

ANNUAL IMPLEMENTATION REPORT 2010

INTERACT 2007-2013

Good Governance of Territorial Cooperation Programmes

Operational Programme

under the "European Territorial Cooperation" Objective
based on Article 6 pt. 3 lit. b of Regulation (EC) No. 1080/2006
of the European Parliament and the Council

Programme No. CCI 2007 CB163 PO 015.

INTERACT II - ANNUAL IMPLEMENTATION REPORT 2010

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Identification

OPERATIONAL PROGRAMME	Objective concerned: European Territorial Cooperation
	Eligible area concerned: Article 6 pt. 3 lit. b of Regulation 1080/2006 of the European Parliament and the Council
	Programming period: 2007-2013
	Programme number (CCI No): CCI 2007 CB163 PO 015
	Programme title: Interact 2007-2013
ANNUAL IMPLEMENTATION REPORT	Reporting year: 2010
	Date of approval of the annual report by the monitoring committee: 12 May 2011

GLOSSARY

AA	Audit Authority
BSGR	Bratislava Self Governing region
CA	Certifying Authority
CBC	Cross Border Cooperation
CoR	Committee of the Regions
EC	European Commission
ENPI	European Neighbourhood Policy Instrument
ERDF	European Regional Development Fund
ETC	European Territorial Cooperation
EUSBSR	EU Strategy for the Baltic Sea Region
EUSDR	EU Strategy for the Danube Region
FLC	First Level Control
IP	INTERACT Point
IS	INTERACT Secretariat
JTS	Joint Technical Secretariat
MA	Managing Authority
MC	Monitoring Committee
MS	Member States
OLAF	European Anti-Fraud Office
OoG	Office of the Government
OP	Operational Programme
SME	Small- and Medium-sized Enterprises

1. Introduction

The implementation of INTERACT started after a transition period from 01.01.2008 to 30.06.2008. INTERACT Operational Programme (OP) was originally drafted and submitted to the European Commission by the INTERACT I Managing Authority, the Federal Chancellery of the Republic of Austria on behalf of all EU Member States. Following the INTERACT I Managing Authority's decision to step down and the Monitoring Committee (MC) decision of 04.03.2008 to select the Bratislava Self-governing Region as the new Managing Authority (MA) the programme, INTERACT had to be modified and re-approved. Continuity of service delivery during the first half of 2008 was however made possible through INTERACT I, which financed the continuance of the INTERACT Points (IPs) and Secretariat (IS) activities. The European Commission (EC) and the Member States participating in the programme strongly supported this transition.

To achieve this, INTERACT activities have to be focused on the real needs of its target groups, stakeholders of the European Territorial Cooperation programmes, such as Managing Authorities, Joint Technical Secretariat (JTS), Certifying Authorities and Audit Authorities, as well as national-regional institutions concerned. For this reason the programme has based its activities and strategic orientation on the inputs and needs expressed by the members of the networks established at regional (regional networks), programme (thematic networks) and European level (Monitoring Committee, European Commission services, National Contact Persons).

INTERACT services and activities are developed in a continuous exchange and mutual information flow with the European Territorial Cooperation stakeholders, structured in formal and informal networks.

INTERACT collects and manages information, by means of networks such as:

- The representatives of the countries represented in the INTERACT Monitoring Committee who provide advice and strategic guidance.
- The National Contact Persons network, which informally discusses the general challenges of territorial cooperation.
- The INTERACT thematic networks and groups established, focusing on specific themes in territorial cooperation, e.g. financial management, communication, evaluation etc.
- The regional networks, where programmes meet to discuss and develop action plans on specific issues with the INTERACT Points.

The success and relevance of the guidance provided by INTERACT directly depend on the inputs provided by the members of these networks and our target groups in general. European Territorial Cooperation can create additional demands on management due to the multinational environment. The exchange of good practice and the management of the knowledge created is therefore a key to success and lies at the heart of all INTERACT services. This is a mutual benefit: INTERACT builds its content on the target groups' knowledge, and these groups benefit from knowledge from other parts of the network.

At the same time, expertise is provided by European Territorial Cooperation programme managers also outside these networks e.g. in the case of ad hoc services on a very specific issue. INTERACT has created an internal pool of INTERREG III experts, who have experience in the field of programme management.

1.1. Executive summary

This report covers the activities of the INTERACT II 2007-13 programme (INTERACT) taking place from 01.01.2010 to 31.12.2010.

