INTERact

Sharing Expertise

PROJECT MANAGEMENT HANDBOOK

Chapter I

Interreg - Essential Background

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1 Introduction to the handbook

The purpose of this handbook is to provide practical guidance and advice for Interreg project managers, lead partners or partners in the 2014-2020 programming period. The key concepts, keywords and processes are explained following the chronological development of a project, from idea to closure.

Who should read this handbook?

This handbook is mainly intended for future project developers and managers. **First-time project developers** should find information on all the main steps needed to set up and implement an Interreg project, an explanation of the strategic framework where Interreg takes place, plus the jargon and expressions which sometimes hinder access to EU funding. **Experienced project managers** who are new to Interreg will also find valuable tips on working with an international partnership and avoiding problems with European rules and regulations. This handbook is also intended for those who have already worked in Interreg and wish to be acquainted with the main “change” elements related to project management for the 2014-2020 period.

We hope Interreg programme staff will also find a wide range of inspiration in this handbook for the practical advice needed by project developers, applicants and beneficiaries.

What is within the scope of this handbook?

The information contained in this handbook illustrates the unique opportunities and challenges of Interreg projects. It introduces the strategic framework within which programmes and projects operate, their distinctive principles and how these are applied at project level. The handbook addresses both the content side – i.e., what does one need to know in order to participate in or lead an Interreg project in the 2014-2020 period - and the skills side – i.e., which tools and techniques will enable partners and programmes to work closer together and be better prepared to seize the opportunities and challenges of Interreg projects.

Going step-by-step through the stages of the project cycle, it will be possible to understand what key actions, success factors and critical aspects a project partner will face while embarking on a project. By following each chapter, project developers will get practical tips and advice on every stage, from idea generation, partnership and application development, through contracting, starting-up and implementation to closure.

What is outside the scope of this handbook?

If you are searching for a standard project management manual or method, this handbook may not fully satisfy your expectations. The information herein focuses on the very specific aspects of Interreg projects and dedicates less attention to broad organisational or technical aspects that have been thoroughly developed in other project management manuals.

It is also important to note that the handbook must be used by project developers and managers in conjunction with the relevant European Commission, Programme and national/regional/local regulations and guidelines applying to their project.

PLEASE NOTE: This handbook is a general guide and **cannot replace any official guidance** on the individual requirements in each Programme area. Every Interreg programme has different objectives and rules, and the programmes themselves are the only reliable source of information on the type of projects that will be supported.

2 Important background for Interreg projects[1]

2.1 European Territorial Cooperation – the bigger picture

It has often been said that Europe's strength lies in its diversity - but diversity is a mixed blessing. On the plus side, difference can be an inspiration, providing us with clues for new solutions to the challenges we face. On the negative side, differences can create barriers and conflict. European Territorial Cooperation is a tool that allows projects to work with these benefits and barriers.

In the late 1980s, the European Commission designed a policy for territorial cooperation, which meant moving away from short-term and one-off pilot actions towards a long-term, consistent strategy. In 1989, the European Commission granted EUR 21 million of financial support under article 10 of the ERDF Regulation[2] to 14 cross-border pilot projects. They were designed to address structural development difficulties in border regions in two areas: 1) institutional separation of border communities, where economic and social separation prevents coherent management of the ecosystems, and 2) actual peripheral location of cross-border regions in relation to their respective national economic centres.

These pilot projects were the basis on which, in 1990, the European Commission created the INTERREG I Community Initiative, implemented as 31 operational programmes established at internal EU borders, with an ERDF allocation of EUR 1.082 million[3].

The launch of INTERREG I represented the enhancement of multi-level governance[4] in Europe, as INTERREG funding did not have to be awarded to individual nation-states but could be allocated directly to specific cross-border regions covered by an INTERREG programme. INTERREG built on existing structures and supported their further development, enabling a direct dialogue between the European institutions and regional and local authorities within member states.

The success of INTERREG I was recognized and built on, and the initiative continued in 1994–1999 as INTERREG II. INTERREG II initially consisted of two strands: INTERREG IIA on cross-border cooperation (former INTERREG I) and INTERREG IIB on the completion of selected energy networks (former REGEN initiative)[5]. In 1997, a third strand, INTERREG IIC, on transnational cooperation was added in the context of the preparation of European Spatial Development Plans for large groupings of geographical areas.

The INTERREG III Community Initiative continued in the 2000–2006 programming period with a budget of EUR 4.875 billion. The third edition of INTERREG was characterized by the eastern enlargement of the EU, along with Malta, and the consequent increase of cross-border cooperation programmes to 62.

The final additions to the group of Interreg programmes came with the introduction of 4 programmes covering the whole of Europe. These are the inter-regional cooperation programmes Interreg Europe, ESPON, INTERACT and URBACT – all of which focus on the exchange of experience and good practices in various specialist fields.

1 In the 2014-2020 programming period, Interreg programmes and their stakeholders can choose to either keep the name European Territorial Cooperation (ETC), dominant in the 2007-2013 period, or use the new brand name 'Interreg'. Both terms are acceptable and used interchangeably.

2 Council Regulation (EEC) No 1254/88 of 19 December 1988 laying down provisions for implementing Regulation (EEC) 2052/88 as regards the European Regional Development Fund

3 Community Initiative INTERREG II 1994-1999 An initial evaluation, January 2000, European Commission, P. 1

4 Multi-level governance is an approach often used to describe the policy process in the EU. It emphasizes complex interactions between different levels of governance in the EU: supranational (EU level institutions such as the European Commission, European Parliament, European Council, etc.), national, regional and local. The concept of 'multi-level governance' was first developed in relation to EU cohesion policy, which has been based on the 'principle of partnership' between European, national, regional and local authorities involved in the design and implementation of structural funds operational programmes. The core of multi-level governance is the claim that policy making competencies in the EU are shared among actors at multiple levels of governance (supranational, national, regional, local) and are no longer monopolised by nation states.

5 This covered two cooperation programmes within the energy sector between Greece-Italy and Spain-Portugal.

In 2007–2013, cooperation was recognized as a cornerstone of EU cohesion policy, and INTERREG was made into a separate structural fund objective – European Territorial Cooperation (ETC) – alongside the 'convergence' and 'competitiveness' objectives. The budget for cooperation almost doubled to EUR 8.7 billion. In the 2007–2013 programming period, European Territorial Cooperation supported 75 cross-border cooperation programmes (including external borders) – Strand A; 13 transnational programmes – Strand B; 4 EU-wide programmes: INTERREG IVC, ESPON, INTERACT and the newcomer URBACT[6] – Strand C.

