submitted by the Member State hosting the prospective managing authority no later than six months after the adoption by the Commission of the relevant strategic programming document under Article 10(1) or where required under the respective basic act of one or more of an external financing instrument of the Union.</p> <p>5. The participating Member States and, where applicable, third countries, partner countries or OCTs shall confirm in writing their agreement to the contents of an Interreg programme prior to its submission to the Commission. That agreement shall also include a commitment by all participating Member States and, where applicable, third countries, partner countries or OCTs to provide the co-financing necessary to implement the Interreg programme and, where applicable, the commitment for the</p>	<p>where applicable, third countries, partner countries or OCTs, shall prepare an Interreg programme in accordance with the template set out in the Annex for the period from 1 January 2021 to 31 December 2027.</p> <p>3. The participating Member States shall prepare an Interreg programme in cooperation with the programme partners referred to in Article [6] of Regulation (EU) [the new CPR]. The participating third countries or partner countries or OCTs, where applicable, shall also involve the programme partners equivalent to those referred to in that Article. <i>When preparing Interreg programmes linked to strategies for macro-regions or sea-basins, the Member States and programme partners must take account of the thematic priorities of the macro-regional strategies and strategies on sea-basins and consult the stakeholders.</i></p> <p>4. The Member State hosting the prospective managing authority, shall submit <i>one or more Interreg programmes along the relevant land or maritime border</i> to the Commission by [date of entry into force plus nine months;] on behalf of all participating Member States and, where applicable, third countries, partner countries or OCTs. However, an Interreg programme covering support from an external financing instrument of the Union shall be submitted by the Member State hosting the prospective managing authority no later than six months after the adoption by the Commission of the relevant strategic programming document under Article 10(1) or where required under the respective basic act of one or more of an external financing instrument of the Union.</p> <p>5. The participating Member States and, where applicable, third countries, partner countries or OCTs shall confirm in writing their agreement to the contents of an Interreg programme prior to its submission to the Commission. That agreement shall also include a</p>
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<p>financial contribution of the third countries, partner countries or OCTs.</p> <p>By way of derogation from the first subparagraph, in the case of Interreg programmes involving outermost regions and third countries, partner countries or OCTs, the Member States concerned shall consult the respective third countries, partner countries or OCTs before submitting the Interreg programmes to the Commission. In that case, the agreements to the contents of the Interreg programmes and the possible contribution of the third countries, partner countries or OCTs may, instead, be expressed in the formally approved minutes of the consultation meetings with the third countries, partner countries or OCTs or <i>of the deliberations of the regional cooperation organisations</i>.</p> <p>6. The Commission is empowered to adopt delegated acts in accordance with Article 62 to amend the Annex in order to adapt to changes occurring during the programming period for non-essential elements thereof.</p>	<p>commitment by all participating Member States and, where applicable, third countries, partner countries or OCTs to provide the co-financing necessary to implement the Interreg programme and, where applicable, the commitment for the financial contribution of the third countries, partner countries or OCTs.</p> <p>By way of derogation from the first subparagraph, in the case of Interreg programmes involving outermost regions and third countries, partner countries or OCTs, the Member States concerned shall consult the respective third countries, partner countries or OCTs before submitting the Interreg programmes to the Commission. In that case, the agreements to the contents of the Interreg programmes and the possible contribution of the third countries, partner countries or OCTs may, instead, be expressed in the formally approved minutes of the consultation meetings with the third countries, partner countries or OCTs or <i>several Interreg programmes along the land or maritime border in question</i>.</p> <p>6. The Commission is empowered to adopt delegated acts in accordance with Article 62 to amend the Annex in order to adapt to changes occurring during the programming period for non-essential elements thereof.</p>
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Reason
The partnership principle must be in place to ensure consistency between the various cross-border cooperation activities. The CoR is in favour of moving maritime cross-border cooperation back to component 1.

