

State of play

Mid-term summary and outlook for the coming years

Interact 10.12.2025

Interact



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Interreg

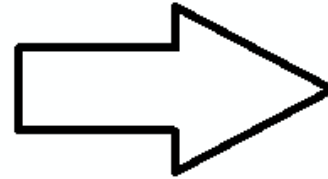
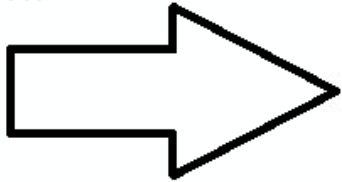
Purpose of the Session

CBC finance network meeting

The aim of this presentation is to summarize the key information and insights related to the financial management of Interreg programmes and to set a path of actions for 2026–2027.

The anthill symbolises the EU budget as well as the performance framework and results generated through the implementation of EU policies.

your work



impact to
territory



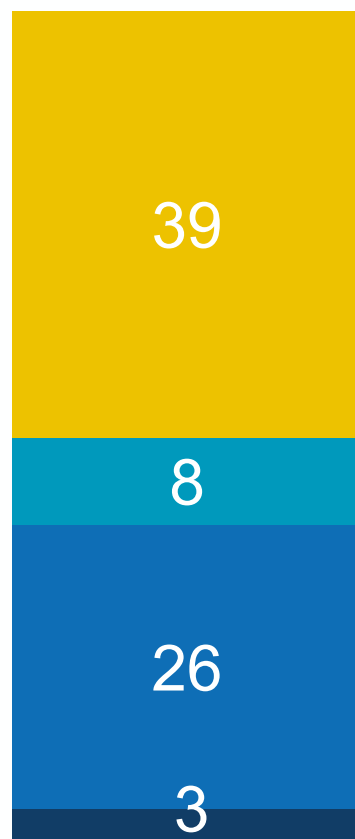
accounting year

EU cohesion

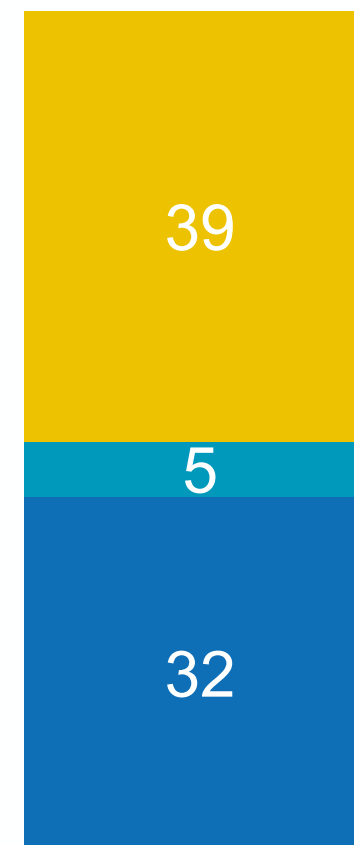
2014-2020

Programme Closure (as of 17.11.2025)

Submission



Status of the programme



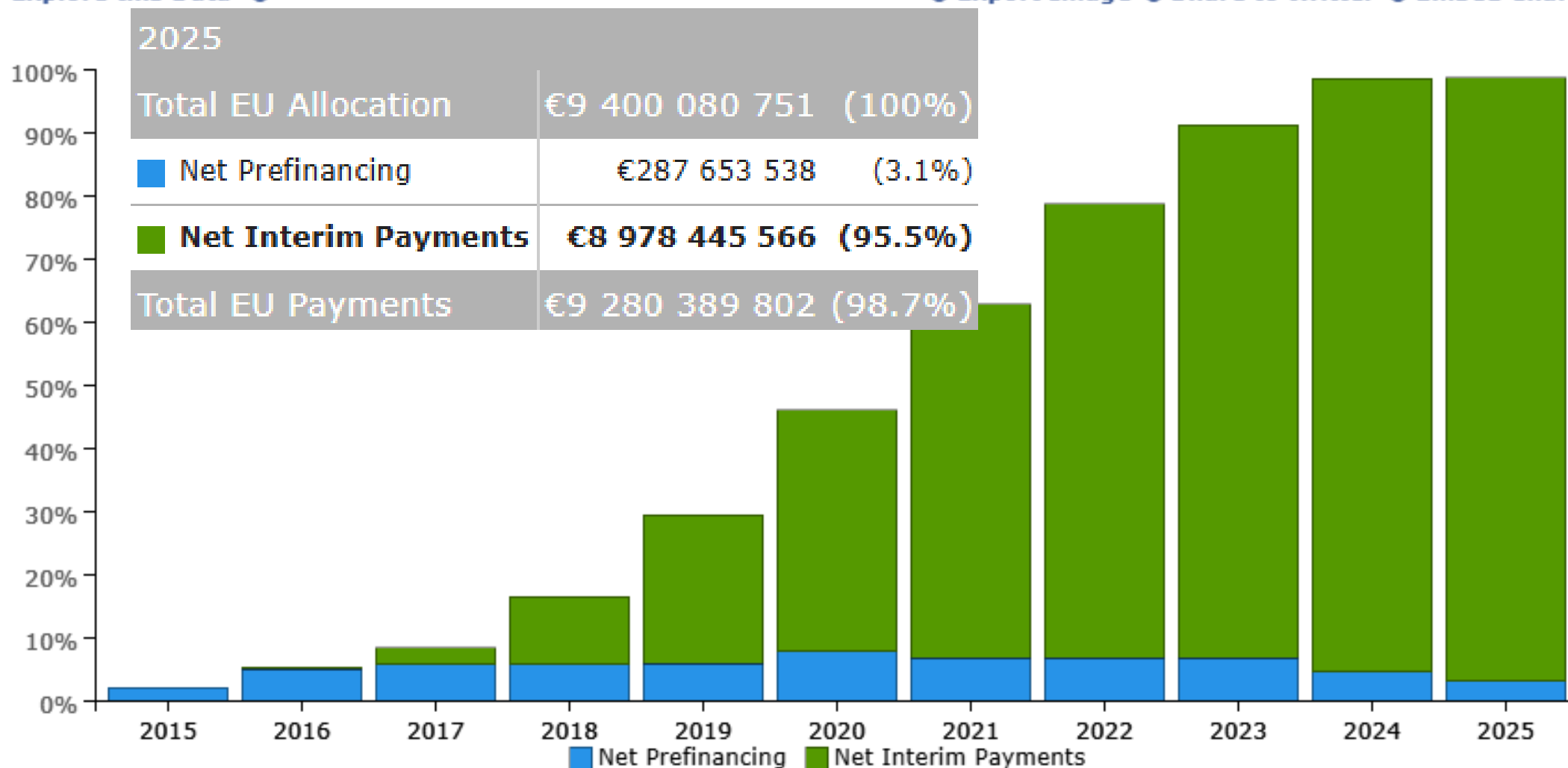
■ in 2024 ■ by 15/02/25
■ later in 2025 ■ not yet