Becoming a separate objective of cohesion policy implied that European Territorial Cooperation programmes were considered on an equal basis with the mainstream national and regional development programmes. This meant more visibility for cooperation, an improved legal basis, closer links with existing thematic strategies, and higher expectations for achievements.

To a certain extent, the programmes continue to pursue their original objective of addressing the particular challenges faced by border regions. These regions still face challenges caused by the historical consequences of borders and the changed landscape of Europe after the Second World War[7]; peripheral locations away from political, economic, cultural and social centers; lower activity levels compared with many central regions; and the fact that national borders are also still borders between different systems and world views. European integration and the removal of many border restrictions have alleviated many problems, but although the Single Market has created great opportunities for growth and development, not all regions have benefited equally from the advantages of free movement of goods, services, capital and people. Furthermore, successive enlargements of the EU have led to a widening of the institutional and socio-economic differences between Member States, especially in their border regions.

New challenges and opportunities have also emerged since the start of cross-border cooperation. Globalization is weakening the autonomy of nation states and increasing the functional inter-dependences between places, regardless of borders. In the globalizing economy, cities and regions (rather than nation states) have become the focus for investments. Through coordinated actions and joint decision-making, authorities and people from border regions can work together on developing many cross-border areas as centres of commerce and services, and make the transition from peripheral locations within a country to attractive Europe-internal locations. The goal is turning weaknesses into opportunities, recognizing cross-border regions as bridges and hubs between European countries.

Another important development since the start has been the addition of larger territories for cooperation, as it was realized that not only border regions could benefit from increased cooperation and coordination. The larger transnational programmes were initially focused on promoting balanced spatial development of the EU based on the recognition that 'it makes no sense for planning to stop artificially at national borders'[8]. As with the cross-border programmes, there has been an evolution of content over time, and the transnational zones also increasingly focus on helping regions adjust to the challenges of globalization, from the need for economic diversification, to aging of the population and climate change.

Since the first EU macro-regional strategy was approved back in 2009, cooperation across certain territories (countries and regions) has gained even more recognition. Adoption of the EU Strategy for the Baltic Sea Region (EUSBSR) was followed by other initiatives. EU Strategy for the Danube Region (EUSDR) was adopted in 2011, EU Strategy for the Adriatic and Ionian Region (EUSAIR) in 2014, and EU Strategy for the Alpine Region (EUSALP) during the summer of 2015. More information can be found on special websites dedicated to each of the four macro-regional strategies[9]. The EU macro-regional strategies aim at reinforcing cooperation within the macro-region in order to face several challenges, by working together as well as promoting a more balanced development in the area. The EU macro-regional strategies also contribute to the major EU policies and reinforce integration within the particular macro-region. This is where Interreg programmes play a significant role in building up and expanding cooperation, as well as

6 URBACT was created to facilitate transnational exchanges on integrated urban development. It was created in 2002, and integrated into the European Territorial Cooperation objective in 2007. Previously, URBACT was part of the Community Initiative URBAN.

7 Relocated borders after WW2 often resulted in deep animosities between people living across borders.

8 Ex-Post Evaluation of INTERREG III 2000 – 2006, 1st Interim Report to the European Commission DG Regio Main Report, September 2009, P. 22

9 For the EUSBSR: www.balticsea-region-strategy.eu; the EUSDR: www.danube-region.eu; the EUSAIR: www.adriatic-ionian.eu; the EUSALP: www.alpine-region.eu/index.html

taking an active role in a broader context. Through finding synergies and common cooperation grounds across Interreg programmes and between Interreg programmes and other EU, national and regional financial instruments, even smaller cross-border programmes can contribute more efficiently to the change in the macro-region. The process is often referred as 'alignment of funding'.

European: in the framework of the European Union policy and Member States.
Territorial: focusing on the needs and potentials of the territories, regardless of the national administrative borders separating them.
Cooperation is the process of groups of organisations working or acting together for their common/mutual benefit.

European Territorial Cooperation encourages and supports organisations to undertake joint actions across borders for their common/mutual benefit.

2.2 Objective 2 of EU cohesion policy - Interreg V (2014-2020)

In the 2014–2020 programming period, Interreg is Objective 2 of EU cohesion policy. In practical terms this means that the programmes have completed their journey from small experiments to becoming the EU's primary instrument for supporting cooperation across national borders. This means that there is a greater focus on Interreg concerns and, as a result, for example, there is now for the first time a separate European Territorial Cooperation Regulation setting out specific rules for Interreg. The regulation for the European Territorial Cooperation covers such elements as Interreg's scope, geographical coverage, financial resources, thematic concentration and investment priorities, programming, monitoring and evaluation, technical assistance, eligibility, management, control and designation, participation of third countries, and financial management. It is part of a package of regulations whose practical implications we try to summarize in this handbook.

Increased attention on Interreg also means that there are **increased expectations about the performance of the programmes in terms of delivering results** and tackling administrative problems. There are many changes for the 2014-2020 period which should strengthen delivery and make life easier for project beneficiaries.

All together, the Interreg programmes have an allocated budget of over EUR 8.9 billion, which amounts to 2.75% of the global resources available for EU cohesion policy. These funds are allocated across 79 multi-country programmes:

a) 60 cross-border cooperation programmes (strand A) along internal EU borders with ERDF contribution of EUR 6,597,822,373 (this constitutes approximately 74% of the cooperation goal budget)

b) 15 transnational cooperation programmes (strand B) covering larger areas of cooperation such as the Baltic Sea, Alpine, Danube, Mediterranean Region, etc. with ERDF contribution of EUR 2,119,431,627 (approximately 20.36% of the cooperation goal budget)

c) The inter-regional cooperation programmes (strand C): INTERREG EUROPE, INTERACT, URBACT and ESPON, with global ERDF contribution of EUR 514,397,835 (approximately 5.59% of the cooperation goal budget).