Amendment 20

Article 19

Text proposed by the European Commission	CoR amendment
Article 19	Article 19
Amendment of Interreg programmes	Amendment of Interreg programmes
1. The Member State hosting the managing authority may submit a motivated request for an amendment of an Interreg programme together with the amended programme, setting out the	1. The Member State hosting the managing authority may, <i>after consulting the local and regional authorities and in accordance with Article 6 of the CPR</i> , submit a motivated request

<p>expected impact of that amendment on the achievement of the objectives.</p> <p>2. The Commission shall assess the compliance of the amendment with Regulation (EU) [new CPR], Regulation (EU) [new ERDF] and this Regulation and may make observations within three months of the submission of the amended programme.</p> <p>3. The participating Member States and, where applicable, third countries, partner countries or OCTs shall review the amended programme and take into account the observations made by the Commission.</p> <p>4. The Commission shall approve the amendment of a Interreg programme no later than six months after its submission by the Member State.</p> <p>5. The Member State may transfer during the programming period an amount of up to 5% of the initial allocation of a priority and no more than 3% of the programme budget to another priority of the same Interreg programme. Such transfers shall not affect previous years. They shall be considered to be not substantial and shall not require a decision of the Commission amending the Interreg programme. They shall, however comply with all regulatory requirements. The managing authority shall submit to the Commission the revised table referred to in point (g)(ii) of Article 17(4).</p> <p>6. The approval of the Commission shall not be required for corrections of a purely clerical or editorial nature that do not affect the implementation of the Interreg programme. The managing authority shall inform the Commission of such corrections.</p>	<p>for an amendment of an Interreg programme together with the amended programme, setting out the expected impact of that amendment on the achievement of the objectives.</p> <p>2. The Commission shall assess the compliance of the amendment with Regulation (EU) [new CPR], Regulation (EU) [new ERDF] and this Regulation and may make observations within three months of the submission of the amended programme.</p> <p>3. The participating Member States and, where applicable, third countries, partner countries or OCTs shall review the amended programme and take into account the observations made by the Commission.</p> <p>4. The Commission shall approve the amendment of a Interreg programme no later than six months after its submission by the Member State.</p> <p>5. The Member State may transfer during the programming period an amount of up to 5% of the initial allocation of a priority and no more than 3% of the programme budget to another priority of the same Interreg programme, <i>after consulting the local and regional authorities and in accordance with Article 6 of the CPR.</i> Such transfers shall not affect previous years. They shall be considered to be not substantial and shall not require a decision of the Commission amending the Interreg programme. They shall, however comply with all regulatory requirements. The managing authority shall submit to the Commission the revised table referred to in point (g)(ii) of Article 17(4).</p> <p>6. The approval of the Commission shall not be required for corrections of a purely clerical or editorial nature that do not affect the implementation of the Interreg programme. The managing authority shall inform the Commission of such corrections.</p>
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Reason

The partnership principle must be enforced when amending the programmes.

Amendment 21

Article 24

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Article 24 Small project funds	Article 24 Small project funds
<p>1. The contribution from the ERDF or, where applicable, an external financing instrument of the Union, to a small project fund within an Interreg programme shall not exceed EUR 20 000 000 or 15% of the total allocation of the Interreg programme, whichever is lower.</p> <p>The final recipients within a small project fund shall receive support from the ERDF or, where applicable the external financing instruments of the Union through the beneficiary and implement the small projects within that small project fund ('small project').</p> <p>2. The beneficiary of a small project fund shall be a cross-border legal body or an EGTC.</p> <p>3. The document setting out the conditions for support to a small project fund shall, in addition to the elements laid down in Article 22(6) set out the elements necessary to ensure that the beneficiary:</p> <ul style="list-style-type: none">a) establishes a non-discriminatory and transparent selection procedure;b) applies objective criteria for the selection of small projects, which avoid conflicts of interest;c) assesses applications for support;d) selects projects and fixes the amount of support for each small project;e) is accountable for the implementation of the operation and keeps at its level all supporting documents required for the audit trail in accordance with Annex [XI] of Regulation (EU) [new CPR];f) makes available to the public the list of the	<p>1. The contribution from the ERDF or, where applicable, an external financing instrument of the Union, to a small project fund within an Interreg programme shall not exceed EUR 20 000 000 or 15% of the total allocation of the Interreg programme, whichever is lower. <i>Several small project funds may be set up within an Interreg programme.</i></p> <p>The final recipients within a small project fund shall receive support from the ERDF or, where applicable the external financing instruments of the Union through the beneficiary and implement the small projects within that small project fund ('small project').</p> <p>2. The beneficiary of a small project fund shall be a cross-border legal body, an EGTC, <i>a euroregion, legal bodies in outermost regions or another association of various regional or local authorities.</i></p> <p>3. The document setting out the conditions for support to a small project fund shall, in addition to the elements laid down in Article 22(6) set out the elements necessary to ensure that the beneficiary:</p> <ul style="list-style-type: none">a) establishes a non-discriminatory and transparent selection procedure;b) applies objective criteria for the selection of small projects, which avoid conflicts of interest;c) assesses applications for support;d) selects projects and fixes the amount of support for each small project;e) is accountable for the implementation of the operation and keeps at its level all supporting documents required for the audit trail in

