Interreg Programme Management Handbook

Guide to the 2021-2027 period

The Interreg Programme Management Handbook comprises a series of factsheets. They can be read individually, or collectively, to understand the relevance of certain aspects of Interreg management. They cover the relevance, legal basis, key challenges and approaches to the given subject.

Factsheet | Decommitment

1. What is it? What is the definition of this work?

Decommitment refers to the reduction of the programme's budget by the European Commission in cases where allocations are not used within the required timeframe. In simple terms, unused funds are cut from the approved budget. While this factsheet focuses on programme-level decommitment, the same principle can also be applied by programmes to individual projects.

The mechanism serves as a financial management tool to ensure that EU funds do not remain "frozen" for a long period of time. Its purpose is to stimulate regular spending, promote timely implementation of projects, and encourage programmes to plan their financial flows strategically over the whole programming period.

Decommitment is based on the so-called N+3 rule: each annual allocation of the programme must be absorbed within three years of the year in which the budgetary commitment was made. In practice, the decommitment is calculated as follows:

- All allocations of the programme until year N included,
- minus the pre-financing for years 2022–N+3,
- minus the payment applications submitted by 31 December of year N+3.

2. Why are we discussing it?

A challenge with a decommitment mechanism lies in the obligation to achieve certain financial targets by the defined deadlines (submitting sufficient payment applications for reimbursement to the European Commission). If it is not the case, an amount of the EU funds allocated to the programme is lost and is no longer available to the programme. This, in turn, impacts financial planning, cash flows, and especially the funding available for technical assistance.

3. What are the Legal references and basis for this topic?

Regulation (EU) 2021/1060 (Common Provisions Regulation – CPR)

- **Article 2** – Definition of the accounting year (1 July – 30 June)
- **Article 16** – Performance framework (milestones and targets)
- **Articles 30, 33–34** – Performance review and achievement of targets
- **Article 69** – Audit authority's opinion and control report (see also Annex XI)
- **Article 91** – Closure package
- **Article 93** – Annual balance and final balance
- **Articles 98–102** – Accounts, submission, examination, and acceptance
- **Article 105** – Decommitment
- **Article 106** – Exceptions to the decommitment rules
- **Article 107** – Procedure for decommitment

Regulation (EU) 2021/1059 (Interreg Regulation)

- **Article 50 - 52** – Budgetary commitments and reporting of irregularities

4. What are the challenges, key considerations and frequently asked questions?

Decommitment is a complex process influenced by a wide range of internal and external factors. Programme processes and financial implementation, both at programme and project level, are key issues in this regard. The main challenge is the low absorption of programme funds, resulting either from a low programme commitment rate or from insufficient spending at project level. These problems can originate in programme management structures, in project design and implementation, or in the external environment.

At project level, common concerns include unrealistic spending plans, extensive administrative requirements in the contracting phase, or delays caused by modifications during implementation. At the programme level, delays in setting up management and control systems, a low inflow or low quality of project applications, slow verification of expenditure, or liquidity problems can all negatively affect absorption. A further technical difficulty lies in the calculation of decommitment targets, while error rates above 2% create additional risks by potentially interrupting payments.

As technical assistance (TA) is directly linked to programme spending, any cuts in the programme budget caused by decommitment also directly decrease funding available for TA. Depending on what estimated spending rate (e.g., 100%, 95%, 85% spending and so on) was used in the budgeting phase, the programme might need to reassess the budget plan for TA in case of decommitment.

Meeting N+3 targets and the final objectives in 2029 requires proactive identification and monitoring of factors influencing absorption. These factors can be grouped into several categories, which correspond to the different responsibilities and competences of programme structures. The following table presents a structured overview of the main factors influencing Interreg programmes in relation to decommitment.

Programme Management (MA/JS)
Delays in setting up programme management and control systems
Low inflow or low quality of project applications → low commitment rate
Insufficient liquidity at programme level
Technical complexity of calculating decommitment targets
Insufficient monitoring of project financial plans and payment schedules
Insufficient monitoring of savings and reallocations at programme level (in real time with prediction model)
Complicated procedures for project modifications
Delays in launching/adjusting calls