In addition, there are 12 Instrument for Pre-Accession Assistance (IPA) cross-border cooperation programmes between candidate countries and EU Member states, with a budget of around 242 million EUR. From this period, IPA CBC programmes have joined the Interreg brand and are now called Interreg-IPA CBC programmes.

The main distinction between Strands A, B and C is the geographic scale of cooperation. Other specific characteristics of each of the strands are presented in the following table.

Table: Characteristics of Interreg programmes per strand

Strand	Aims[10]	Characteristics
A **Cross-border cooperation**	Should aim to tackle common challenges identified jointly in the border regions while enhancing the cooperation process for the purpose of the overall harmonious development of the Union.	· Cover cross-border areas. · Involve regional and local actors represented in programme joint bodies. · Support genuine cross-border partnerships at programme and project level. · High level of flexibility for development and approval of programmes, and high level of autonomy for programme implementation compared with Strands B and C.
B **Transnational cooperation**	Should aim to strengthen cooperation by means of actions conducive to integrated territorial development linked to the Union's cohesion policy priorities.	· Cover mega-regions / transnational regions over several countries. · More strategic authorities from regional and national levels are involved and represented in programme joint bodies. · Require strong focus given the limited financial resources and the vastness of the territories involved. · Evolve around transnational spatial vision, which facilitates the learning process about the transnational space, and focuses on certain categories of projects.
C **Interregional cooperation**	Should aim to reinforce the effectiveness of cohesion policy by encouraging exchange of experience between regions on thematic objectives and urban development, including urban-rural linkages, to improve implementation of territorial cooperation programmes and actions, as well as promoting analysis of development trends in the area of territorial cohesion through studies, data collection and other measures.	· The 'youngest' of all three strands with a relatively short cooperation tradition. · It is meant to build on good practice experiences gained through Strands A and B. · Supports cooperation between areas which are not adjoining; i.e., regions which have common problems or common interests, or which see other reasons for sharing efforts and experience. · Supported projects rarely involve physical infrastructure; they involve transfer of ideas and experience to improve effectiveness of policies and instruments for regional development. · Size of projects supported is relatively small compared with projects supported under Strands A and B.

2.3 Key features of Interreg

European Territorial Cooperation is central to the construction of a common European space, and a cornerstone of European integration. It has clear European added-value: helping to ensure that borders are not barriers, bringing Europeans closer together, helping to solve common problems, facilitating the sharing of ideas and assets, and encouraging strategic work towards common goals[11].

The overarching objective of European Territorial Cooperation is to promote the harmonious economic social and territorial development of the Union as a whole[12].

10 ETC Regulation (EU) No 1299/2013 5-7

11 http://ec.europa.eu/regional_policy/en/policy/cooperation/

12 http://ec.europa.eu/regional_policy/en/policy/cooperation/european-territorial/

European Territorial Cooperation programmes have decided to use a common brand name that is easy to understand in every language: Interreg.

The key features of Interreg can be been translated into the following **specific aims**, which will be given different weighting in different programmes depending not least on the development strength of the participating regions and the size of the territory:

- To prevent national borders from becoming an obstacle to integration and to the balanced economic, social and cultural development of the European territory.
- To correct the negative effects and disadvantages of isolation of some regions located in the border areas or peripheries of nation states.
- To encourage regions to benefit directly from Interreg funding to address the disadvantages of their location.
- To provide authorities with incentives to turn towards neighbours on the other side of national borders and with tools to jointly manage the socio-economic, environmental and territorial challenges of the region.

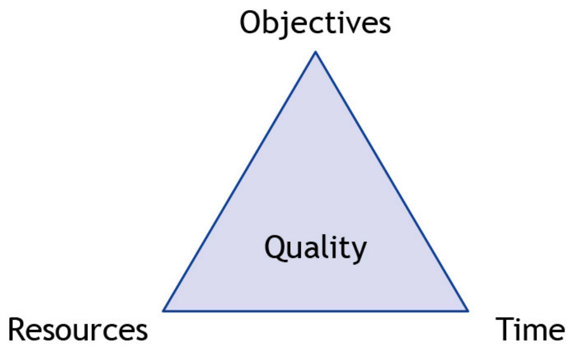
These aims have in turn been translated into a number of general **areas of focus**, which again may receive more or less emphasis depending on specific circumstances in each programme area:

- Facilitate development of cross-border, transnational and interregional cooperation as a method of work and a feature of daily activities for institutions and people across Europe.
- Facilitate establishment of lasting cooperation frameworks for action in support of economic development in areas where efforts were previously fragmented by the existence of a national border.
- Facilitate maturing of the cooperation tradition, such as the existence and scope of legal framework conditions for cooperation, as well as existence and capacity of permanent cross-border structures.
- Facilitate pooling and exchange of experience and know-how in areas of shared interest and concern.
- Stimulate ‘local’ idea generation in the region and for the region, and translation of these ideas into tangible actions for the benefit of the region.
- Facilitate perception of each region (especially cross-border or transnational) as ‘shared’ rather than ‘private’ areas.
- Support activities which are genuinely additional in relation to member states’ own efforts.
- Finance revitalization of regions along the Community’s internal and external borders.
- Generate added-value in various sectors (cooperation networks, knowledge bases, policy proposals, development of a transnational planning culture, realization of projects with strategic character, testing innovative approaches, joint actions to address environmental challenges, etc.).
- Provide opportunities to develop and test innovation by experimenting with new approaches.
- Support projects and networks delivered through cooperation across borders and which demonstrate a positive impact on development on both sides of the border.
- Support projects that seek to build on Europe’s territorial assets through cooperation.
- Deliver value in addition to that which would have been secured by national and regional authorities and the private sector. Interreg focuses on actions that member states and regions would not otherwise undertake and that can have a significant ‘leverage’ effect by securing additional investments from other sources.
- Provide a laboratory for the principles of subsidiarity and partnership through direct involvement of regional and local interests and ‘bringing the European Union closer to its citizens’.
- By adopting a ‘place-based’ approach, Interreg promotes multi-level governance – meaning the involvement of actors from regional and local institutions or other local partners in actively devising, implementing and taking responsibility for development strategies in the region.
- Contribute to better integration of new members in the EU through cooperation and transfer of know-how between authorities from ‘old’ and ‘new’ EU regions.