<p>final recipients which benefit from the operation. The beneficiary shall ensure that the final recipients comply with the requirements set out in Article 35.</p> <p>4. The selection of small projects shall not constitute a delegation of tasks from the managing authority to an intermediate body as referred to in Article [65(3)] of Regulation (EU) [new CPR].</p> <p>5. Staff and indirect costs generated at the level of the beneficiary for the management of the small project fund shall not exceed 20% of the total eligible cost of the respective small project fund.</p> <p>6. Where the public contribution to a small project does not exceed EUR 100 000, the contribution from the ERDF or, where applicable, an external financing instrument of the Union shall take the form of unit costs or lump sums or include flat rates, except for projects for which the support constitutes State aid.</p> <p>Where flat-rate financing is used, the categories of costs to which the flat rate is applied may be reimbursed in accordance with [point (a) of Article 48(1)] of Regulation (EU) [new CPR].</p>	<p>accordance with Annex [XI] of Regulation (EU) [new CPR];</p> <p>f) makes available to the public the list of the final recipients which benefit from the operation.</p> <p>The beneficiary shall ensure that the final recipients comply with the requirements set out in Article 35.</p> <p>4. The selection of small projects shall not constitute a delegation of tasks from the managing authority to an intermediate body as referred to in Article [65(3)] of Regulation (EU) [new CPR].</p> <p>5. Staff and indirect costs generated at the level of the beneficiary for the management of the small project fund shall not exceed 20% of the total eligible cost of the respective small project fund.</p> <p>6. Where the public contribution to a small project does not exceed EUR 100 000, the contribution from the ERDF or, where applicable, an external financing instrument of the Union shall take the form of unit costs or lump sums or include flat rates. <i>Additional national controls and audits should respect this principle of simplified costs and not require the beneficiary to provide supporting documents pertaining to all project costs.</i></p> <p>Where flat-rate financing is used, the categories of costs to which the flat rate is applied may be reimbursed in accordance with [point (a) of Article 48(1)] of Regulation (EU) [new CPR].</p>
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Amendment 22

Article 26

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
<p style="text-align: center;">Article 26</p> <p style="text-align: center;">Technical assistance</p> <p>1. Technical assistance to each Interreg programme shall be reimbursed as a flat rate by applying the percentages set out in paragraph 2 to the eligible expenditure included in each payment application pursuant to [points (a) or (c) of Article 85(3)] of Regulation (EU) [new CPR] as</p>	<p style="text-align: center;">Article 26</p> <p style="text-align: center;">Technical assistance</p> <p>1. Technical assistance to each Interreg programme shall be reimbursed as a flat rate by applying the percentages set out in paragraph 2 to the eligible expenditure included in each payment application pursuant to [points (a) or (c) of Article 85(3)] of Regulation (EU) [new CPR] as</p>

<p>appropriate.</p> <p>2. The percentage of the ERDF and the external financing instruments of the Union to be reimbursed for technical assistance shall be as follows:</p> <p>a) (a) for internal cross-border cooperation Interreg programmes supported by the ERDF: 6%;</p> <p>b) for external cross-border Interreg programmes supported by IPA III CBC or NDICI CBC: 10%;</p> <p>c) for component 2, 3 and 4 Interreg programmes, both for the ERDF and, where applicable, for the external financing instruments of the Union: 7%.</p> <p>3. For Interreg programmes with a total allocation between EUR 30 000 000 and EUR 50 000 000 the amount resulting from the percentage for technical assistance shall be increased by an additional amount of EUR 500 000. The Commission shall add that amount to the first interim payment.</p> <p>4. For Interreg programmes with a total allocation below EUR 30 000 000, the amount needed for technical assistance expressed in EUR and the resulting percentage shall be fixed in the Commission decision approving the Interreg programme concerned.</p>	<p>appropriate.</p> <p>2. The percentage of the ERDF and the external financing instruments of the Union to be reimbursed for technical assistance shall be as follows:</p> <p>a) for internal cross-border cooperation Interreg programmes supported by the ERDF: 8%;</p> <p>b) for external cross-border Interreg programmes supported by IPA III CBC or NDICI CBC: 10%;</p> <p>c) for component 2, 3 and 4 Interreg programmes, both for the ERDF and, where applicable, for the external financing instruments of the Union: 8%;</p> <p>d) for component 3 Interreg programmes, for the ERDF: 10%.</p> <p>3. For Interreg programmes with a total allocation between EUR 30 000 000 and EUR 50 000 000 the amount resulting from the percentage for technical assistance shall be increased by an additional amount of EUR 500 000. The Commission shall add that amount to the first interim payment.</p> <p>4. For Interreg programmes with a total allocation below EUR 30 000 000, the amount needed for technical assistance expressed in EUR and the resulting percentage shall be fixed in the Commission decision approving the Interreg programme concerned.</p>
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Amendment 23

