

Network of the Small Project Funds in Europe

POSITION PAPIER

A Common Framework for EFRE financed Small Project
Funds (SPF) in Europe

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-Preamble-

The cross border Small Project Fund (SPF) under the European Territorial Cooperation (ETC) has matured over the last few years and has become an important instrument, which is applied to in many border regions. The last INTERREG evaluation has shown that the SPF promotes legal and administrative matters, as well as between citizens and institutions to a considerable extent. Thus, they were a driver in cross border co-operation in many subject areas. They are characterized, in particular, that they act locally/regionally and reach out to citizens in the border regions, hence make an important contribution to European integration. Through the promoted measures, the European funding policy for many citizens is palpable, since the concrete realizations can be seen in the cross-border regions in everyday life. Furthermore, the SPF gives the opportunity to involve civil society in project activities and to realize the ideas of citizens in projects.

Even though the SPF plays an important role in cross-border cooperation (CBC), as well as in the Structural Funds Period 2014-2020, it is important to identify known and potential problems that could be constructively solved. A comparison of the SPF in Europe shows that the funding practices sometimes is different, although all are based on the same SPF regulation. While the SPF in some border regions are established as a flexible and efficient tool for CBC, they are affected in other border regions by the SPF through restrictive specifications and cumbersome administrative mechanisms. With this in mind, it is vital to have a common framework for the SPF and apply it to the Structural Funds Period 2014-2020.¹

This position paper contains six concrete proposals for the organization and the formation of the framework. They are based on the numerous experiences of the SPF administration, the affected operational programs and the enrolment in the Europe 2020 Strategy of the European Union. The implementation of the framework in operational programs 2014-2020 would give all Small Project Funds the opportunity to continue to be an important tool in the context of concentration within the EU strategy for smart, sustainable and inclusive growth.

¹ The mentioned comparison and the need for a common framework was established under a technical meeting (March 29th and 30th in Lauterbourg) and through a conference (October 23rd 2012 by the euregia in Leipzig. Through these events and associated networking around 30 small project funds were involved.

-Proposal 1-

The small project fund's **emphasis** is the **cross border cooperation of the people**. The thematic focus of this cooperation can be in different forms: sports, youth, culture, environment, science, tourism, transportation, education, social security, etc.

The existing small projects funds are dedicated to the cross border cooperation of the people throughout Europe in the respective areas of cross border cooperation. This focus should also be maintained in the future funding period so that European ideas are behind European 2020 Strategy for the citizens and its tangible projects, which are generated with large structured measures supported.

As cross border cooperation of the people is possible in many areas, it is suggested that the thematic focus of the cooperation is not too narrow. Local experiences have shown that good projects in many thematic areas are possible. The following areas are merely example areas for possible cooperation; sports, youth, culture, environment, science, tourism, transportation, education and social security. The spectrum should be expanded as needed.

The CBSPF administration has a lot of valuable experience and practical knowledge relating to the efficient implementation of small projects. They are in association with highly trained project managers in all areas and could assess what is best concerning local needs.

If the SPF should be promoted and advertised within the thematic objective 11 in the common structural funds regulation, a legal basis for the thematic diversity of funded small projects would be given, as the below mentioned *valorisation of the legal and administrative cooperation and cooperation between citizens and the institutions* do not contain restrictions.²

² see Article 9 of the proposal for the Regulation on the Common Strategic Framework, COM (2011) 615 final / 2, Article 6 a) iv) the proposal for a Regulation laying down specific provisions for the support of the "European territorial cooperation" from the European Regional Development Fund (ERDF), COM (2011) 611 final / 2

-Proposal 2-

The small project fund's **objectives are to establish and improve long-term collaboration between actors on both sides of the border through the support of local / regional projects.**

The small project fund's objective should be clearly defined, and yet not be narrowly summarized. Experiences from different SPF show that the sole promotion of direct project meetings, as well as cross border cooperation's rights falls short and neither are their real needs met. The phrase "establishment and improvement of long-term cooperation" allows respective project types the necessary flexibility in practice, and at the same time, emphasizes the measures' sustainability and necessity.

