

IPA ADRION 5th Monitoring Committee meeting

10 July 2023

Online meeting

Approved minutes

<p><i>Item 1</i></p>	<p>Verification of presence of all participants attending the meeting</p> <p>Approval of the draft agenda</p> <p>Chair: The quorum is reached. She asks the observers to introduce themselves and if there are comments on the proposed agenda.</p> <p>SI: Asks to let the coordinators of three EUSAIR governance support project proposals present what has been done in previous months as not all MC representatives are involved as part of the project preparation teams and of the EUSAIR Governing Board (GB). She also asks to discuss the draft agenda of the next 6th MC in Belgrade under AOB.</p> <p>IT: Agrees and adds that expects that projects focus on presenting the changes introduced in the proposal following the outcomes of the last EUSAIR GB meeting.</p> <p>The MC approves the proposed agenda.</p>
<p><i>Item 2</i></p>	<p>Discussion on the 3 strategic projects including Q&A between the 3 LPs and MC members in the light of EUSAIR GB conclusions (Zagreb, 19.06.23)</p> <p>The coordinators of three projects present the last versions of their project proposals (see annexes 1, 2 and 3).</p> <p>Chair: Reminds that the most important topic is how to deal with the Priority Axis 4 financial allocation. The priority includes the envisaged functions to support the strategy, and other activities linked to enlargement, exchange and capacity building and support to networks, platforms and clusters funded by the programme.</p> <p>IT: As a long discussion is expected, he suggests that MC decides on what it wants to achieve beforehand and on the approach to be used. Projects</p>

presentation will be necessary even if time consuming since the MC discusses the projects for the first time. The MC can discuss the activities, considering comments provided by the EUSAIR GB. Another approach could be to discuss the budget first, and, once approved, to trust the Lead Partners in charge of implementing the activities. In this case, Italy would like to propose also an alternative option to the one sent by the EC, i.e.: to divide the budget for the seven functions equally; each project will get a budget share according to the number of functions attributed to that project.

SI: Suggests opening the floor for observations to the delegations that are not hosting strategic project Lead Partners, to have their opinion and give them the opportunity to ask questions. She reminds that the Italian delegation did not accept the EC proposal to equally reduce the budget.

HR: Reminds that the EUSAIR GB at the beginning of the process defined six functions and the seventh one was added at a later stage. The discussion during the last EUSAIR GB did not result in a concrete proposal, so afterwards EC made its proposal. EC proposal was accepted even by those delegations who were not fully satisfied to reach the compromise; the Italian delegation was the only one that rejected it. He reminds that not all functions weight equally. The discussion should define the “weight” of each function. He does not have any questions for projects 1 and 2: as there were a lot of exchanges and discussion in the past, he considers counterproductive discussing about the content again.

GR: Reminds that there are two possible scenarios that are to be discussed: a) either the three strategic projects will get all available budget allocated for the Priority Axis 4, and b) a certain amount will be allocated for the other activities included in the programme document. He suggests that the three Lead Partners discuss again and try to optimize the available budget, either by themselves or with the assistance of the MA, as the total requested amount exceeds the available. CG

IT: Thinks that some comments provided during the EUSAIR GB were not taken on board by projects 1 and 3. IPA ADRION MC must be informed on projects details as it will be in charge of their approval. Concerning project 3, he reminds that in the current Facility Point, 25 project proposals were prepared and only 1 funded. There is no information on how project 3 is expected to increase the rate of success in funding project proposals developed within EUSAIR and how the project will address the specificities of the different funding sources will be considered to address future projects to be developed. Several overlapping can be detected between projects 2 and 3. In addition, as a lot has been already done within IPA framework to improve project generation capacities, there is no need to implement synergies by EUSAIR as IPA countries already have their projects pipeline through IPA programmes. He asks how many proposals are planned to be developed under project 3 and how much each bankable project will cost. As for the project 1, main comments are for Work Package 3 due to its large budget share considering the general degree of definition of activities and the fact that the need assessment will be carried out only during the implementation of the project: more information would be needed. In addition, project 1 staff costs seem too high, and he would propose to have a limit of 20% of the total budget.

RS: All project proposals considered what needed to be improved with respect to 2014-2020 Facility Point. She asks Marche Region representative if it tried to improve the stakeholders’ platform already in the ongoing project thus to

reduce the pressure on the new budget, and if the knowledge base activity will be used to support what is envisaged in the programme document related to support to networks, platforms and clusters established in the ADRION programme.