Article 45

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Art 45	Art 45
Functions of the managing authority	Functions of the managing authority
<p>1. The managing authority of an Interreg programme shall carry out the functions laid down in Articles [66], [68] and [69] of Regulation (EU) [new CPR] with the exception of the task of selecting operations referred to in point (a) of Article 66(1) and Article 67 and of payments to beneficiaries referred to in point (b) of Article</p>	<p>1. The managing authority of an Interreg programme shall carry out the functions laid down in Articles [66], [68] and [69] of Regulation (EU) [new CPR] with the exception of the task of selecting operations referred to in point (a) of Article 66(1) and Article 67 and of payments to beneficiaries referred to in point (b) of Article</p>

<p>68(1). Those functions shall be carried out in the whole of the territory covered by that programme, subject to derogations set out under Chapter VIII of this Regulation.</p> <p>2. The managing authority, after consultation with the Member States and, where applicable, any third countries, partner countries or OCTs participating in the Interreg programme, shall set up a joint secretariat, with staff taking into account the programme partnership. The joint secretariat shall assist the managing authority and the monitoring committee in carrying out their respective functions. The joint secretariat shall also provide information to potential beneficiaries about funding opportunities under Interreg programmes and shall assist beneficiaries and partners in the implementation of operations.</p> <p>3. By way of derogation from [point (c) of Article 70(1)] of Regulation (EU) [new CPR], expenditure paid in another currency shall be converted into euro by each partner using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the managing authority in accordance with [point (a) of Article 68(1)] of that Regulation.</p>	<p>68(1). Those functions shall be carried out in the whole of the territory covered by that programme, subject to derogations set out under Chapter VIII of this Regulation.</p> <p>2. The managing authority, after consultation with the Member States and, where applicable, any third countries, partner countries or OCTs participating in the Interreg programme, shall set up a joint secretariat, with staff taking into account the programme partnership. The joint secretariat shall assist the managing authority and the monitoring committee in carrying out their respective functions. The joint secretariat shall also provide information to potential beneficiaries about funding opportunities under Interreg programmes and shall assist beneficiaries and partners in the implementation of operations.</p> <p>3. <i>Where the managing authority does not carry out management verifications under [point (a) of Article 68(1)] of Regulation (EU) [new CPR] throughout the whole programme area, each Member State and, where applicable, any third country, partner country or OCTs participating in the Interreg programme, shall designate the body or person responsible for carrying out such verifications in relation to beneficiaries on its territory (the "controllers").</i></p> <p>4. By way of derogation from [point (c) of Article 70(1)] of Regulation (EU) [new CPR], expenditure paid in another currency shall be converted into euro by each partner using the monthly accounting exchange rate of the Commission in the month during which that expenditure was submitted for verification to the managing authority in accordance with [point (a) of Article 68(1)] of that Regulation.</p>
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<i>Reason</i>
<p>In case deleting of paragraph 6 of the Article 44 is not accepted, this is an alternative solution for the issue of controllers to ensure that the current systems of management verifications that have been running in some programmes for three programming periods would not have to be abolished.</p>

