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**COMMUNICATION FROM THE COMMISSION
TO THE EUROPEAN PARLIAMENT**

pursuant to Article 294(6) of the Treaty on the Functioning of the European Union

concerning the

position of the Council on the adoption of 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

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1. BACKGROUND

Date of transmission of the proposal to the European Parliament and to the Council (document COM(2018) 374 final – 2018/0199/(COD)):	29 May 2018
Date of the opinion of the European Economic and Social Committee:	19 September 2018
Date of the position of the European Parliament, first reading:	26 March 2019
Date of the trilogue (agreement on the final text)	2 December 2020
Date of adoption of the Council first reading position:	27 May 2021

2. OBJECTIVE OF THE PROPOSAL FROM THE COMMISSION

The proposal for a Regulation on Interreg aims at setting up specific provisions governing the European territorial cooperation, specifying and completing the provisions entailed in Regulation (EU) 2021/… of the European Parliament and of the Council laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy – (CPR), which govern the delivery and implementation system of the European Regional Development Fund (ERDF).

Its main focus is on key implementation and cooperation issues, notably:

- the definition and geographical coverage of the various cooperation strands (cross-border, transnational, interregional and outermost regions);
- the definition of specific rules on thematic concentration;
- the set up of Interreg-specific objectives and scope;
- adaptations of the CPR rules on programming, programme authorities, management and control and financial management; and

- the integration of EU external financing instruments.

The provisional agreement respects the architecture of Interreg, split into four strands, including a new strand dedicated to the cooperation of the EU's Outermost Regions. It also confirms the overall financial allocation and balance between strands, enabling the instrument to reach its objectives. It also includes several simplification provisions, consistent with the Commission proposal, on small project funds (Article 25), technical assistance (Article 27), the use of simplified cost options (Article 53 CPR) or audit and verification mechanisms (Chapter VI).

The two main modifications agreed by the co-legislators relate to the maritime cooperation, reinstalled under cross-border cooperation and the relaxation of thematic concentration requirements for Interreg-specific objectives. They do not undermine, however, the capacity of stakeholders to pursue maritime cooperation in a streamlined manner, neither to support priority capacity building actions under the "better cooperation governance".

The concept of interregional innovation investments is retained but is transferred to the European Regional Development Fund/Cohesion Fund (ERDF/CF) regulation, with a reduced allocation.

3. COMMENTS ON THE POSITION OF THE COUNCIL

The Council's position fully reflects the agreement reached in the trilogues. The most important changes introduced compared to the Commission's proposal include:

- A revised architecture, maintaining cross-border maritime cooperation under the strand A (cross border);
- The reintroduction of the "Urbact" and "Interreg Europe" programmes under the interregional cooperation strand;
- The confirmation of thematic concentration, under Article 15(1), on three policy objectives, including policy objective 2 (Greener and low carbon Europe), with an additional obligation to include policy objective 4 (A more social Europe) for internal land borders. Thematic concentration requirements on Interreg-specific objectives "better cooperation governance" and "safer and more secure Europe" have been on the other hand revised, becoming optional, under respective 20% and 5% ceilings of the programme allocations. For transnational cooperation, the alignment with the priorities of macro-regional and sea basin strategies has been adjusted to 80%;
- The introduction of an obligation to support projects of limited financial volume, including through small project funds, in order to foster support to people-to-people actions and small projects;
- The shift of the Interregional Innovation Investments to the ERDF/CF regulation, with a reduced allocation, while preserving and clarifying the objectives and mechanisms proposed by the Commission;
- The adjustment of the pre-financing and co-financing rates, slightly increased, pursuant to the CPR. Pre-financing and co-financing rates, together with the rate of support under technical assistance have also been specified for external programmes including support from the Instrument for Pre-accession Assistance (IPA), the Neighbourhood, Development and International Cooperation Instrument (NDICI) and the Overseas Association Decision (OAD);

- The confirmation of the financial resources, including a reinforcement of strands A and D as detailed above, with the subsequent allocation split:
    - EUR 5 813 million for cross-border cooperation
    - EUR 1 466 million for transnational cooperation
    - EUR 490 million for interregional cooperation
    - EUR 281 million for outermost regions.

Overall, while the Commission was not able to convince the Council with regard to its proposal on binding thematic concentration for Interreg-specific objectives and on the streamlining of maritime cooperation throughout transnational cooperation, the structure of the proposal and its main implementation mechanisms are respected. In particular, the agreement enables the continuation of the PEACE PLUS programme to support peace and reconciliation between the border counties of Ireland and Northern Ireland, confirms the new strand on the Outermost Regions and the integration of cooperation at the external borders, with tailored provisions.

The adopted modifications therefore preserve overall the architecture of the Commission proposal, its resources and its ability to achieve the cooperation objectives pursued by the instrument.

4. CONCLUSION

The Commission supports the results of the inter-institutional negotiations and therefore accepts the position taken by the Council.