SI: Some crucial points must be highlighted: all countries, except those included in project 2, accepted Greek proposal of budget distribution to the three projects. After that, the EC proposed linear reduction and again all countries except Italy accepted this compromise proposal even though they were not fully satisfied. The ratio of the Greek proposal is acceptable for Slovenia. Coming back to the needs, Croatia pointed out the evolution of the functions, where the seventh function is the stakeholders' platform. Other MRSs do not use stakeholders' platform, as it is too expensive and does not bring cost effective added value. All projects must focus only on essential activities, as there are not enough funds. As far as project 1 is concerned, for example, as there will be no additional EU grants, the amount devoted to the organization of the EUSAIR fora is reduced. Taking all of this into account, it is not ethical to spend so much money on something that can be achieved also using open sources tools available on internet. She agrees with Italy that it is not acceptable to make linear reduction at this stage, but to revise the projects' budgets first, and then apply linear cut.

IT: Concerning the reference to the Greek proposal, he underlines that the proposal was not approved by the GB EUSAIR and cannot be put on the table anymore.

EC: From the EC side there will be no additional money to grant the strategic projects under Priority Axis 4 and no Programme modifications aimed at increasing the Priority Axis budget will be approved. The compromise must be found within these limitations. She also reminds that the Danube strategy, which involves more countries and has more priorities, performs very well with less resources.

Chair: Invites the Lead Partners to answer the questions of delegations.

LP1: Related to comment of enlargement, project 2 is dealing with enlargement in terms of embedding and accession chapters and action plan, whereas capacity building is part of project 1. The lead partner also presented the spending rate of the current Facility Point: currently around 71% of funds were reported and, according to the forecast, 95% of funds will be spent by the end of the project. The 2021-2027 proposal envisages a budget reduction of MEUR 2,8 and 2/3 of this amount is related to thematic experts. Decision on budget reduction must be made by the participating countries, as they must decide if the assistance of thematic experts will be ensured through another form of assistance. For the staff costs, she does not see the point of limiting them to 20% of the total budget, as in the project 1 all countries are involved. Some project partners have decided to outsource staff and thematic experts, but this is only a matter of organization.

LP2: The stakeholders' platform is not a function, but a tool that will help to involve and engage stakeholders not only related to the project as such, as it will serve all three projects and all programmes in the area. The fact that other strategies do not have a similar platform is not a relevant criterion, as we have to maintain and improve the already existing one which is something peculiar.

The knowledge management is planned to be introduced as a novelty and also upon request of Pillar 2 coordinators.

SI: Points out that knowledge management is part of project 1 and project 2 extended it, and now the two activities overlap. She suggests minimizing it and keep it as data management in case of project 2, and to keep knowledge management as a part of project 1.

IT: Agrees and invites the other two Lead Partners to perform the same exercise to minimize the detected overlapping.

HR: Highlights that only 3 countries hosting the Lead Partners are discussing the proposals. For the effective MC decision, he suggests that the three Lead Partners meet again and discuss the eventual presence of overlapping activities and then present revised proposals to the MC. He clarifies that project 3 has been revised it does not overlap with the other 2 projects. Regarding the budget devoted to each Pillar for the elaboration of projects proposals, it has been discussed also during the EUSAIR GB: it is foreseen to have 4 projects per pillar but now, as there will be 5 pillars, the proposal has been revised accordingly. He emphasizes that, since the Pillars implementation is expected to be different each other, project 3 has tried to streamline the overall process of project development.

Regarding the project budget, he highlights that in the 2014-2020 project in WPT2, 2 MEUR were foreseen for project development addressed to the 4 pillars, and now with the presence of 5 pillars in the strategy there are more ambitions in terms of project proposals. The project goal is to define a system which generates the project proposals and, in the end, capitalize and transfer them to post 2021-2027.

SI: Asks whether the representative of March Region and the other members of the Italian delegation will be directly involved and paid by the strategic project

IT: Confirms that they will not be part of the project and asks SI to provide this information with regard the project 1 as well.

SI: Clarifies that Ms Eva Kos will be paid by the project, but she will not take any decision about the project.

IT: Asks for some clarifications to the Croatian delegation regarding the total budget devoted to the preparation of the project proposals and the budget envisaged for each of them. As all mentioned activities overlap with project 2, she asks how this overlapping can be avoided as the two projects deal with the same targets.

HR: He replies that the budget of each proposal is roughly of EUR 100.000,00, which means EUR 400.000,00 for pillar and a total budget of EUR 2.000.000,00.

The system for the implementation format starts from flagships and concrete ideas and afterwards convert them into project proposals. It is also important to consider the cross-project aspects i.e., to ensure cooperation among pillars as well. Regarding the Terms of Reference, experts will develop the implementation format within each pillar.

SM: Would like to have a confirmation on the proposed text to be included in the template of the partnership agreement regarding the involvement of San Marino.

MA: Confirms its acceptance, as San Marino does not benefit from the EC funds. He also adds that currently San Marino is negotiating with the EU to become associated partner.