Amendment 24

Article 49

<i>Text proposed by the European Commission</i>	<i>CoR amendment</i>
Article 49	Article 49
Payments and pre-financing	Payments and pre-financing
<p>1. The ERDF support and, where applicable, the support from external financing instruments of the Union to each Interreg programme shall be paid, in accordance with Article 46(2), into a single account with no national subaccounts.</p> <p>2. The Commission shall pay a pre-financing based on the total support from each Interreg fund, as set out in the decision approving each Interreg programme under Article 18, subject to available funds, in yearly instalments as follows and before 1 July of the years 2022 to 2026, or, in the year of the approving decision, no later than 60 days after that decision is adopted:</p> <p>a) 2021: <i>1</i> %;</p> <p>b) 2022: <i>1</i> %;</p> <p>c) 2023: <i>1</i> %;</p> <p>d) 2024: <i>1</i> %;</p> <p>e) 2025: <i>1</i> %;</p> <p>f) 2026: <i>1</i> %.</p> <p>3. Where external cross-border Interreg programmes are supported by the ERDF and IPA III CBC or NDICI CBC, the pre-financing for all funds supporting such an Interreg programme shall be made in accordance with Regulation (EU) [IPA III] or [NDICI] or of any act adopted thereunder.</p> <p>The pre-financing amount may be paid in two instalments, where necessary, according to budgetary needs.</p> <p>The total amount paid as pre-financing shall be reimbursed to the Commission if no payment application under the cross-border Interreg programme is sent within 24 months of the date on which the Commission pays the first instalment of the pre-financing amount. Such reimbursement shall constitute internal assigned revenue and shall not reduce the support from the ERDF, IPA III CBC or NDICI CBC to the</p>	<p>1. The ERDF support and, where applicable, the support from external financing instruments of the Union to each Interreg programme shall be paid, in accordance with Article 46(2), into a single account with no national subaccounts.</p> <p>2. The Commission shall pay a pre-financing based on the total support from each Interreg fund, as set out in the decision approving each Interreg programme under Article 18, subject to available funds, in yearly instalments as follows and before 1 July of the years 2022 to 2026, or, in the year of the approving decision, no later than 60 days after that decision is adopted:</p> <p>a) 2021: 2 %;</p> <p>b) 2022: 0.8 %;</p> <p>c) 2023: 0.8 %;</p> <p>d) 2024: 0.8 %;</p> <p>e) 2025: 0.8 %;</p> <p>f) 2026: 0.8 %;</p> <p>3. Where external cross-border Interreg programmes are supported by the ERDF and IPA III CBC or NDICI CBC, the pre-financing for all funds supporting such an Interreg programme shall be made in accordance with Regulation (EU) [IPA III] or [NDICI] or of any act adopted thereunder.</p> <p>The pre-financing amount may be paid in two instalments, where necessary, according to budgetary needs.</p> <p>The total amount paid as pre-financing shall be reimbursed to the Commission if no payment application under the cross-border Interreg programme is sent within 24 months of the date on which the Commission pays the first instalment of the pre-financing amount. Such reimbursement shall constitute internal assigned revenue and shall not reduce the support from the ERDF, IPA III CBC or NDICI CBC to the</p>

programme.	programme.
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<i>Reason</i>
The CoR proposes doubling the percentage of prefinancing during the first year of the programming period to help these programmes get off the ground. This will be offset by an equivalent reduction in the following years.

Amendment 25

Article 61

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
<i>Article 61</i> <i>Interregional innovation investments</i> <i>At the initiative of the Commission, the ERDF may support interregional innovation investments, as set out in point 5 of Article 3, bringing together researchers, businesses, civil society and public administrations involved in smart specialisation strategies established at national or regional levels.</i>	

<i>Reason</i>
Given how important and specific these investments are, the CoR proposes that they be covered by a separate chapter.

Amendment 26

Add new article after Article 62

<i>Text proposed by the Commission</i>	<i>CoR amendment</i>
	<i>Article 62a</i> <i>Exemption from the reporting requirement laid down in Article 108(3) of the TFEU</i> <i>Aid for European territorial cooperation projects is excluded from the review of state aid and is not subject to the reporting requirement laid down in Article 108(3) of the Treaty on the Functioning of the European Union.</i>

<i>Reason</i>
Territorial cooperation bolsters the single market. Completely abolishing the reporting requirements still in place for some types of state aid would promote simplification.