The project partner's involvement of at least two neighbouring countries is a fundamental criterion, which needs no further explanation, but should be anchored in the framework. The reference to the local/regional project character appears to be appropriate due to the increasing focus on macro-regional measures. By helping the assisted areas of the small projects fund bit-by-bit at the local level, they can become the driving force of European integration, in civil society and in the new Structural Funds period.

-Proposal 3-

The promoted projects could affect different **cross border cooperation policy areas**, for instance, the creation of a necessary regulatory framework, meeting of citizens (people-to-people), constructing functional networks of actors, exchanging expert and scientific knowledge or developing common approaches for common problems.

This proposal is directly related to proposal II and further elaborates which measures in the field of cross-border cooperation could be promoted by the SPF. The measures mentioned are already eligible in many SPF's, whereby the picture in Europe is mixed. The various involved bodies in national, regional and program levels interpret the legal framework differently and sometimes undertake restrictions, which are not always comprehensible.

The establishment of a regulatory framework is essential for efficient cross border cooperation. It is the foundation for the European Territorial Cooperation's (ETC) success. The SPF can make an important contribution through aid and by activities aimed at the acquisition of necessary skills (e.g. training for management employees, seminars for youth workers and workshops for association boards). Under these points, there are also prepared measures for the Tec's larger projects, such as preliminary projects, studies and so on. Such measures are in the current program periods eligible in some INTERREG program areas and are fixed explicitly in the relevant operational programs.³

Meeting citizens (people-to-people) is and remains as a vital component in practice. It is pivotal for cross-border activities. There are two things that must be carefully regarded. First, citizens should not be used in a limiting term, even teachers, professionals and administrative staff are citizens who can provide a significant cross-border added value. Second, these measures must be eligible to allow citizen's to contribute in meetings.⁴

3 Refer to the operational program Lithuania-Poland, cross-border cooperation Poland-Czech Republic and Poland-Slovakia. In other program areas, preparatory measures are also eligible, although not explicitly mentioned in the OP, for example in the context of the Alpine Rhine-Lake Constance-Upper Rhine region and cross-border cooperation Bavaria-Czech Republic.

4 This indicates also the eligibility of investments in the physical infrastructure of the cross-border nature

The construction of functional networks of actors, of expert and scientific knowledge exchange and the development of common approaches to common problems can make a valuable contribution to cross-border cooperation through policy areas promoted by the SPF. In these areas it makes sense to extend the concept of citizenship to those players who come from a certain professional or thematic context.

The SPF can only achieve its full, positive effect when it takes into account all the referred policy areas. They complement and enhance the mutual trust between the people and organizations involved. In particular regarding bigger ETC projects, we can be quite certain that there are synergy effects. They are the foundation for learning about one another and gaining trust, which were developed in the framework of the first small project. Thus, the SPF could give important input for the success of the European 2020 Strategy.⁵

⁵ Is is not about multi-funds, but rather about synergy effects within a fund.

-Proposal 4 -

The SPF can also promote investment in the physical infrastructure, if cross border cooperation will be used and, to this effect, bring more additional value.

In practice, many small project funds have proven themselves over the last years as a financial investment in the physical infrastructure in a cross border nature. most cases it is about cross-border plans with financial needs that are much lower than the threshold for financial support in the framework of the INTERREG programs. This could, e.g. concern bilingual signs along a cross-border cycling or hiking trail, the creation of a small meeting point in a border town or village, or the restoration of a wooden bridge across a border creek.