Procurement & Market issue
Large-scale public procurements with lengthy/complex procedures
Complex infrastructure projects with risk of delays
Pilot or highly innovative projects with uncertain timely delivery
Procurement challenges causing suspensions or additional checks
Market conditions or supply chain disruptions affecting projects
Projects
Unrealistic project spending plans (overestimated targets)
Extensive administrative procedures in contracting phases delaying project start
Time needed to fulfil conditions for approval before contracting
Administrative burden of project modifications
Partners with low liquidity or limited organisational/financial capacity
Delays in submission of expenditure for verification
Audit & Control Factors
High error rate (>2%) leading to programme interruption
Delays due to clarification of legality/correctness of expenditure (e.g. procurement checks)
Systemic irregularities requiring corrective measures (audit of system findings)
Capacity limitations of Controllers
Frequent irregularities and errors in procurement procedures
Insufficient awareness among beneficiaries about compliance requirements
Overlap/inconsistencies in sampling methods prolonging certification
Insufficient time for verification and processing of project reports/claims

5. How are they addressed?

This factsheet focuses on mitigating measures related to planning of calls and improving spending at project level.

On the programme level, the planning of calls and adjustments is one of the tools for the programmes to use. There are several mitigation methods, such as: overcommitment of programme funds, additional and/or targeted calls for project proposals, seed money calls for proposals, small-scale projects and waiting (reserve) list(s) of projects.

To stimulate the programme spending rate to meet decommitment targets, the programmes can consider the following methods on project level: close monitoring and mid-term assessment of projects' spending, decommitment of projects' budgets with low spending¸ additional project claims outside the usual reporting periods/ partial claims; additional allocations to already running projects, fast reimbursement to projects and changing co-financing rates.

An overview of the advantages and challenges of the methods is presented in Part 7 of this document.

6. How does it work in practice?

As programme spending directly affects decommitment, programmes plan also their spending by determining when to open the calls for proposals and what amounts of funds to commit. From the financial point of view, it could be tempting to allocate as much as possible during the first call, to avoid de-commitment. As the programmes also strive for content results, it needs to balance between the quality of project applications to be approved and the budget commitments of those applications.

Process and Timing

- **Spending planning**: Programmes influence decommitment by scheduling calls and deciding the amount of funds to commit. Balancing financial absorption with the quality of approved applications is essential.
- **Steps and timing**:
  - Warning letter in February of year N+3
  - Reminder in autumn of year N+3
  - (Re)assessment on the financial outcome of year N+3 in January of year N+4
- **Calculation formula**:
  Yearly targets minus pre-financing (2021–N+3) minus payment applications submitted by 31/12/N+3
- **Special implications**:
  - For programmes adopted in carry-over (=in 2023) the first year of the N+3 will be 2026.
  - For programmes amended in 2023 with increase of the 2022 tranche (committed only in 2023), this part is taken into account for the 2026 target (not 2025).

Below you find the illustration of how the calculation works in case of no amendments to the programme budget.

Year	Financial appropriations by year (Table 7 of the Financial Plan)	Targets of the year(s)	Cumulative amount of the financial appropriation (amount to be spent)
2021			
2022	14 530 000		
2023	14 750 000		
2024	14 990 000		
2025	15 230 000	2022	14 530 000
2026	12 620 000	up to (incl.) 2023	29 280 000
2027*	12 880 000	up to (incl.) 2024	44 270 000
2028		up to (incl.) 2025	59 500 000
2029		up to (incl.) 2026	72 120 000
TOTAL	**85 000 000**		**85 000 000**

Year	Cumulative amount of the financial appropriation (amount to be spent)	Cumulative amount of pre-financing paid to the programme	Annual decommitment targets, (amounts of the EU contribution to be submitted to the EC in the payment applications)	Cumulative decommitment targets (amounts of the EU contribution to be submitted to the EC in the payment applications)
2021		0		
2022		1 700 000		
2023		4 250 000		
2024		6 800 000		
2025	14 530 000	9 350 000	5 180 000	5 180 000
2026	29 280 000	11 900 000	12 200 000	17 380 000
2027*	44 270 000	11 900 000	14 990 000	32 370 000
2028	59 500 000	11 900 000	15 230 000	47 600 000
2029	72 120 000	11 900 000	12 620 000	60 220 000
TOTAL	**72 120 000,00**	**11 900 000,00**	**60 220 000,00**	

**The deadline for spending the commitment of the final year, 2027, technically follows the N+2 rule (point 2 of Article 105 CPR, "the part of the commitment still open on 31 December 2029"). However, decommitment works differently for that final year. It goes together with the submission of the closure documents. In practical terms, it will not be calculated as a separate target as it is part of the closure of the programme.*

Robust management for successful Programme allocation absorption

Measures to support better financial flow of the programme and to reduce risks related to decommitment.