■ closed ■ open ■ not yet

ESIF 2014-2020: Total EU payments all ESI Funds – time series cumulated to the end of each year (daily update): Interreg

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Takeaways from early closing programmes (2014-2020)

Central Baltic & Estonia-Latvia

Co-operation with programme authorities

Just a regular accounting year – with some specialities

Start in time

Control your numbers

Excluding “suspicious” expenditure from accounts

Commission will calculate the Final Balance – in the end the numbers will match

Timeline after submission of closure documents



Cash flow from the EU budget.

Acceleration needed

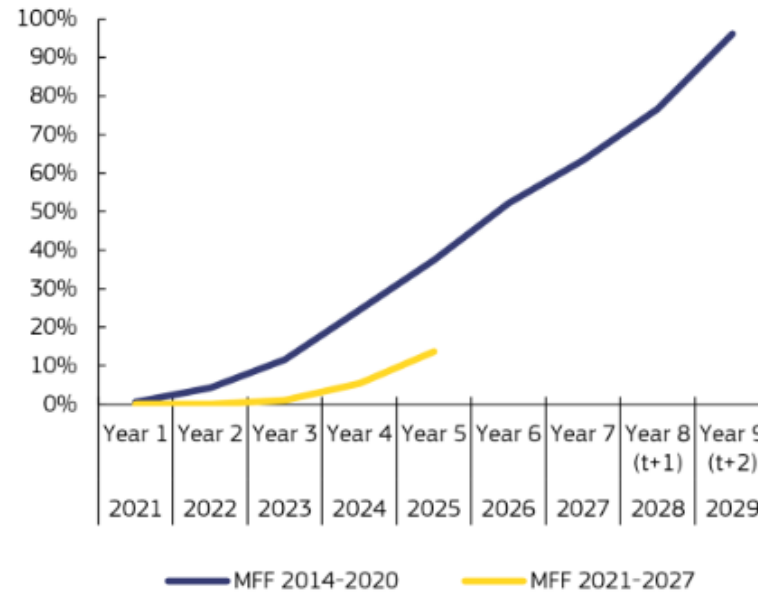
Implications of COM(2024) 276 - Report From The Commission To The European Parliament And The Council. Long-term forecast of future inflows and outflows of the EU budget (2025-2029) – (relevant for Interreg 2021–2027 also)

- The Commission's 2025–2029 payment forecast shows a critical gap between allocations and current absorption.

Implementation of 2021–2027 programmes is significantly delayed, creating a **real risk of major decommitments** in the second half of the period.

- *Interreg programmes must shift into “high-implementation mode” in 2025–2027 — combining faster absorption with stronger quality control to protect budgets and ensure reliable annual accounts and assurance.*

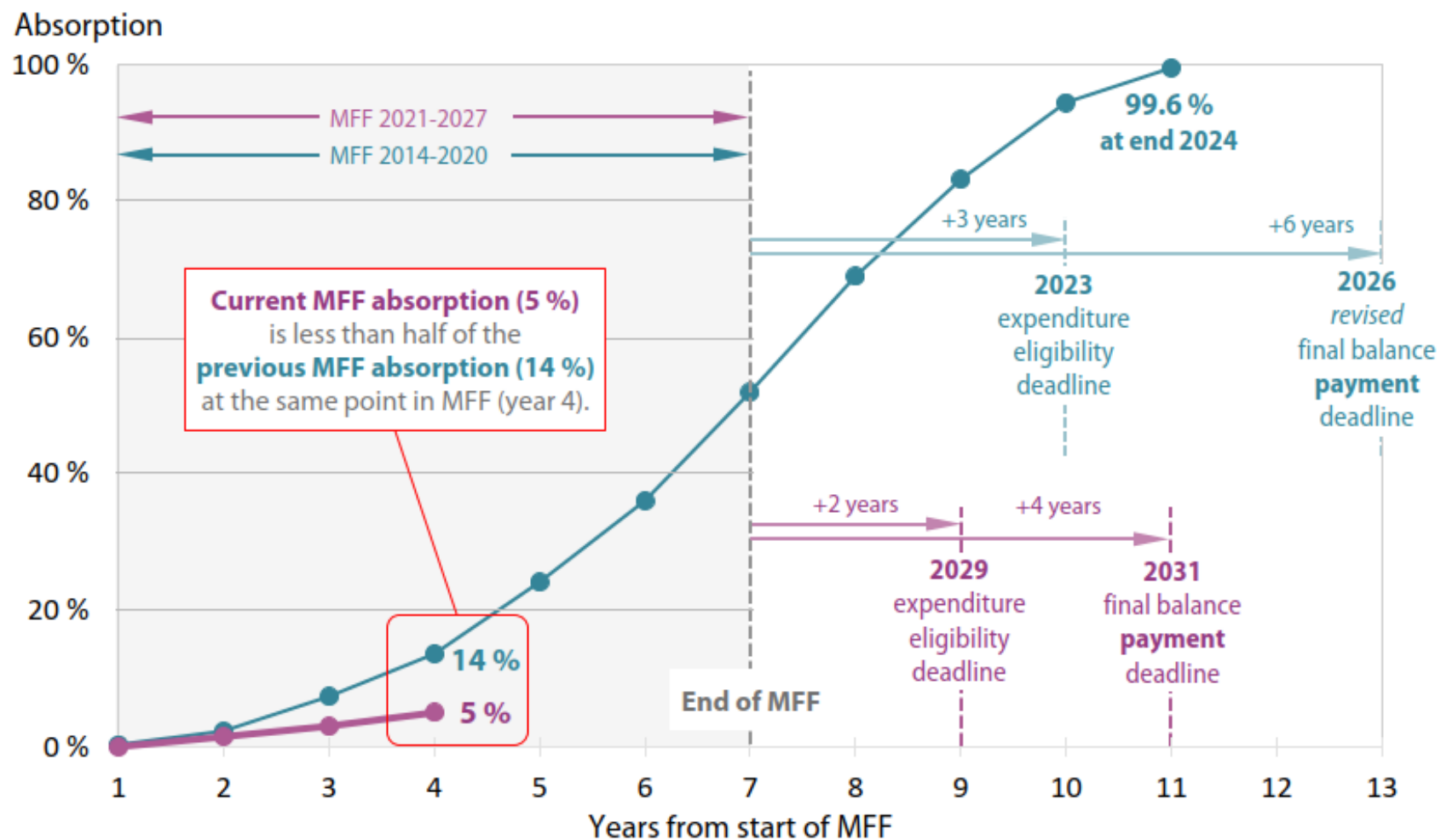
Graph 1: Cumulative cohesion policy spending in the EU (% of total envelope)