3 Interreg project

The general Interreg objectives are refined according to the needs of each programme area and are described in detail in a Cooperation Programme document. This document also presents how coordination and synergies with other programmes and financial instruments in the area are foreseen. Programmes operate by inviting a portfolio of projects to deliver these objectives. Interreg projects are governed by the same quality criteria that define all other types of projects: They need to achieve **fixed objectives** with **limited resources** (budget and staff) and within a **defined timeframe**.

Figure: Project elements



European Commission and the Member States participating in the Interreg programmes expect the following from projects applying for funds in Interreg programmes:

- **A result-driven approach**: Every project needs to achieve results that contribute to the achievement of programme results.
- **A firm evidence base**: Facts that prove a need for the project and the outcome of project activities.
- **Concentration of funding**: Smaller group of projects which would ensure measurable progress on the programme priorities.

All stages of the project lifecycle are assessed on whether the outcomes justify the resources used (efficiency) and whether the activities carried out really contribute to the objectives (effectiveness). These measures have become even more important in the current climate of economic austerity and reduced budgets for public investment.

Interreg project management is focused firstly on delivering the project against these criteria, but also on creating and supporting an international team in improving on the results that any of the partners would have been able to achieve alone.

3.1 Requirements for the joint working approach

Working in an Interreg project immediately provides a pool of knowledge, skills and new perspectives in the partnership. Most project partners find that these new inputs are immediately useful in their daily work. However, the real advantage of cooperation and the common feature of the most successful projects is when project work is carried out jointly - when skills are shared to develop a solution that is better than what any of the partners alone could have achieved.

Interreg strongly supports a process of ever greater cooperation across Europe's borders and, as a result, **4 cooperation criteria** are defined in the regulation. All Interreg projects must work jointly on both project development and implementation in order to be considered for funding. In addition, all projects must also commit to either joint staffing or joint financing[13]. Programme interpretations may vary slightly, but some of the main points for delivering on this 'jointness' are included in the following table.

Table: Cooperation criteria

Joint development	As the initial idea matures into a project, partners will define together: · What they plan to achieve together (results). · What activities they will do together (work plan). · What each partner contributes (budget, human resources, knowledge etc.). · What each partner expects to get out (benefits).
Joint implementation	While carrying out the project, partners will: · Carry out the agreed work plan according to their defined responsibilities. · Contribute to developing the agreed outputs and targets – creating joint project solutions wherever possible rather than a range of local solutions. · Avoid working in isolation and mirroring activities in the other countries. · Decide together on whether progress is good and what needs to be changed.
Joint staffing	Staff from the different partner organisations help each other deliver the project and develop new solutions: · A lead partner bears the overall responsibility for the project. · Other partners may take on coordinating roles for content, monitoring and communication activities. · Working groups, etc. bring together representatives from different partner countries to input on new and better solutions.
Joint financing	All project partners contribute financial resources to the project and use these funds to fulfil project objectives.

3.2 Advantages of cooperating

You need to identify clear benefits from working together between countries if you want your project to be approved. If you have never tried this, what kind of benefits can you really expect beyond building the skills and networks of all involved? These areas of potential learning should develop pretty quickly from project planning meetings - if they don't, you may have a problem! Here are some ideas about the sorts of issues you should think about:

- **Integration results**: It is not about us and them. There is only us – 'acting as one'. Interreg should reduce the effects of borders by encouraging regions to view their potentials as a shared asset, whether this concerns human capital, education and research opportunities, transport connections or any other issue. Regions working together and combining their efforts are stronger and more effective than each region acting in isolation.

  Examples: Integrated/coordinated delivery of services, integrated/coordinated business and education frameworks, common branding for inward investment, establishing frameworks for joint/coordinated management of joint assets.

- **Investment results**: Cross-border areas can share infrastructure and in some cases need new cross-border infrastructure. Larger transnational areas will more often benefit from joint development of new ideas for piloting more efficient or effective investments.

  Examples: New cross-border transport connections, shared facilities such as business incubators located on one side of the border but open to businesses from both sides, pilots of new flood prevention techniques tested in one location on behalf of the wider partnership, one-off facilities such as wind turbine evacuation models which can be used by all participating countries.

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13 ETC Regulation (EU) No 1299/2013 § 12.4 – Though there are limited exceptions for projects in programmes set up between outermost regions and third countries or territories.

- **Performance-related results**: Cooperation can lead to an improvement in the quality of policies and governance.

  Examples: Better policies, improved working methods, spreading knowledge of new technologies and techniques, supporting more effective international innovation, improved cooperation between national business clusters.

If your project has a potential contribution to a macro-regional strategy (i.e., it addresses the same theme or contributes to the macro-regional strategy's indicators), you can address programme authorities and the relevant coordinator of a macro-regional strategy[14] for further guidance.

3.3 Challenges of Interreg projects

A good project should find a way to move partners past national differences and standard working practices as quickly as possible so they focus on seeing beyond differences and work instead on drawing out the best of each other's knowledge and experience to find new solutions. Interreg project managers have to be aware that these differences exist even between apparently similar cultures, and be ready to mediate all partners towards constructive solutions. Some of the most common problem areas are:

- Working with **different (working) cultures and languages** and establishing a common way of working together in the project. Relationships and mutual trust need to be developed, especially when some of the partners do not know each other before the project. Do not under-estimate the value of shared experiences and face-to-face contact in building trust.
- **Different types of organisations** from the public, private and voluntary sectors with different fields of expertise and organisational cultures. They have different expectations and working methods, and these differences need to be managed so the team works together. More positively, cooperation projects can often unlock existing conflicts between organisations in the same country by injecting new ideas and perspectives, or may alternatively provide a safe, informal and non-committal space for contact and discussion between organisations in different countries.
- **Working remotely** in large partnerships requires extremely good planning and organisation, commitment of all partners to the project, and efficient and timely communication to achieve the common objectives and avoid isolated outcomes. Modern technologies help but can never completely replace the need to meet and look each other in the eye.
- **Defining a shared understanding** of what the project really wants to achieve, how much it will cost and how long it will take becomes more challenging in a multinational and multi-organisational context, but is still essential when developing the project. Projects need to identify the right balance between necessary detail and sufficient margins for adjustment.
- **Meeting European reporting, control and audit requirements** means investing time in developing the necessary knowledge and ensuring that all project partners are living up to all requirements. There is a major drive towards simplification in the new period, but new beneficiaries have to accept that there is still a lot to learn. Project managers need to make sure they themselves have the necessary knowledge, invest time in passing it on to the other project partners, and follow up to ensure that things really are being done in compliance with programme rules. Mistakes can be expensive!
- **Need for partner liquidity**. Project costs are almost always reimbursed after the money has been spent. A small number of programmes have managed to make arrangements for limited advance payments but this is generally impossible for programme authorities. This means that project partners need to have sufficient financial capacity to pre-finance their costs until payment is received from the programme. In the worst case (if programme payments are suspended because of unclear audit findings), this may mean a delay of payments of several years. Although these horror cases are rare, all project partners need to be aware of the risk before joining a project.