II. POLICY RECOMMENDATIONS

THE EUROPEAN COMMITTEE OF THE REGIONS

1. sincerely welcomes the new regulation on European territorial cooperation (ETC) for the 2021-2027 programming period and is pleased that this founding policy of the EU is being made more visible through this dedicated regulation, despite the fact that the policy will still be financed by the ERDF;
2. is also pleased that, as part of the drive to simplify regulation and ensure synergies, the regulations on the future EU External Financing Instruments are included in the ETC regulation;
3. supports the new tool intended to remove legal and administrative barriers to cross-border activities. ETC must support¹ this new instrument;
4. is very pleased that the new component 3 recognises the specific needs of the outermost regions;
5. strongly endorses the establishment of the interregional innovation investments referred to in component 5;
6. regrets the Commission's proposal to reduce the ETC budget by EUR 1.847 billion (in 2018 constant prices), which amounts to -18%. This is almost twice as much as the budget cuts resulting from Brexit and reduces ETC's share of the cohesion budget from 2.75% to 2.5%;
7. regrets that component 1 "cross-border cooperation" (without the maritime cooperation aspect) has been reduced by EUR 3.171 billion (-42%), and that component 4 on traditional "interregional cooperation" (INTERREG Europe, URBACT, ESPON, INTERACT) has lost EUR 474 million (-83%);
8. underlines the importance of the INTERREG programme, which proved indispensable to many regional authorities both for exchanging expertise and best practice on key challenges, but also for building human links between regional authorities and thus promoting the European identity; notes that this has not been sufficiently replicated in the current proposals;
9. opposes the decision to move maritime cross-border cooperation from component 1 "cross-border" to component 2 "transnational". This transfer would increase the component 2 "transnational" budget by EUR 558 million (27%), but there is a considerable risk that maritime cross-border cooperation might be watered down in the broader context of transnational cooperation;
10. considers that the Commission proposal in Annex XXII of the CPR is arbitrary in prioritising financing for border regions at least half of whose population lives less than 25 km from the border and entirely rejects it for that reason;

¹ COM(2018) 373 final, draft opinion by Mr Arends (COTER-VI/048)

11. strongly endorses the CPR rapporteurs' proposal² to amend the commitments stipulated in Article 104(7) of the CPR so as to increase the budget for traditional territorial cooperation (components 1 and 4) to up to 3% of the cohesion budget and to establish an additional specific reserve of 0.3% of the cohesion budget for interregional innovation investments. This approach is similar to the one taken by the Parliament³. The Committee believes that the increase in allocations should also be reflected in component 3;
12. considers that this new initiative for innovative interregional investments, which follows on from the ERDF's innovative activities and the Vanguard initiative, is of high added value and should be given special treatment in the regulation with a specific budget, given its differences from traditional ETC (components 1 and 4);
13. considers that synergies between these investments and Horizon Europe need to be stepped up⁴;
14. emphasises that, while interregional innovation investments must give priority to excellence, they must also boost territorial cohesion by helping less innovative regions to become involved in the drive to achieve European interregional innovation;
15. following calls in several CoR opinions⁵, proposes that an initiative be put in place to enable the most vulnerable regions listed in Article 174 of the TFEU to collaborate on innovative investment projects which have strong potential for expansion, transfer and replication in other regions with the same structural limitations;
16. calls for greater consistency between the various European territorial cooperation programmes. Where appropriate, transnational cooperation programmes linked to a macro-regional strategy or a sea-basin should adopt priorities that are consistent and aligned with those of the macro-regional strategies or sea-basins covering them;
17. welcomes the steps taken to simplify fund management, in line with the recommendations of the high-level group and a number of CoR opinions⁶;
18. welcomes the introduction of management methods geared to the small projects listed in articles 16 to 26 and in particular is pleased that an article (Article 24) focusing on the small project fund has been incorporated into the proposal, as proposed by the CoR opinion⁷ on this topic. These small or "people-to-people" projects are in fact crucial for promoting European integration and removing visible and invisible borders and boost the European added value provided by this mechanism. The Committee also endorses making the beneficiary of these

² Draft opinion by Mr Schneider and Ms Marini (COTER-VI/045).

³ Draft report by Mr Arimont, 2018/0199 (COD).

⁴ COM/2018/435 final

⁵ This proposal includes recommendations made in the opinions drawn up by Ms Maupertuis (COTER-VI /22), Mr Herrera Campo (SEDEC-VI /8), Mr Osvald (COTER-V/21) and Mr Karácsony (COTER-VI /36), among others.

⁶ Opinion by Mr Osvald (COTER-VI/012), opinion by Mr Vlasák (COTER-VI/035).