The horizontal axis shows the implementation years of the current Multiannual Financial Framework, and the respective years of the previous MFF cycle. The figure for 2025 is an estimate based on spending data for January-August.

Source: Cohesion Open Data Platform.

Figure 2.7 – Implementation of cohesion funds in year 4: current MFF at less than half the rate of the previous MFF



Note: Including prefinancing and interim payments.

Source: ECA, based on [Commission's open data platform](#) as at 6 January 2025.

Context

The 2014–2020 period was extended three times, so the programme cycle lasted 11 years; now we have only 9 years to reach similar absorption.

Crises (pandemic and war), prolonged eligibility and late programme closure allowed programmes to catch up in 2014–2020.

RRF funds overlapped with existing regional-development programmes and overloaded the absorption capacity of beneficiaries.

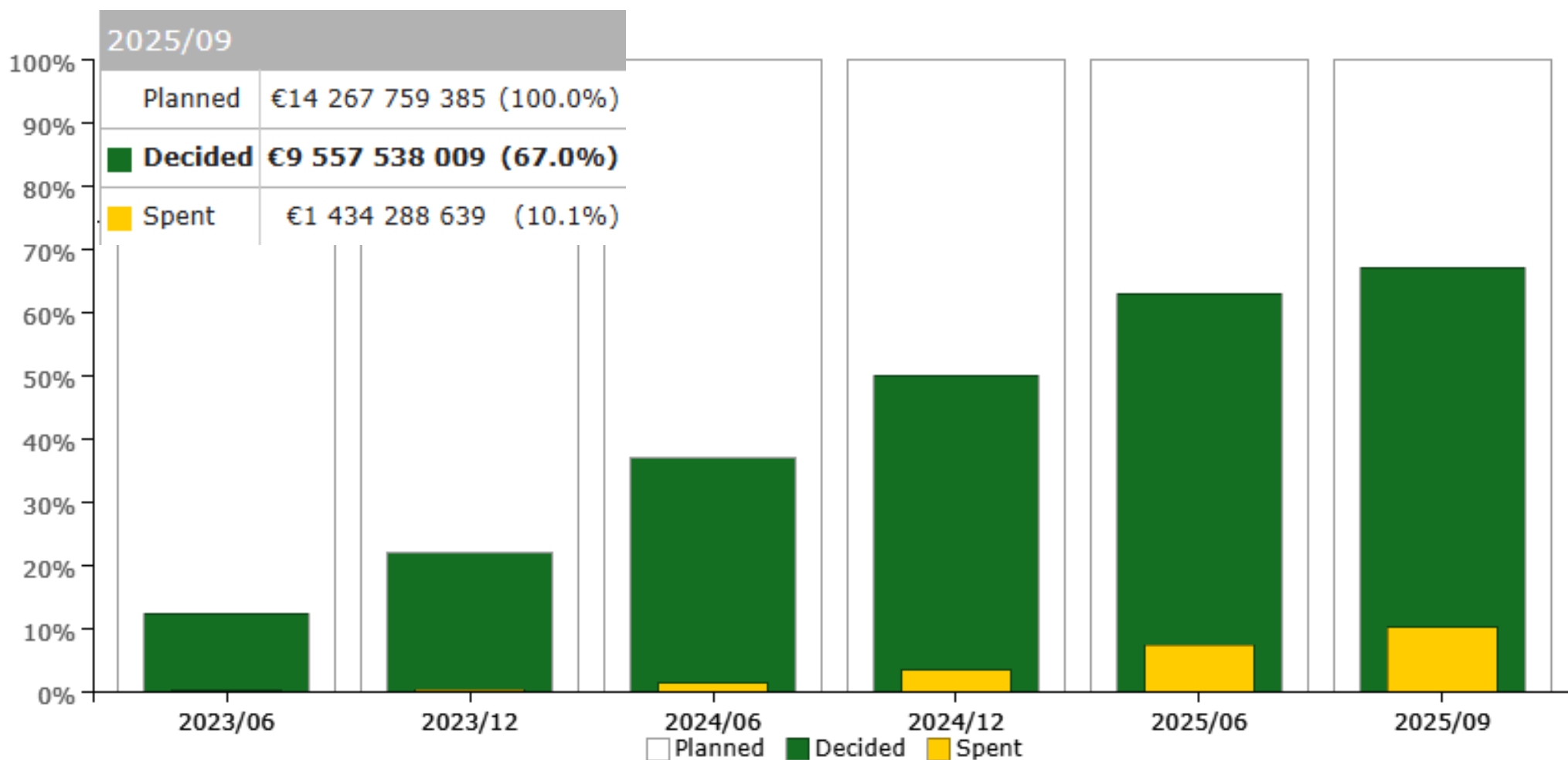
Beneficiaries suddenly **had three funding streams** with similar thematic focus:

- 2014–2020,
- 2021–2027 and
- RRF),

which **explains why absorption in year 4th is now three times lower** than in the previous period.