Other small project funds, although unable to provide financing for such measures, observed a demand in this area that has mostly been communicated by communes and regional associations (e.g. tourism board). In this case, those projects are excluded from funding and therefore can not often be realized. This is for the initiators not only unsatisfactory and hard to comprehend, but also negatively redounds on the cross-border facility that can neither provide funding nor understand this case.⁶

The eligibility of the investments in the physical cross-border nature infrastructure is an important cornerstone for a more effective implementation of the SPF. Small infrastructure projects are tangible for the citizens and for their sustainable use of its characteristics. In particular, due to the fact that they are realized in many cases with and for the civil society, they have a great significance within cross-border cooperation. It only seems logical that they could be promoted in the framework of a SPF. The SPF administrations have enough experiences and relevant expertise, in order to assess the project and ensure proper use of funds, so that the program authorities can support them in case of need. In addition, the allocation of funds is relatively low due to the total cost limit for small projects.

⁶ A referral to the INTERREG programs is nearly impossible because the projects for a classic promotion are too small.

-Proposal 5-

To **simplify the financial management** of the small projects funded program, the program offices shall lay down the **standardized unit costs and flat rates fixed in defined cost categories** and implement them. At the same time, the verification procedure must be simplified and duplications will be avoided. (In relation to the expenditure and total funds).

The small project's simplification of financial management is an important aspect for a more efficient implementation of the small project funds. The experiences made shows that the current approach gives many project partners problems and ultimately can lead to delays in the disbursement of funds. Some SPF are even faced with the fact that their payment requests must first go through three levels of control before coming to a disbursement.⁷ Thus, the small scale projects have not only the complex financial requirements of large INTERREG projects, but they are also even more tightly controlled than this in some project areas.

This problem can be countered in the next structural funds period by having participating level checks internally, if and how processes can be simplified and accelerated in the financial transaction. In addition, the project authorities are asked to define standardized unit costs and flat rates within the cost categories and to apply it in practice. The EU provides the necessary legal framework for this and officially calls for simplification under the new Financial Regulation.⁸ It would not be transparent if, in particular instruments that are close to the citizens as it is the case of the SPF, would not take profit of this in the future.

The systematic application of standardized unit costs and fixed costs is possible in many expenditure areas, especially the general and staff expenditures, as well as recurring cost categories (room rentals) that offer good starting points. There could also be a possibility to recognize contributions, which facilitate in turn the co-financing of projects.⁹

⁷ It may occur that the project manager must wait up to 18 months for the ERDF funds.

⁸ see Article 57 of the proposal for a Regulation on the Common Strategic Framework, COM (2011) 615 final / 2; official position of the European Commission in the framework of the new Financial Regulation (MEMO 27 June 2012)

⁹ As of now, the provision of rooms by one of the project partners is e.g. in some cases not accepted as contribution in turn.

-Proposal 6-

The small project fund's program authorities and the promoters are jointly responsible for making sure that the **application procedures and the administrative requirements are kept as simple as possible and that they are established to focus on a specific target group.**

The simplification must go beyond the financial implementation anchored in proposal V. It is the program authorities and the SPF administrations that form the application process and administrative development so that the possibilities are optimally utilized for simplification. Both must be designed so that promoters, who are inexperienced in the field of ERDF funds, can also apply for and complete a project.

SPF's targets municipalities, associations, schools and various civil society actors, who implement projects outside their professional contexts. The small project's application procedures and the administrative development should not be so complex and extensive so that the project manager has to devote more energy and attention to these points than to the project itself. The small project fund's tasks is to motivate cross-border cooperation and not to create excessive bureaucracy. However, this can only work if the simplification is continued and implemented on the SPF-level and at the program level. Therefore, speeding up the procedures is in the interest of all involved parties.¹⁰

Many SPF-administrations already apply target group instruments or simplification procedures, of which a few are listed as examples: shortened forms and project documents (application forms, project agreements), clear information leaflets and handouts instead of comprehensive manuals, documents to public relations (press releases, funding notes), yes-no check lists to control payment applications, prompt personal consultation and year-round application acceptance and processing.

The above mentioned instruments and procedures could however only unfold their full effect, if

This is due to the fact that, according to national legislation, an expensive evaluation is required, which is often more expensive than (or: which often exceeds the value of) the contribution in kind (see article 4, paragraph 3, of the French Decree No. 2007-1313 for the definition of national rules on eligibility of expenditure of programs, which are co-financed by the structural funds in the 2007-2013 period). In this case, the acceptance of flat rates could be a solution.