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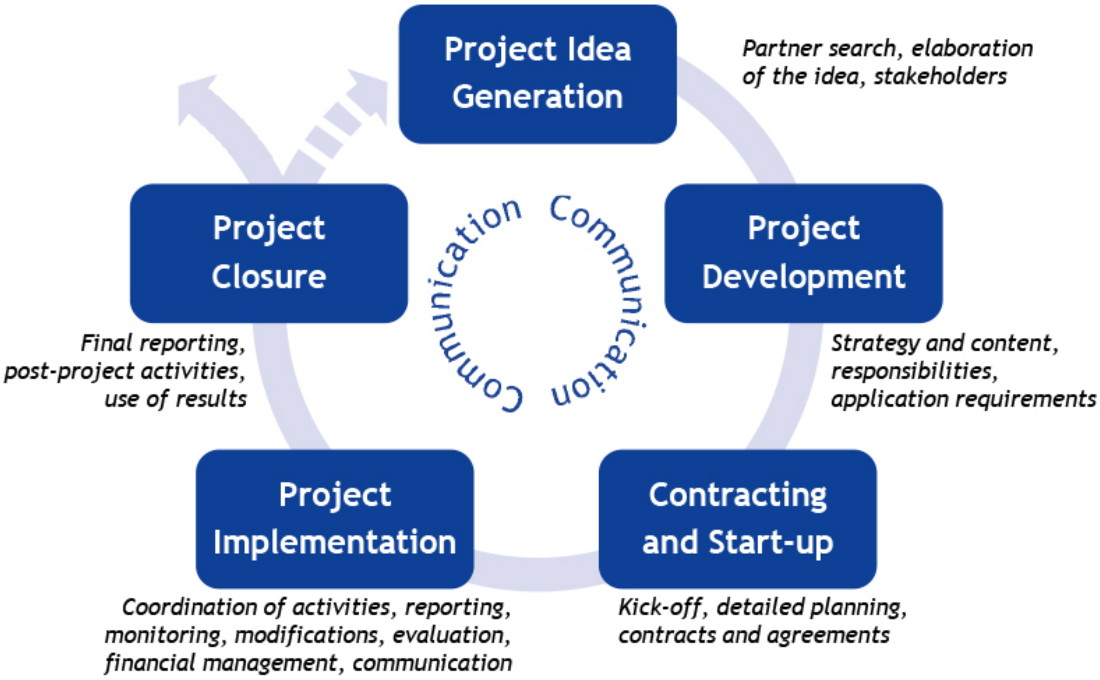
14 The relevant coordinator of a macro-regional strategy is a policy area/horizontal action coordinator in the case of the EUSBSR; a priority area coordinator in the EUSDR; a pillar coordinator (or thematic steering group coordinator) in the EUSAIR, or action group leader in the EUSALP. All contact details are available on the macro-regional strategies websites.

4 Project life cycle

Every project follows a lifecycle, and Interreg projects do not vary much from other types of projects in this respect. Various models for the lifecycle exist but the differences are small. For this handbook, we have taken into account the Project Cycle Management (PCM) model developed by the European Commission[15] and adapted it to reflect the cycle of Interreg projects. We follow the project lifecycle stages outlined below, and each stage is elaborated further in the following chapters.

Figure: Project life cycle



The project lifecycle is not a continuum that leads on from the closure of one project over into a new project. Every project is defined by concrete start and end dates, and has to be completed within this framework. What the project delivers in terms of products, knowledge or any kind of outputs will outlive the project – hence, planning the maintenance and durability of outputs - i.e., ensuring that they are self-sustainable and will continue to be used - is part of the implementation work in the project.

After your project is closed and you would like to work on another one you need to investigate which projects have already been implemented within the respective priority or theme. This will not only support you with good background knowledge and provide you with ideas on further developments, but will also limit the possibility of duplicating earlier achievements. You can see all cooperation projects in the online database called KEEP[16].

15 Project Cycle Management Guidelines, EC DG Development, March 2004
16 www.keep.eu

Table: Project lifecycle stages - what happens when

1	**PROJECT IDEA GENERATION** This is the time when an idea is being shared among potential partners until the moment it becomes clear that the project is necessary and relevant to the improvement of a certain condition in the programme area.	· To establish the need for a project. · To establish the baseline; i.e., what has already been carried out and how we capitalise on this. · To start the search and involvement of partners. · To outline the scope and content of the project. · To test the project idea relevance through research, possible pilot activities and the involvement of key stakeholders. · To contact the programme and check if the project idea fits the programme strategy and requirements. · To contact the relevant coordinator of a macro-regional strategy, when relevant.
2	**PROJECT DEVELOPMENT** During this stage partners consolidate the idea into a concrete project proposal, by defining the strategic and operational details as well as the responsibilities among partners. At the end of this stage the application form is submitted to the programme.	· To organise the responsibilities and accountabilities in the partnership and agree on who will take the role of lead partner. · To develop the project intervention logic; i.e., project objectives, results and outputs. · To work in detail on the project proposal, its justification and expected contribution to the programme strategy. · To prepare the project budget. · To keep regular contact with the programme to get support for the development of the project and the application. · To submit the application form to the programme.
3	**GETTING STARTED** At this stage the programme has taken a decision on the funding of the project, thus the contractual agreements are signed and the project can officially start off.	· To sign subsidy contract with programme authorities. · To finalise the project partnership agreement and to have it signed by all partners. · To set up the project coordination and decision-making structures, milestones and project meetings. · To plan tasks and partner responsibilities in detail for the first part of the implementation period.
4	**PROJECT IMPLEMENTATION** During this stage the project partners carry out the work planned to produce the desired outputs. Regular administration, management, monitoring and reporting activities take place, along with communication and promotion tasks. Changes to the plan are managed by exception in agreement with the partners and the programme.	· To carry out project activities and achieve objectives. · To carry out quality control to produce the best possible outputs. · To set up smooth monitoring and reporting procedures and report to the programme as required. · To manage risks and project modifications in agreement with the partners and the programme. · To manage the partnership. · To communicate and promote project work and achievements. · To build up a network of relevant contacts and initiate the uptake and use of project knowledge and outputs after closure.
5	**PROJECT CLOSURE** At this stage the project content activities should be completed and all outputs delivered. The partnership takes care of the final administrative provisions before the funding is over. The project and the programme reflect together on the results and lessons learned.	· To finalise the rules for the use of results after the end of the project with all involved parties. · To ensure all partners are aware of what is expected by the end date of the project, also in terms of audit and responsibilities after the end of the project. · To draft the final report and submit it to the programme. · To develop follow-up activities, if relevant.