2021
2027

Implementation progress (total cost) for Interreg

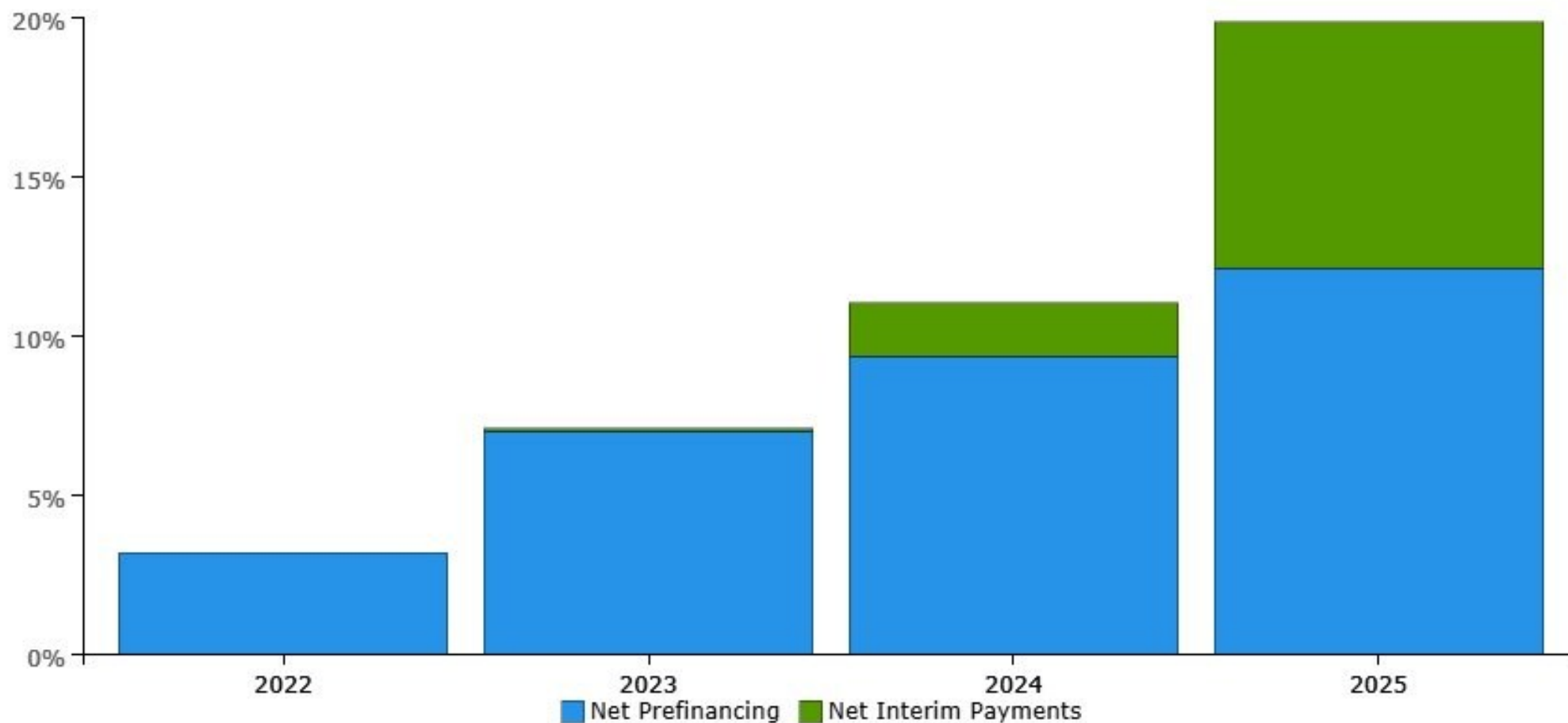
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Period Covered: up to 30/09/2025