¹⁰ The European Commission stated clearly for reducing administration burdens for beneficiaries (see European Commission Simplification of the cohesion policy in the time frame 2014-2020, February 2012, pg. 10).

the processes within and between the SPF-administrations and the program authorities are successful by being prompt and uncomplicated. This good cooperation and a healthy degree of mutual trust are necessary.

-Program Specific Flexibility-

It is beyond question that regionally specific reasons of different nature pose obstacles to a pan-European simplification of the SPF funding procedures. This is not the aim of the proposals for a common framework for Small Project Funds in Europe in any way. Rather it is actually extremely important to obtain a program specific flexibility with respect to various aspects.

In the sense of a rational and targeted funding policy, the program authorities must remain flexible to decide how high the maximum funding, the subsidy rates and the allocation for small projects funds are. They have to further decide which kind of direction is commissioned with the implementation of a SPF, whether thematic priorities are set and how many SPF are to be set up in the program area. There is a good possibility that further aspects falls under the program specific flexibility, if the fundamental objective or if the framework's intentions are not counteracted.

-Conclusion and Resolution-

Cross-border small project funds, that will be financed by the ERFE-Middle, is a future instrument of the European Territorial Cooperation, which can be made as a joint concentration of an important contribution to territorial cohesion. The implementation of the existing proposals for a common framework in the Operational Programs will help give these instruments in the future absolute and necessary flexibility and a practical orientated structure.

Particularly, the funding practice' simplification up to the increase of disbursements plays a significant role. In regards to the SPF, it is mainly based on the definition and implementation of the flat rates and standardized unit costs, greater proportionality, legal certainty through clear laws, the reduction of administrative burdens for beneficiaries and the tightened verification process/levels. Also, the Commission takes a clear position on this matter, which is why the efforts for simplification and for the joint proposals should be promoted:

“The Member States, managers, certifiers and audit authorities will need to take steps to ensure that the national and regional context does not add unnecessary details. During the 2014-2020 period, all cohesion policy stakeholders will have to guard against the introduction of additional unnecessary checks or procedures.”

In addition to the clear commitment to simplification, the EU provides the thematic target 11 of the Regulation on the Common Strategic Framework as a legal framework for the further implementation of small projects fund in the structural funds period 2014-2020. Commission representatives have confirmed that the consideration of the thematic target 11 in the affected operational programs is therefore crucial for the existence of the SPF in the respective program areas. With this background information, target 11 may not be the bargaining chip.

The SPF will only be able to develop their full potential if they are maintained by the national

and regional authorities and the programs concerned the adequate support in the form of open space and decision-making powers. For this purpose, a minimum level of trust is necessary in the SPF administrations,

It can only be stressed that in this context, it is not about the transfer of competences or acting outside the legal framework, but rather a practical funding policy by utilizing the legal framework based on the experience and expert competences of the SPF-administrations. At the same time, the INTERREG program authorities will be relieved from the applications and permits for small projects.

The internal control measures with regard to external audits and control can not happen due to the detriment of the projects. They build the basic essence of cross-border cooperation

The present position paper's signatories:

- commit to the Europa2020 Strategy and to the joint fund policies
- emphasize the importance of small cross-border measures for the territorial cohesion and European integration
- promote the significance of the thematic target 11 in all operational programs
- consider that a common framework for the Small Project Funds in Europe as necessary and sensible
- promote the anchoring of the above mentioned proposals for a common framework in the concerned operational programs or in other joint program documents
- support the efforts of the European Union to simplification and promote, in this respect, the simplification of the funding practice on the basis of the definition and implementation of the flat rates and standardized unit costs, greater proportionality, legal certainty through clear laws, the reduction of administrative burdens for beneficiaries and the tightened verification process/levels.



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Kleinprojektfonds Conseil Général du Haut-Rhin – Landkreis Breisgau-Hochschwarzwald



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