⁷ Opinion by Mr Branda on "People-to-people and small-scale projects in cross-border cooperation programmes" (COTER-VI/023).

small projects a cross-border legal entity, an EGTC, a euroregion, legal bodies in outermost regions or another grouping of local and regional authorities;

19. is opposed to reducing EU cofinancing rates from 85% to 70%: this will make it even more difficult for local and regional stakeholders with limited financial capacity to participate;
20. proposes doubling the percentage reserved for prefinancing in the first year to help the programmes really get off the ground;
21. proposes increasing the percentage reserved for technical assistance to 8%;
22. proposes amending the thematic concentration rate stipulated in Article 15 to reach a maximum rate of 60% of the ERDF budget at national and regional level;
23. considers that a standard reserve of 15% for good governance is not necessarily fair. Regions do not all have the same needs in terms of structural reform. ETC should be able to receive transfers from the new reform support programme⁸;
24. is very pleased that the UK's local and regional authorities are included in components 1 and 2 as has been done for Norway and Iceland, as the CoR requested⁹. The CoR supports the EU's continued support for the Northern Ireland peace process through the PEACE PLUS programme;
25. proposes that third countries should also be able to participate in component 4 "interregional" and in interregional innovation investments through external assigned revenue transferred to the EU budget;
26. notes that the promotion of European territorial cooperation (Interreg) has been one of the key priorities of EU Cohesion Policy for many years. Projects for SMEs are already required by the General Block Exemption Regulation (GBER) to report on state aid. Specific provisions for regional aid for investments by businesses of all sizes are also included in the 2014-2020 guidelines on regional aid and in the GBER's section on regional aid. Given that aid for ETC should be considered compatible with the single market, it should be excluded from the reporting requirements under Article 108(3) TFEU;
27. proposes that, aiming to reduce the administrative burden for programme authorities and beneficiaries, state aid reporting requirements should be simplified further. The Committee of Regions takes note of the Commission proposal to amend the enabling Regulation (EU) 2015/1588. Steps should be taken to see whether measures in the field of interregional cooperation at least could, as a general rule, be exempt from EU law on state aid.

Brussels, 5 December 2018

⁸ Proposal for regulation (EU) No 2018/ XXX on the establishment of the reform support programme, COM(2018) 391 final

⁹ Resolution on the implications of the United Kingdom's withdrawal from the European Union for the EU's local and regional authorities, 129th plenary session, 17 May 2018, RESOL-VI/031, point 23.

The President
of the European Committee of the Regions

Karl-Heinz Lambertz

The Secretary-General
of the European Committee of the Regions

Jiří Buriánek

III. PROCEDURE

Title	European Territorial Cooperation
References	COM(2018) 374 final
Legal basis	Article 307 TFEU
Procedural basis	Rule 41 a) of the CoR Rules of Procedure
Date of Council/EP referral/Date of Commission letter	19 June 2018 / 11 June 2018
Date of Bureau/President's decision	6 June 2018
Commission responsible	Commission for Territorial Cohesion Policy and the EU Budget
Rapporteur	Marie-Antoinette Maupertuis (FR/EA)
Analysis	7 August 2018
Discussed in commission	24 October 2018
Date adopted by commission	24 October 2018
Result of the vote in commission (majority, unanimity)	majority
Date adopted in plenary	5 December 2018
Previous Committee opinions	<p>CoR opinion 4286/2015 – Strengthening Cross-border Cooperation: the need for a better regulatory framework</p> <p>CoR opinion 4285/2015 – Territorial Vision 2050: What future?</p> <p>CoR opinion 8/2016 – Simplification of ESIF from the perspective of Local and Regional Authorities</p> <p>CoR opinion 1814/2016 – The future of Cohesion Policy beyond 2020 – "For a strong and effective European cohesion policy beyond 2020"</p> <p>CoR opinion 19/2017 – Entrepreneurship on Islands: contributing towards territorial cohesion</p> <p>CoR opinion 1527/2017 – People-to-people and small-scale projects in cross-border cooperation programmes</p> <p>CoR opinion 3554/2017 – Integrated territorial investments – a challenge for EU cohesion policy after 2020</p> <p>CoR opinion 4294/2016 – Missing transport links in border regions</p> <p>CoR opinion 4842/2017 – Final conclusions and recommendations of the High Level Group on Simplification post-2020</p> <p>CoR opinion 6119/2017 – Boosting growth and cohesion in EU border regions</p>
Date of subsidiarity monitoring consultation	N/A