Refresh Date: 14/11/2025

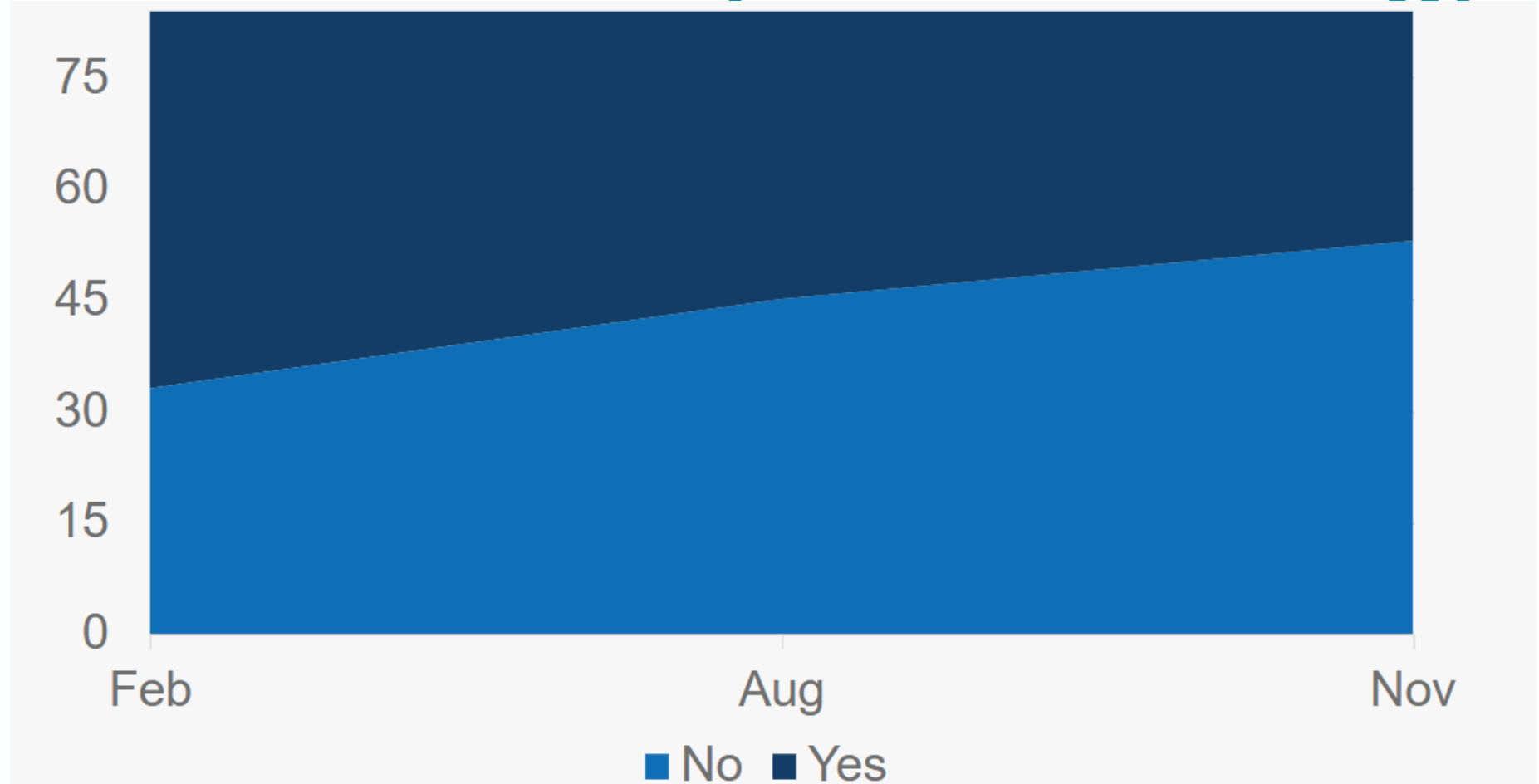
2021
2027

2021-2027: Total EU payments – time series cumulated to the end of each year (daily update): Interreg

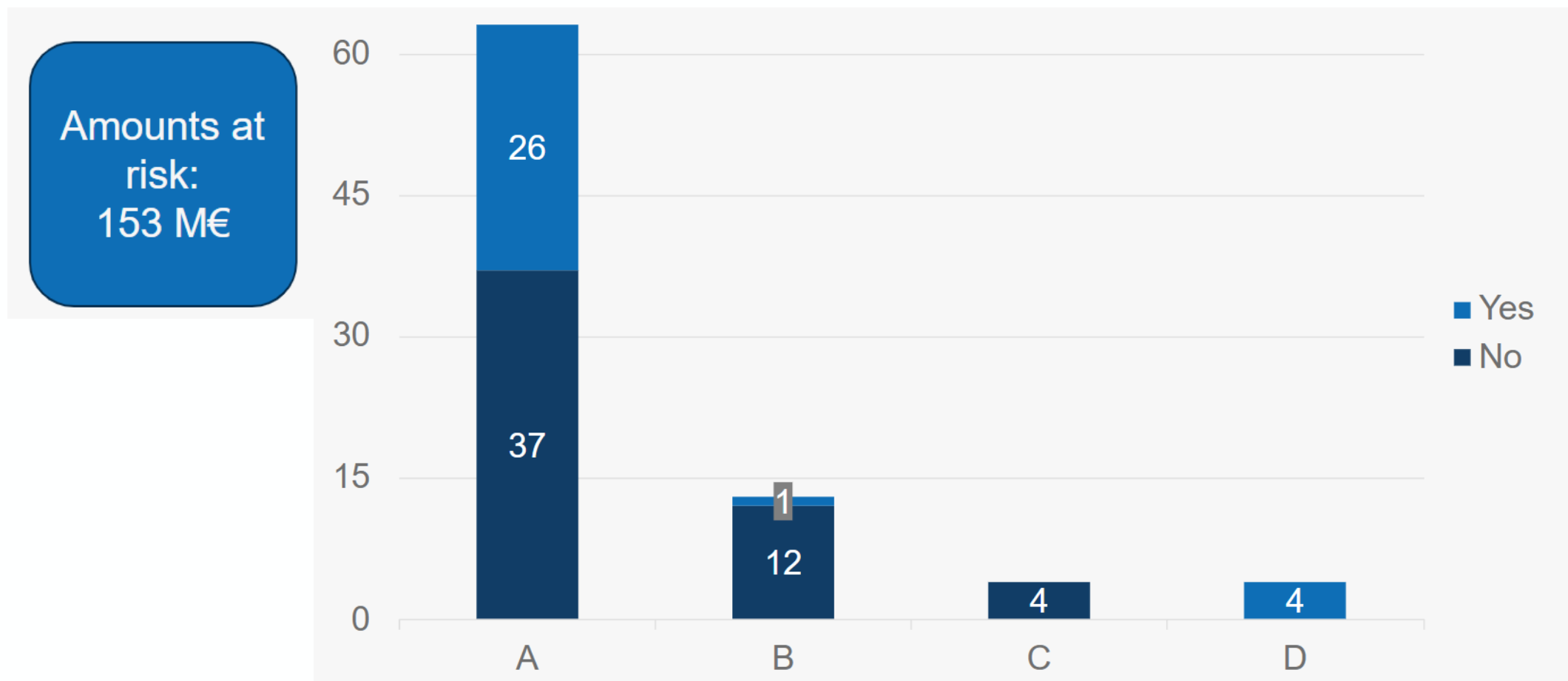
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Refresh Date: 14/11/2025

Programmes at risk of decommitment (Feb- Nov 2025)



Programmes at risk of decommitment per strand (as of 17.11.25)



N+3 decommitment in 2021-2027

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
- Amount to decommit established on programme level
- **Adjusting the budget per priority and per fund** by Programme by submitting amended financial plan by 30th June N+4

Key practices to speed up spending (programme, project & control levels)