For Managing Authority

Verify the N+3 rule fulfilment plan for the given and following years of programme implementation, and its fulfilment in the context of:

- Announced calls (volume, timetable for evaluation and approval by MC)
- Volume of contracted funds in the given year (+starting date of projects in the context of the schedule of payment claims/monitoring periods)
- Financial plans of projects (reimbursement plans by monitoring periods)
- Within risk analysis, evaluate risky projects and quantify approximate amounts of funds where verification of expenditure within the expected period is uncertain

NOTE

Important factors affecting risks may include large public procurements within projects, complex infrastructural activities that may lead to delays in implementation, pilot and highly innovative projects where timely achievement of objectives is not guaranteed, partners with lower liquidity and capacity (organisational and financial).

Calculate the necessary reserve (*use our Calculator for decommitment to establish the target values - https://www.interact.eu/finance-and-control/finance/decommitment*) and make a few scenarios of simulation for the annual financial plan of the programme for cases of:

- Delays in project contracting or implementation, especially in hiring or assigning staff to work on the project, leading to delays in the start of activities.
- Project reports with lower value than estimated in the project budget.
- Lengthy clarifications regarding the correctness and legality of expenditure (e.g. control of a major public procurement), which may lead to delays in payments to the project and, consequently, delays in including the project payment in the payment application to the European Commission.
- Other risks identified by the programme

Cooperation with JS in evaluating the track of calls, in particular with regard to:

- Capacities of potential applicants in given thematic priorities (SCs) (can be supported with offering consultations, even making them mandatory)
- JS and National Contact Points information and training activities (sufficient knowledge and awareness of the programme in the territory)
- Proactive support for capacity building for cross-border/interregional cooperation (e.g. organization of partnership fairs, use of online tools for building new partnerships)

Programme call management – based on the evaluation of the annual financial plan implementation and prediction for the following years, in cooperation with the Monitoring Committee, verification and adjustment of the call plan, e.g.:

- Using preparation costs, so the first payment to the project is made soon after the grant contract is signed. Typically, the sums are not high, but there are quite a number of such payments, so it can play a small role.
- Launch of extraordinary calls, especially in less popular SOs
- Setting specific call rules to support cash flow (e.g. limiting maximum project duration, calls for small scale projects, thus reducing short- and medium-term programme cash flow dependence in case of a few large projects).
- Considering reallocation of funds between SOs – in discussions with MC and based on objective evaluation of reasons and absorption capacities of the territory, shift resources into SOs with higher absorption capacity. It is also necessary to consider fulfilment of the programme performance framework and consult this matter in advance with the European Commission desk officer.
- Creation of reports to monitor savings (i.e. higher level of predictability of spending when SCOs were used) at the SO/Priority/Programme level. Based on predicted savings, plan further calls for maximum use of the programme allocation (e.g. for shorter projects without infrastructural measures).
- Strengthening communication with AA and Controllers – to reinforce prevention of major irregularities linked to systemic aspects.
- Learning and knowledge building from auditing an operation within a common sample (learning between programmes.

For Joint Secretariat

Support for more effective capacity:

- JS information, training and support activities in the territory to foster and build absorption capacity for individual SOs (generation of a sufficient number of good quality project applications).

- Evaluation of JS capacity and expertise for optimizing processes of project assessment (from submission to contracting) and project monitoring in order to accelerate programme cash flow.

For Controllers

Verification and setting of Controller capacities for risk based management verifications, in particular regarding efficiency and compliance with sampling of expenditure in project reports and deadlines for payment to beneficiaries.

Review the most common deductions, irregularities, errors and reasons for reductions in public procurement and focus on awareness-raising activities for prevention (for some programmes, consider ex-ante control of public procurements with significant volumes or innovative nature).

7. Good practice examples, innovative approaches

There are several ways for a programme to impact programme spending and to reduce the risk of decommitment or the effect/width of possible decommitment.

