



EUROPEAN COMMISSION

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Dear President,

Thank you for the Bundesrat's Opinion on the proposal for a Regulation of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal {COM(2011) 611 final}. Let me apologise for the delay in transmitting our reply.

In particular, the Commission welcomes the fact that, in your overall assessment, you acknowledge the importance of European territorial cooperation (ETC) for European cohesion policy and express support for its continued existence as a specific objective of cohesion policy, for the basic focus of ETC on the Europe 2020 strategy and for the proposal for a separate regulation. ETC can make a significant contribution to the Europe 2020 strategy. That is reflected not least in the increased budget proposed by the Commission for the forthcoming programming period (2014-2020). The Commission agrees with the Bundesrat that the legislative package should underline the importance of ETC, strengthen its role in future cohesion policy and facilitate its implementation.

It should be made clear, though, that the Commission's proposal is not limited to investment in physical infrastructure for cooperation programmes, even though investment in cross-border transport infrastructure, for example, will continue to be eligible for funding under ETC programmes.

The Commission shares the Bundesrat's view that greater coordination of individual EU policies with regional relevance is necessary and that the Territorial Agenda 2020 is an important reference document in that context. The improved coordination between programmes financed under the Structural Funds, including ETC programmes, advocated by the Bundesrat is also important for the Commission with a view to optimal and sustainable use of available resources. We would point out that systematic inclusion of cooperation activities in the partnership contract is an important step towards reaching that goal.

The Bundesrat regrets the fact that the specificities of ETC have not been sufficiently taken into account and that the potential for simplification has not been fully exploited. In fact, the proposal contains a number of specific rules, for example with regard to roles and responsibilities in the implementation of ETC programmes, the use of the euro and the deadline for decommitment ( $n+3$ ). Other important aspects of simplification, also applicable

Herrn Horst SEEHOFER  
Präsident des Bundesrates  
Leipziger Straße 3 - 4  
D-10117 BERLIN

to ETC, are already included in the general Regulation (e.g. e-cohesion, greater use of simplified cost models). The ETC Regulation also contains additional approaches to simplification, such as the merging of the managing authority and the certifying authority and the flat rate for staff costs. In that regard, we would point out that transferring the tasks of a managing authority to an EGTC is not compulsory, but is merely an option.

The Commission welcomes the support for the proposal to maintain the three-pronged approach, which it feels has proved its worth. With respect to the demarcation of programme areas, any need for adjustment should be explored as part of the dialogue between the Commission, Member States and regions.

ETC programmes can make an important contribution to the implementation of the Europe 2020 strategy. For that reason, the corresponding thematic objectives should be applied to ETC programmes. Experience of previous programming periods and discussions with Member States show that ETC programmes need to be better targeted to make them more results-oriented and increase their long-term impact. Given the relatively limited resources for ETC programmes, it is even more important to restrict funding to a few priorities in order to achieve positive effects in the long term.

The Commission therefore proposes that cross-border and transnational cooperation programmes should select from the list four thematic objectives that are of most relevance to them. The programme partners can then choose the corresponding investment priorities most suited to their specific context. The ETC Regulation contains additional specific investment priorities that take account of the special nature of ETC and also foster the cooperation between citizens and institutions advocated by the Bundesrat. Accordingly, the system proposed ensures the necessary focus on the Europe 2020 goals and, at the same time, allows scope for adjustment to the specific situation in individual cross-border and transnational programme areas.

The Bundesrat is not in favour of including ETC in the partnership contract. In the current programming period, it was left to Member States to decide whether to include ETC in their national strategic reference frameworks. That led to diverging approaches. Under the Commission's proposal, cooperation activities under all Funds, including the contribution of macro-regional and sea basin strategies, would be set out in the partnership contract. Such systematic inclusion in the partnership contract would be an important step towards improved coordination with other programmes financed under the Structural Funds, which the Bundesrat has explicitly recognised as important for the optimal and sustainable use of available resources.

The Commission notes that the Bundesrat rejects additional reporting requirements. Simplified programme implementation is also a central concern of the Commission. As regards the reporting requirements in the proposal, the first annual report would need to be submitted only in 2016 and the subsequent annual reports would mainly be restricted to the transmission of information on implementation. Only the 2017 and 2019 annual reports would need to include a strategic analysis of progress and detailed information and assessments.

As regards indicators, we would point out that those set out in the Annex to the Regulation are mainly designed to give an EU-wide picture of the use of funds and therefore need to be aggregated at EU level. They should be supplemented by programme-specific output and result indicators that appropriately illustrate ETC-specific outcomes.

*The Commission takes note of the detailed comments on eligibility and management, control and accreditation, and financial management.*

*We can clarify the following aspects in that regard:*

*- The use of a flat rate for staff costs is optional; it will still be possible to refer to staff costs actually incurred.*

*- Some of the comments on management and control systems are related to the revision of the EU Financial Regulation and must be clarified in that context.*

*- The rules on the control of expenditure are designed to ensure uniform auditing standards through the performance of audits by managing authorities throughout the programme area in accordance with Article 114(4)(a) of the general Regulation. Where that is not possible, control bodies carrying out comparable control activities for other programmes should be used, in order to achieve synergies.*

*- With regard to programme structures, the Commission believes that the merging of the managing authority and the certifying authority will simplify programme implementation. That is important in terms of the frequently invoked proportionality.*

*- The implementation of programmes through common structures represents a significant added value of ETC programmes and is strengthened by the Commission's proposal. Any delegation of tasks should not undermine that common approach.*

*I hope that these clarifications address the issues raised in the Bundesrat's Opinion and I look forward to continuing our dialogue on the shape of future cohesion policy.*

*Yours faithfully,*

*Maroš Šefčovič  
Vice-President*