1. Programme-level acceleration

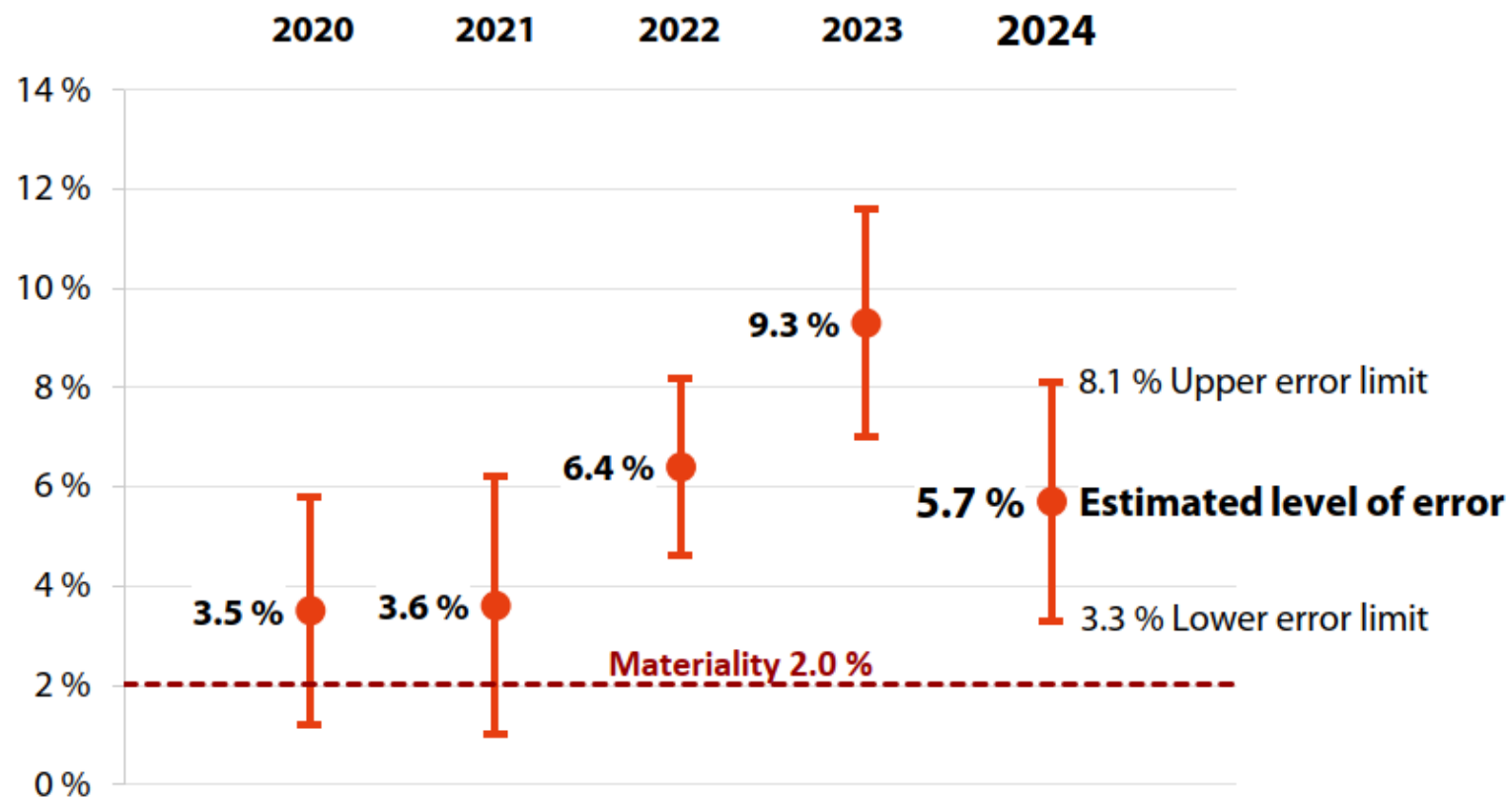
- Simplify and digitalise processes (e-signature, separated financial/content reporting).
- Use SCOs to shorten reporting and certification cycles (with proper controls).
- Manage calls strategically: early calls, additional/thematic calls, seed-money calls.
- Activate transparent waiting lists to reallocate savings quickly.

2. Project-level measures & monitoring

- Strengthen monitoring through mid-term reviews and regular checks of disbursement plans.
- Identify early risks (procurement delays, liquidity issues, unrealistic financial plans).
- Speed up certification via partial claims, reallocations to strong projects and adjusted co-financing.
- Support beneficiaries with guidance, training and continuous communication.

3. Verification, control & absorption capacity

- Reinforce control and verification capacity during peak periods to avoid backlog.
- Focus on high-risk areas, especially procurement, and use preventive checks.
- Build absorption capacity via partnership fairs, matchmaking tools and outreach.
- Ensure coordinated MA–JS–Controllers cooperation for smoother financial flow.

Figure 6.6 – Estimated impact of quantifiable errors**Estimated level of error (ELE)****Sample size (transactions)**

2020	2021	2022	2023	2024
213	243	260	238	223

Source: ECA.

Key points

For the **2022/2023 accounting year**, DG REGIO reported a higher **residual total error rate** for 2014–2020 programmes: **2.5%** (vs 2.1% in 2021/2022); maximum **3.6%**. DG EMPL: **2.2%** (vs 1.6%), max **3.0%**. *The estimated overall risk at payment for DG REGIO's 2024 paid expenditure (including all programming periods and management modes) ranges between 2.30 % and 3.29 %. The maximum rate is intended to address the risk of errors outside the sample of transactions in OPs on which the error rates are based. Maximum rates may also include 'top-ups' and flat rates for unaudited OPs.*

ECA notes 44 errors undetected by audit authorities and concludes that **management and control systems did not function effectively in all Member States at the end of the period.**

Impact on accounts & assurance:

The 2014–2020 experience shows that **even with multiannual corrections**, residual error remained material and some errors were never detected by national audits. This directly influences how cautious the Commission must be in **accepting accounts and assessing assurance** for 2021–2027, including Interreg.

Context of systemic drivers: Why Errors Persist

Different concepts: “risk at payment” vs “ECA error rate”

- Commission and ECA use different concepts and sometimes disagree on the classification of individual errors.

In case of shared-management programmes dependence on national systems

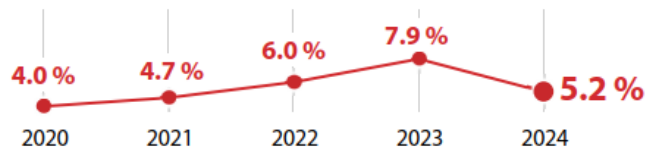
- Commission explicitly relies on **national management and control systems** and national audit authorities to obtain reasonable assurance below 2%.
- **Too many errors remain undetected at national level**
- ECA stresses that “too many errors remain undetected in cohesion policy despite two layers of control”.
- As a reaction, Commission + cohesion audit community adopted an **action plan in Dec 2024**.