5 Interreg programmes

The current programme cycle runs from 2014 to 2020. This means that at the start of each of these seven years, the European Commission releases part of the programme budget for use. The programme then has a maximum of 3 years to spend the money. For example, the money made available in 2020 must actually be used by the end of 2023. This means that programmes may still be accepting new projects after 2020 and that the absolute last date for projects to close might well be as late as the end of June 2023[17].

Within this larger cycle there are many smaller deadlines. Programmes have to keep spending regularly and claiming funds from the European Commission – or they risk losing those funds permanently. There are annual reports, which may require the collection of additional information from projects, and a programme evaluation plan, which requires regular assessments of progress. Projects generally have to report twice every year, and the Audit Authority will look at the claims that come in each time to select an annual sample for control.

Many of these issues should not concern most projects, and when there is an impact it will be carefully explained to the lead partners by the programme. However, it is important to be aware of other cycles within the programme. Programme management is quite closely regulated, and when projects get strict deadlines these tend to be decided by the requirements in these regulations and can be enforced quite inflexibly. Use the tips in this handbook to plan ahead and you should have few problems staying ahead of the deadlines!

5.1 Overview of programme bodies

Although many projects tend to think of all the different staff they are in touch with as ‘the programme’, every programme is in fact made up of a number of different authorities. Each is responsible for carrying out a number of specific tasks and/or ensuring that the rest of the programme is working as it should. This section provides a brief overview of these authorities to help you understand who you could be in contact with.

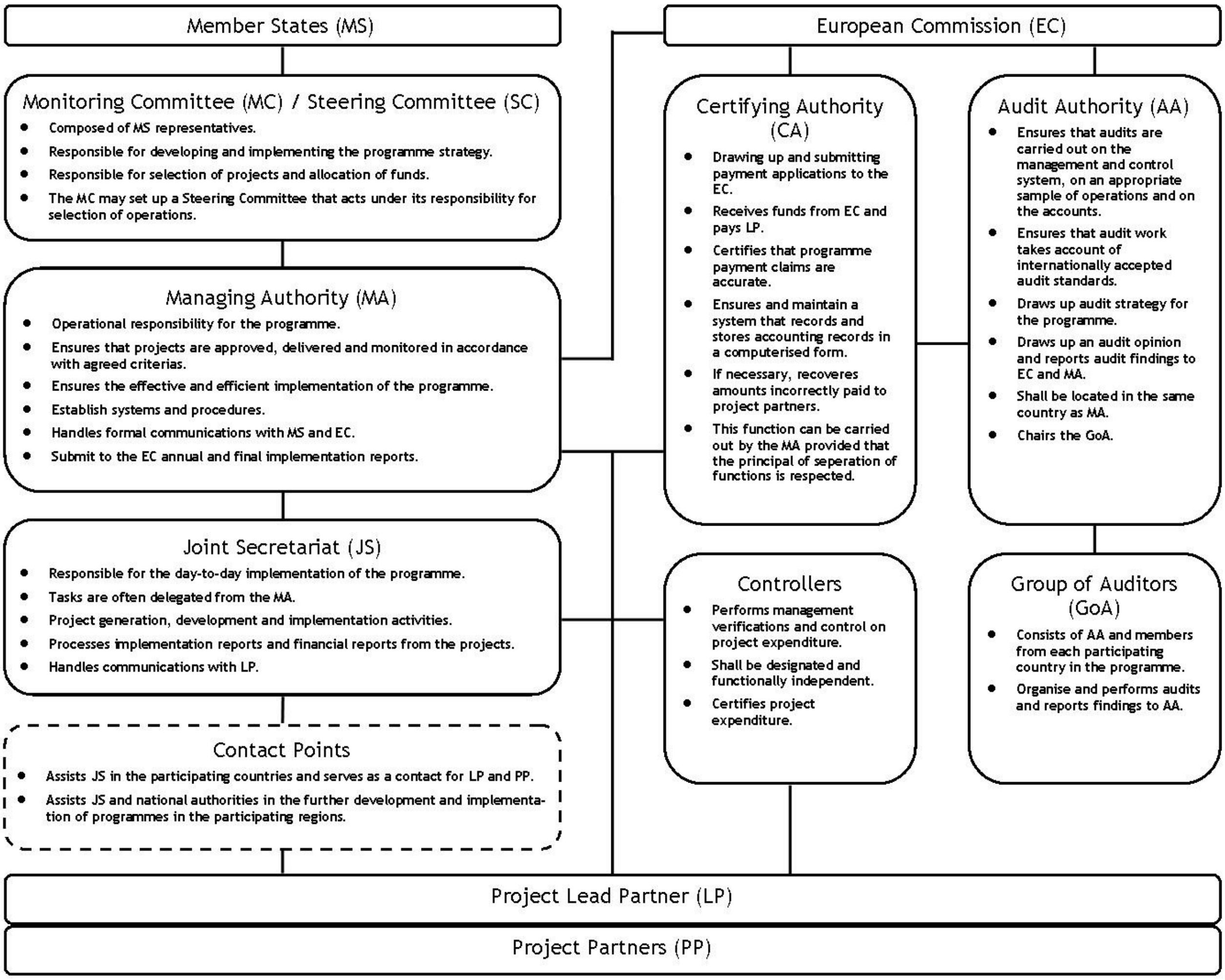
It is also worth remembering that when programme requirements seem too strict or require you to submit information you have already informed someone about, it is usually because the programme is trying to ensure that you do not at a later stage run into problems with any of the controlling or audit authorities. Programme administration can be frustrating at times. This handbook identifies many ways of minimising the trouble involved, and programmes are happy to hear constructive suggestions about how to make life simpler when implementing an Interreg project.