SM: Clarifies that, since they are not a member state or a candidate country and they cannot benefit from Interreg funds, they rely on their resources. As a consequence of that, State aid rules and EU procurement obligations, for instance, are not applicable to them. Furthermore, San Marino's adaptation makes it possible to adapt the current legal status in view of the future Association Agreement that the country is negotiating with the European Union. Once the Agreement comes into force, San Marino will be able to consider itself fully integrated on an equal footing with the other partners in the programme and will also be able to fully assume its obligations with regard to external controls and other applicable EU provisions.

EC: Confirms that it will be possible to have a budget revision after the midterm review and this would give some financial flexibility.

MA: On occasion of the EUSAIR GB he informed that the MA will do a thorough analysis both on the financial and content point of view on the three strategic projects. If the new EUSAIR Action Plan is approved by the time of the mid-term review set in place by IPA ADRION, the second part of the projects may include the necessary modifications to be in line with the updated Action Plan. The mid-term review will measure also the indicators achievement.

Chair: Asks if, the allocation of the Priority Axis 4 budget to the three strategic projects will affect the indicators at Priority Axis level.

MA: Confirms that the allocation of all resources of the Priority Axis to the three strategic projects will not affect the quantification and choice of the Priority Axis indicators.

Chair: Clarifies that there is some budget for capacity building for enlargement which is considered as relevant for IPA participating countries.

IT: Agrees on the use of the mid-term review, however it is necessary to agree on what it will be assessed as expenditure cannot be considered as the only criterion. With regard to the budget allocation among the three projects, he underlines that the EC proposal does not ensure the feasibility of the projects implementation. He claims that the EC's proposal is based on the incorrect amount, because the starting point should have been the first amount declared by the three LPs during the 15° IPA ADRION TF (Project 1: 8 MEUR for 7 years; Project 2: 3,1 MEUR for 5 years; Project 3: 3,2 MEUR for 6 years) adjusted for the 6-year period.

SI: With regard to project 1, she proposes an overall budget of MEUR 8; for all the three projects, a duration of 4 years instead of 6, a mid-term review, and if it comes out that 1st call projects have leftovers by that time, they will be used for the benefit of the three strategic projects.

IT: Asks the MA what happens in case there is no savings, as the current Facility Point presents the spending forecast up to 95%, and to the Strategy if the projects last only 4 years and there is no agreement regarding the savings. Moreover, he asks which amount is available after the mid-term review in accordance with the Programme rules and available budget.

	<p>Chair: Invites Slovenian delegation to explain its proposal, as it is MA in another Programmes, if it is possible to modify the Programme after 4 years.</p> <p>SI: Replies that it depends on how much money will be reallocated according to what set forth in the Interreg Regulation. The eventual revision of the programme will be done in the period of the mid-term evaluation when the performance of the whole Programme, intervention logic and performance framework will be checked. She is also convinced that there will be some savings from the 1st call projects and asks JS information about the absorption of the finalized projects in the 2014-2020 programming period.</p> <p>MA: Suggests conceiving realistic projects with a duration of 4 years and stresses that any unspent amount will be immediately cut without any flexibility.</p> <p>JS: Informs that the spending capacity of the finalized projects amounts to 90% in average. As far as the spending capacity of the 2nd and 3rd calls projects is concerned, an overview was also provided in the last Annual Implementation report related to 2014-2020 ADRION programme.</p> <p>With regard to the 2021-2027 output indicators, a different approach has been adopted for Priority 4 in comparison to the other Priority Axes, i.e.: the presence of only one project with an implementation period until 2029 was considered. If now the project duration is shorter, quantification of indicators will be more ambitious.</p> <p>Chair: Asks the lead partners if it is possible to schedule a meeting before the one in Belgrade to reduce the overlapping activities and when MC members would receive the two scenarios of the project one of four years and the other of six years.</p> <p>EC: Asks to receive a supporting document to be sent to her hierarchy and supporting EC feedback at the meeting in Belgrade.</p> <p>IPA ADRION MC agrees the following:</p> <ol style="list-style-type: none"> 1. SI will send in writing the new proposal for 4 years' projects by 11 July 2023 at the latest. 2. The LPs of the three strategic projects (ISO1) agree on a meeting on 14 July 2023 (online). The meeting shall be aimed at further fine-tuning content and coordination among the three projects considering a duration of 4 years. 3. Based on the outcomes of the meeting and in view of the 6th IPA ADRION MC meeting in Belgrade, a provisional time to adjust the projects need shall be sent to MA. The MA will then draft a proposal (calendar) with regard to the launch of the expression of interest. 4. MA shall draft an analysis (technical considerations) regarding what received from the three Lead Partners.
<p>Item 3</p>	<p>AOB</p> <p>SI: Asks some clarifications related to the proposed agenda of the 6th MC meetings and asks to have more precise agenda items in the future. She shares</p>

	that information on the state of play of the programme will be very valuable input.
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End of meeting: h: 16:00 CEST time