Impact on accounts & assurance:

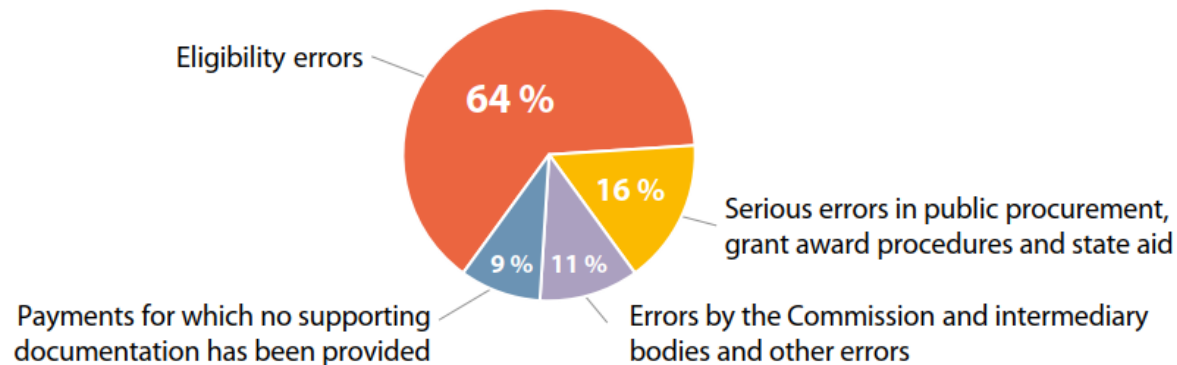
Because EU-level assurance is **built on national systems**, any undetected errors or systemic weaknesses at MS level directly weaken the **assurance packages** and **reliability of annual accounts**, including for Interreg programmes operating under shared management.

Figure 1.10 – Estimated level of error for the part of expenditure affected by material error and contribution of each error type