Generally speaking, the lead partner is the only member of the partnership in direct contact with the programme, although this is not always the case in cross-border programmes. Even so, it helps for every project partner to have an overview of programme management bodies in order to understand where different requirements come from. The description below builds on the basic rules defined in the regulations. The Cooperation Programme will have information on any important differences in the programme you plan to apply to.

This diagram includes the programme bodies for the 2014-2020 period and their responsibilities/functions with respect to the project level. It is a basic model with the minimum normal number of programme bodies covered. Programme structures can involve extra bodies such as Intermediate Bodies, or they can involve fewer authorities, as the Certifying Authority role may now be taken over by the Managing Authority.

17 This is a programme decision and it may not be the case for all programmes.

Figure: Interreg programme bodies



The Managing Authority (MA) has the main responsibility for the implementation of the programme – although in Interreg programmes it is important to note that many financial control tasks are often organised by the Member States. The MA has many responsibilities in addition to those related to the project level, and often delegates a lot of project work to the Joint Secretariat (JS). For projects, the MA, JS or Contact Points are often the main points of contact for information, project development and reporting during the implementation of the project. The other bodies can remain more or less 'invisible' for the project, but become involved in the approval of applications and the processing of reports and payment claims, as the diagram shows.

These structures are established to ensure adequate information flows, objectivity during project assessment and approval, monitoring of project and programme achievements, and proper certification of expenditure. The EC regulations demand single 'joint' programme bodies rather than duplicating these structures across countries, in order to ensure that cooperation also happens at the level of the authorities implementing the programme.

5.2 Important programme documents and guidance

The strategies and rules of the different programmes are laid out in a number of more or less standard documents - though the names and the content of many of these may vary considerably between programmes! It is very important to remember at all times that even though there have been extensive efforts at harmonising rules across Europe; every programme needs to adapt its requirements to the countries where it operates. Therefore, there are always differences between programmes, and you should never assume that what is allowed in one programme will automatically be allowed in another. This is especially true for programmes operating under other Funds. For example, a programme like Horizon 2020 is managed directly by the European Commission and can therefore operate in ways that are simply not allowed for Interreg programmes.

Table: Programme documents and guidance

Cooperation programme	The Cooperation Programme (CP) lays out the strategy adopted by the programme, moving from the requirements for content in the regulations, through an analysis of needs and opportunities in the programme area, to a clearly defined set of objectives and accompanying targets (this is known as the 'intervention logic'). The description of the priorities will tell you exactly what the programme is trying to achieve in your area of interest, and there should be indicators setting out the targets you will need to contribute to. There is a wealth of background information about the policies and analyses that were used to decide the strategy, as well as some basic information on programme management structures and procedures.
Citizen summary	The structure and content of the CP are set by the European Commission to meet its needs, but as a result it can be quite hard to find what you need to know because not all related information is presented together and there is a lot of information that most projects will never need to know. Programmes may therefore prepare a Citizen Summary, bringing together the most important information for project developers and beneficiaries.
Online systems	There is a requirement for the 2014-2020 period that after approval, all projects are managed through 'paperless' procedures – all contacts with project partners will instead be through online reporting and communication systems. This means that many key programme documents such as the application and reporting forms are only available through the system – though copies are of course normally available for information. Your programme will let you know how to access its system.
Standard procedures and description of management and control systems and procedures	These are really internal documents though they should be available to projects. They set out the detailed procedures for the main programme tasks and explain how the different programme and control bodies work together and monitor each other's work.
Programme manuals	Programmes produce a wide range of materials to try and translate the often complex requirements in the official documents into practical recommendations and rules for project partners. These should cover all major aspects of project activity, spending and contact with the programme. As a lead partner it is absolutely essential that you know these documents well - and that all of the controllers working on the project know them even better.
Call announcements and guidance	Whenever a programme opens a call for applications it will announce this, together with special terms and conditions applying to the call (for example, if it is only possible for projects to apply under some themes and not others). Accompanying guidance for the call should warn you of any changes to rules or common difficulties in past calls.

There are lots of other documents you may come across such as the programme's Evaluation Plan or Communication Plan, annual reports, brochures and more. It is important that you know your part of the Cooperation Programme, together with the rules and forms that you will have to use, and you should not go far wrong.

5.3 Interreg programmes funding principles

A number of basic rules define how and when and to whom project funding can be paid. Projects need to understand these general principles as they have implications for cash flows and whether some types of expenditure will be accepted. There are also detailed restrictions on how Interreg funding can be used ('eligibility rules'), which often mean that costs which may be legal and standard in the accounts of a project partner cannot be claimed for an Interreg project.

1. Co-financing

The European Union will never pay 100% of the costs of your project. As a principle, it is always expected that project partners also contribute part of the cost. The regulations set the maximum EU co-financing rate in Interreg at 85%[18]. The countries participating in the programme may however choose to select a lower rate – for the whole programme or for some types of projects. There can also be restrictions for some types of project partners; e.g., SMEs may only receive 50% of the programme funds in line with the General Block Exemption Regulation.

As every Interreg programme finances only a proportion of the project expenditure, the remaining part has to be covered by project partners. The source of the project partner's contribution varies. It can come from the partner's own resources or be provided to the partner from external sources other than EU funds. There are also examples of countries where national or regional authorities operate a fund that provides automatic financial support to approved projects. Project partners coming from such countries can use this support to cover part of their contribution. However, automatic public contribution is only available in some countries; in the majority of cases, the partner contribution must be fully secured by the partners themselves.

In most cases, the project reports 100% of the expenditure it has used on the project in each reporting period, and the programme simply pays the agreed percentage of EU funding – knowing in this way that the partners have provided the rest.