Preview of Toolbox and programme example of approaches to **avoid** decommitment			
Approach and tools	**Description and programme examples**	**Advantages**	**Challenges**
Increasing efficiency of contracting and expenditure verification	Measures to accelerate contracting and reporting processes, and to simplify verification of expenditure. Speeding up signing process of Subsidy Contracts using e-signature. Speeding up monitoring of reports and spending through extensive use of SCOs; real costs reported in every second report. Disentangled reporting: finances and content reported separately. Preparation costs and simplifying the process of paying out the lump sum.	- Faster contracting and smoother project start - Reduced administrative burden for beneficiaries - More timely reporting and spending forecasts - Better cash flow through simplified lump sum payment of preparation costs.	- Monitoring reliability: extensive use of SCOs must be carefully designed and verified to ensure that reported costs reflect actual implementation. - Financial risks: advance lump sum payments (e.g. preparation costs) may create a need for recovery if the project does not continue as planned. - Administrative adaptation: MA/JS and FLC must adjust internal procedures, workflows and guidelines to ensure speed does not compromise quality or compliance.
Overcommitment of programme funds	This approach is mainly applicable in the final phase of the programme, when future savings can be estimated with	- Better utilisation of funds (projects rarely spend 100% of allocations)	- Risk of overspending; other financing needed if projects spend fully

	reasonable accuracy in the last years of implementation. However, the main risk is that any commitment beyond the programme allocation will have to be covered by the Member State.	- More projects contracted	- Requires MC decision & national authorities, risk management and Clear commitment of the Member State(s)
			- Requires thorough calculation
Call management – early calls, additional/targeted calls & seed money calls	Early calls = early contracting Launching extra calls to boost absorption in specific areas. Calls launched outside of the regular call plan, calls with a specific thematic focus	- Increased utilisation of funds	- Risk of overspending
		- More projects contracted	- Requires MC decision & legal checks
			- Demands careful calculation
Waiting list(s) of projects	Unspent resources from finalised or underperforming projects reallocated to waiting list projects. Setting clear and transparent rules by MC for the financing of substitute projects and for establishing their order (priority).	- Utilisation of unspent funds	- High uncertainty for applicants
		- small risk of overspending	- Potential quality decline if projects adjusted later
			- Ongoing monitoring of substitute projects (their relevance and necessity).
Close monitoring & mid-term assessment	Mid-term reviews: Mid-term reviews will be conducted by the Joint Secretariat (JS) in the frame of a management meeting with the partnership. Only afterwards are project modifications allowed.	- Proactive approach, early problem detection	- Additional reporting and admin burden
		- Better monitoring & forecasting	- Extra financial resources needed
	A yearly appraisal: The JS performs a yearly appraisal based on the quality criteria and standards for an effective and well-managed project, serving both the project (feedback to partners on performance and quality) and the programme (overall projects' performance).	- Allows restructuring and reallocation	- Another level of control for projects
		- Stimulates cooperation within project	

	Mid-term and final evaluation: External evaluation of the project (mid-term and final evaluation) will take place to check if the project delivered what it initially promised. The project should secure resources for this (0.5% of the total costs, at least 5 000 EUR and max. 15 000 EUR). Projects have to report on the output indicators and their status quo in the yearly reports.	- Early detection of underperformance, enabling corrective measures. - Strengthens reliability of reported outputs and indicators.	- Adds an extra layer of reporting and administrative work.
Support measures by JS for building new capacity of partnerships for calls	Activities of the JS and Contact Points to generate new partnerships and attract new actors to the programme. Tools include partnership fairs, IT matchmaking platforms, awareness-raising and training activities. The aim is to build new capacities for SOs and calls so that a sufficient number of good quality applications is submitted.	- Expands applicant base - Improves quality and number of project proposals - Strengthens absorption capacity	- Requires significant JS resources - Effectiveness depends on outreach strategy and follow-up - May take time before results are visible
Strengthening controller capacities in case of delays	Reinforcement of control bodies when monitoring and verification processes face delays. This relates to both availability of qualified staff and financial resources and is especially critical in periods with concentrated submission of payment applications.	- Prevents accumulation of unverified expenditure - Supports timely submission of payment claims to the EC - Reduces risk of decommitment due to delayed controls - Reduces risk for irregularities	- Insufficient capacity of additional staff, insufficient financial resources

Disclaimer: Cooperation can be complex, and while Interact's job is to make it easier, Interact cannot offer assurances on the accuracy of our pan-European information in any specific context.

Furthermore, understanding and knowledge evolves throughout the programming period. If you spot something out of date or inconsistent, please contact us at communication@interact.eu

Publisher | Interact programme
Date | 17.10.2025
Authors | Sanna Erkko, Maciej Molak
Contributors | Przemysław Kniaziuk,

Interact

Co-funded by the European Union
Interreg