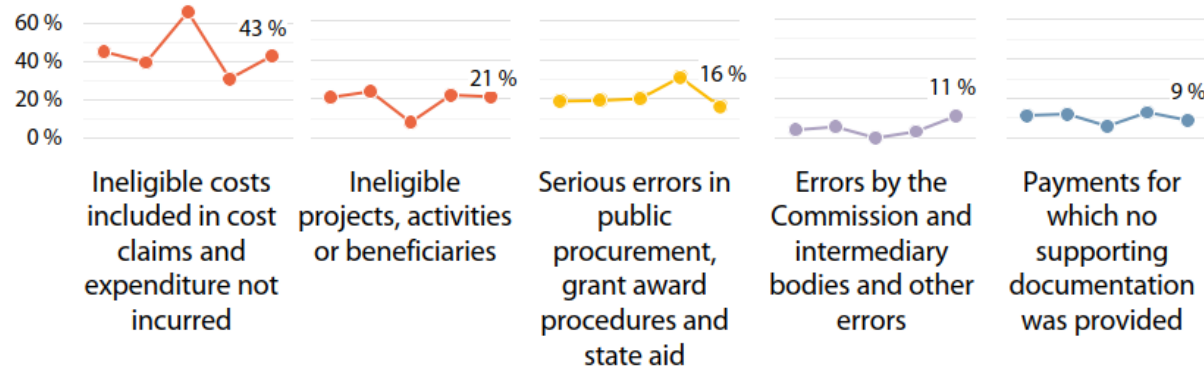
Estimated level of error



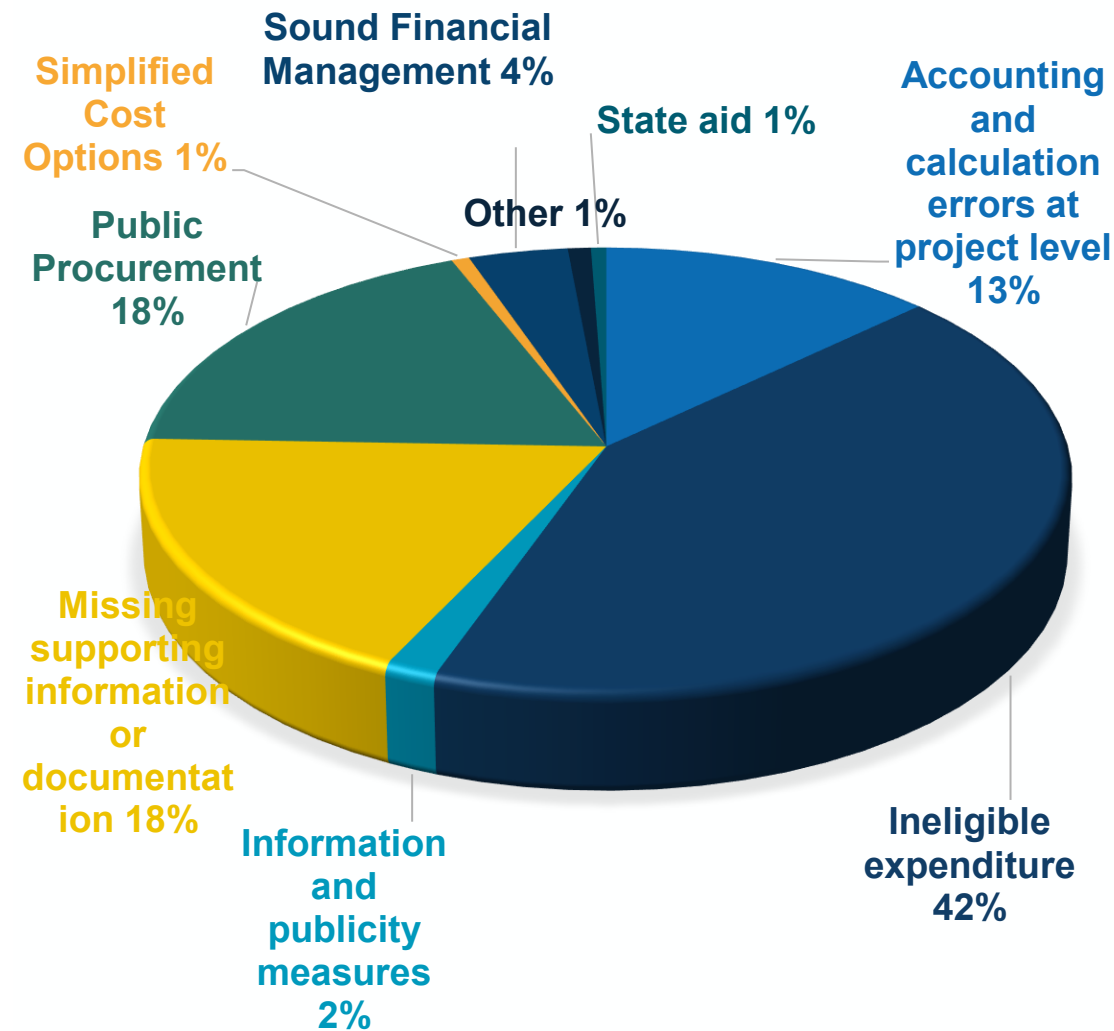
Proportions of error types in 2024



Evolution of the error types for 2020-2024



Cohesion Funds



Interreg Programmes

How Interreg Programmes Performed 2021-2027

Residual error rates reflect real audit performance of systems, not programme size.

For 2021–2027 Interreg:

- The Commission has calculated a global extrapolated error rate of **0.07%** for the first common Interreg sample covering 15 programmes in accounting year 2023–2024.
- This result is well below the 2% materiality threshold and provides the Commission with reasonable assurance regarding the quality of expenditure audited so far.
- EC applies **precautionary flat 2% risk** → If no specific error rates do not yet exist

...and 2014–2020

In accounting year **2023–2024**, the programmes can be grouped into three categories based on their residual total error:

1 Very low-error group (0.00–0.5%)

- This is the largest group.
- Most programmes achieve near-zero residual error.
- Their management and control systems appear stable, with only minimal corrections needed.

2 Safe-zone group ($\leq 2\%$)

- This includes most of the remaining programmes.
- Residual error stays below the 2% regulatory threshold, indicating no systemic issues.
- These programmes operate within an acceptable error range.

3 Higher-risk group (2–5%)

- Only a small number of programmes fall into this category.
- While still manageable, these cases require closer monitoring.
- The elevated error levels suggest local weaknesses or specific implementation challenges.

Context

Most often, it is about a single error identified during the audit. However, this one error can still have a significant impact, because the audited sample and the number of audited projects are small, and the extrapolation then has a large effect on the programme. Typically, the error relates to public procurement.

Trends Across Accounting Years

Interreg 2014–2020: Three-year pattern

2021–2022:

- Mostly low initial total error (1–3%),
- Many programmes only desk-reviewed, limited audit coverage.

2022–2023:

- Spikes in total error where audits identify significant weaknesses
- e.g., the first programme (10.10%), the 2nd (9.11%)

2023–2024:

- After corrections → residual error drops to 0–2% for most programmes
- Only few remain above 2–5%.

Types of deficiencies identified for INTERREG programmes

Across Interreg VI programmes, deficiencies fall into **four recurring categories**:

a) **Public procurement weaknesses**

Issues include non-detected procurement irregularities and procurement linked to cartel behaviour.

Example: flagged for deficiencies in public procurement linked to cartel findings.

b) **Weaknesses in management verifications (KR4)**

Problems with verifying eligibility, documentation and procurement compliance.

This includes cases where MAs did not detect irregularities in predecessor programmes.

Typical for overseas Interreg where no updated ACRs were submitted and weaknesses were carried over.

c) **Systemic issues in internal organisation**

Examples include **lack of separation of functions**, insufficient written procedures for delegated tasks, and unclear reporting and supervisory arrangements.

Example: early preventive audit revealed issues in separation of functions and monitoring delegated tasks.

d) **Fraud-prevention and accounting function weaknesses**

Example: weaknesses in MA fraud prevention + risk because CA function is contracted annually without stable staff.

General recommendations for Interreg (Operational)

1. Pre-testing of assurance (2026–2027)

Request **early testing** of Interreg-relevant systems by national AAs (procurement, SCOs, audit trail). Coordinate with MA/AA to ensure Interreg is **explicitly covered** in early assurance packages.

Impact on accounts & assurance:

Early detection and correction of weaknesses **reduces the need for ex post financial corrections** and strengthens the credibility of Interreg's assurance package at closure.

2. Strengthen procurement capacity & tools

Develop **micro-guidelines and checklists** tailored to small, cross-border procurements. Promote simple templates on **conflict of interest** and documentation of award criteria.

Impact on accounts & assurance:

Better procurement compliance reduces one of the **most frequent sources of quantifiable error**, directly lowering risk at payment and improving the robustness of Interreg accounts.

3. Improve SCO design & documentation

Require clear **methodology files** for all SCOs used in Interreg (including cross-border logic).

Ensure that **outputs and results** linked to SCOs are measurable and well documented.

Impact on accounts & assurance:

Well-designed and documented SCOs are easier to defend in audits and reduce disputes between EC and ECA on error classification, which otherwise can affect both **reported error rates** and **financial corrections** at closure.

4. Address systemic vulnerabilities jointly with MS

Align Interreg requirements with national action plans responding to ECA findings (Dec 2024 action plan).

Encourage MS to close **open recommendations** related to audit trail, data management and national audits in a way that explicitly covers Interreg operations.

Impact on accounts & assurance:

Closing systemic recommendations improves the **overall reliability of national systems**, which is the backbone of the assurance packages and reduces the likelihood that ECA will challenge Interreg-related accounts ex post.

5. Prepare actively for closure (2027–2029)

Simulate **residual error** for Interreg based on current findings and corrections.

Identify projects or measures that may need to be **corrected or withdrawn from accounts** before final closure.

Impact on accounts & assurance:

Proactive planning aligns Interreg with the Commission's expectation that **risk at closure falls below materiality**, and minimizes surprises from late corrections that would otherwise affect both national and programme-level assurance.

Cooperation works

All materials will be available on:
Interact.eu/Library

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Interact Programme

10 Dec 2025

Programme Finances, Accounting Function

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