2. Refunding costs actually paid

As a basic principle, the costs that a programme will consider eligible are those that are actual; i.e., costs that have actually been incurred for project activities. Moreover, for costs to be refunded, they must have been paid, and proof of payment must be provided.

There are exceptions to the rules requiring paid invoices, and these are covered later in the handbook or can be found explained in detail in programme rules. The most common ones are lump sums, flat rate financing and standard unit cost payments, which may be possible under different programmes for different types of costs such as preparation costs, office and administration costs, and staff costs.

A small number of programmes (generally cross-border) also manage to make limited advanced payments available to some or all project partners. Check with your programme about what is available for your project. Most programmes will find it impossible to make advance payments because they are subject to the same rules: As a rule, The European Commission only makes payments to programmes to cover costs that have already been paid, so there are no spare funds available to advance to projects.

3. Approved activities

No expenditure can be reimbursed unless it is directly linked to the budget and activities approved in the application. Expenditure incurred for activities not covered or logically linked to activities in the approved application is ineligible. Check with your programme to see how strictly this rule is applied.

4. Costs within the eligible period only

The costs must have been incurred within the eligible period defined in the project's contract. The start date for costs varies, and it is very important to find out what it is for your programme (the date of programme approval, the date you submitted your project, the date your project was approved or

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18 CPR Regulation (EU) No 1303/2013 § 120.3

contracted, etc.) The contract will also state the end date – but you need to check whether this means the date by which all activities must stop or the date when the final report must be submitted.

Note that programmes have different approaches to what can be included in each interim progress report. For some programmes, the finance report must include all costs incurred during the reporting period (still, there must be proof of payment available before the expenditure can actually be reimbursed by the programme). For others, it is only important that the costs were paid within the reporting period. In any case, programmes in general allow the inclusion of amounts that have been paid later, provided the payment date falls within the eligible time period of the project.

5. Only project partners stated in the application can receive payment

As a general rule, only project partners included and approved in the application (or formally approved subsequently as part of a formal modification procedure) can incur and declare costs for payment. Any costs - including staff costs - that derive from associated organisations or subsidiaries of the formal project partners are not eligible. This is in order to ensure that there is a clear audit trail down to the level of every organisation incurring and reporting costs. The only exception is where payments are made to sub-contractors that have been selected according to the relevant procurement rules.

6. Location of activities and project partners

The location of activities financed by the programme is very important. As a general rule, project activities should take place within the eligible part of the programme area, but there is an understanding that this does not always make sense. The scope of some projects may require that certain activities are implemented outside, or that there are joint actions undertaken with partners located outside the programme area. As a result, programmes can finance such activities, provided they can be justified in terms of benefits. The regulations also put limits on the amount of expenditure that can be spent outside the eligible part of the programme area. Projects will need to check with programmes about how this is managed in practical terms.

It must be noted that the location of activities is often determined by the location of the project partners implementing these activities. It is very common that programmes set additional rules on the eligibility of partners depending on location. Remember to consult the programme manual on the rules and requirements concerning the partner location.

7. Only net costs are eligible

In general, all net revenue generated by project activities must be deducted from the expenditure declared, and there are very specific rules for how to do this depending on whether it is possible to estimate revenue in advance or not. The revenue generated by Interreg projects tends to be very limited and may include, but is not limited to, entrance fees for events, charges for books and publications, etc. Where these types of revenue are involved and cannot be calculated at project start, it is important to note that they must be monitored for three years after the end of the project and all net revenue during this period must be repaid to the programme. It is also important to note that these rules do not apply to project partner participating in a programme as part of an approved State Aid scheme.

8. Sound financial management

It is a requirement that all projects can demonstrate cost effectiveness and good value for money when implementing the project. This does not mean that the cheapest possible solution must always be chosen, but that any purchase of services and/or products must be made at the lowest possible cost for the quality level required to meet project objectives[19].

9. No double funding

Any cost can only be co-financed once from EU funds. If more than one programme or more than one EU fund is used to co-finance a project or a cluster of projects, it is essential that it is clear from the application stage exactly which specific activity each fund and each programme is funding. Likewise, during the implementation phase separate project accounts must be opened for each EU and/or programme fund, in relation to the respective activities that they co-finance.

19 Regulation (EU) 966/2012 § 30

10. In accordance with applicable laws

All projects must comply with all relevant European Union laws, programme rules and national / regional / organisational laws in the country of each project partner ('applicable law')[20]. It is important to note that many eligibility matters not covered in the regulations are covered in special programme rules. Only where there is no eligibility rule on a particular issue in either the regulations or programme rules will the national rules of the country in which the expenditure is incurred apply. This is known as the hierarchy of rules[21].

11. Public funding and total funding

Programme financial tables will show the EU payments which will be made to the programme (up to 85%) and the contribution required – which will be called either 'Total eligible cost' or 'Public eligible cost'. If the programme finance tables say 'Public eligible cost', it means that contribution from the private sector will not be accepted under the programme concerned. Programmes may choose to exclude the private sector in this way in order to avoid problems with competition law or the higher risks of irregularities often associated with the private sector in Interreg projects. You need to find out from the programme you are applying to whether private sector project partners and funding are accepted.

12. Projects are only paid when the European Commission has paid the programme

Project contracts will make clear that it is generally only possible to pay projects once the relevant funding has been received from the European Commission. Normally this is a formality, but there are two situations which can lead to longer delays and which project partners therefore need to be prepared for – and certain that they can survive financially:

→ *Interruption or suspension of the programme:* European Commission services will typically react to any negative audit findings with a temporary shutdown to parts or the whole of the programme – not just the projects that have been audited. If the programme cannot provide a satisfactory response to the audit findings within a reasonable period, the whole programme may be suspended – meaning no project payments for perhaps two years.

→ *At the end of the programme:* The European Commission will keep making payments until it has paid out 90% of the EU funds allocated to the programme[22]. It will not pay out the last part until all audits and controls of all parts of the projects and programme have been completed and resolved satisfactorily. This means that there may not be funds to make the last payments to projects finishing late in the programme's lifetime until the whole programme has been closed. This can take several years from the programme's official end date.

20 CPR Regulation (EU) No 1303/2013 § 6

21 ETC Regulation (EU) No 1299/2013 § 18.3

22 CPR Regulation (EU) No 1303/2013 § 130.1