In line with its mission, INTERACT activities of this reporting period focused on good governance for European Territorial Cooperation programmes, as well as IPA CBC with Member State participation. INTERACT could capitalise on the significant existing expertise in the fields of regional development, cross-border cooperation, transnational cooperation, inter-regional cooperation and network programmes developed through the INTERACT I, INTERREG III, and neighbourhood programmes with the EU Member States. The ultimate purpose of INTERACT activities is to provide support to the stakeholders to implement European Territorial Cooperation programmes more effectively and efficiently.

The main focus of the activities was on:

- Generating new knowledge and facilitating the exchange of know-how among the stakeholders of the INTERACT target groups, specifically through seminar activities, the networks established, online dissemination tools and written guidance.
- Contributing to the increase of efficiency and effectiveness of the programmes, specifically through the expertise provided through seminar activities and written guidance, as well as the expert networks established.

INTERACT II services aimed at supporting the Programmes at facing their challenges according to the programme life cycle and at responding to the needs they expressed, focusing especially on:

- Financial and regulatory requirements, especially connected to the increased requirements e.g. in financial control.
- Programme management, especially the greater strategic orientation and focus on Lisbon and Gothenburg agendas of the programmes, but also in the set-up of the programme structures and procedures.
- Programme communication.
- Programme evaluation.
- Capitalisation on INTERREG III, visibility and knowledge management.
- Financial requirements connected to programme closure.

During 2010, the OP INTERACT II found itself in a critical situation due to the long lasting problems with a sound financial and operational management by its Managing Authority (MA). In order to solve the situation MA, CA and OoG have adopted an Action Plan which defines the concrete measures to be taken in order to ensure the sound implementation of the programme.

In addition, the system audit was performed in 2010, the audit carried out verification of the effective functioning of the management and control system of the OP INTERACT II. The follow up audit of the system audit began in December 2010.

As mentioned in the OP, the INTERACT programme consists of two priorities: service development and delivery and the Technical Assistance. In the next sections, the implementation of both priorities will be analysed; service delivery in section 3 and Technical Assistance in section 4. In these chapters the specific activities of the respective involved beneficiaries are specified.

All services carried out during 2010 are listed in Annex 3 of this report - INTERACT Services January - Demeber 2010.

2. Overview of the Implementation of the Operational Programme

2.1 Achievement and analysis of the progress

The delivery of activities in 2010 covered most of the types -interventions- foreseen in the OP. As will be visible in the table below, Information Resources (Knowledge base documents and tools), Coordination (Network Coordination and exchange and transfer), Dissemination and Publicity and Quality Management were fully operational in this period. Please find below the indicators table corresponding to the number of actions carried out in 2008 (column "2008"), in 2009 (column "2009") and in 2010 (column "2010") and the total expected for the whole period (last column). More details on the contents will be described in section 3.1.3 onwards.

2.1.1 Information on the physical progress of the Operational Programme

No quantifiable indicators have been mentioned at programme level in the Operational Programme. Quantifiable indicators have only been defined at priority levels which are presented in details under Chapter 3.

Table 1: Information on the physical progress of the operational programme level

INDICATORS		2007	2008	2009	2010	2011	2012	2013	2014	2015	Total
Knowledge base											
Indicator 1: Studies	Achievement	0	1	0	0	0	0	0	0	0	1
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	24
	Baseline										
Indicator 2: Surveys	Achievement	0	0	5	2	0	0	0	0	0	7
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	48
	Baseline										
Indicator 3: Material sets	Achievement	0	10	58	17	0	0	0	0	0	85
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	360
	Baseline										
Indicator 4: Web resources	Achievement	0	3	0	0	0	0	0	0	0	3
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	9
	Baseline										
Indicator 5: General Information services	Achievement	0	207	179	253	0	0	0	0	0	639
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1800
	Baseline										
Indicator 6: Technical dossiers on good governance	Achievement	0	0	1	0	0	0	0	0	0	1
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12
	Baseline										
Tools											
Indicator 7: Refined and updated tools	Achievement	0	0	4	0	0	0	0	0	0	4
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30
	Baseline										
Indicator 8: New tools developed	Achievement	0	1	7	0	0	0	0	0	0	8
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30

	Baseline										
Network Coordination											
Indicator 9: Two tier network set-up and coordination	Achievement	0	2	0	0	0	0	0	0	0	2
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
	Baseline										
Indicator 10: Enhancement and maintenance of external networking	Achievement	0	0	5	1	0	0	0	0	0	6
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12
	Baseline										
Exchange and Transfer											
Indicator 11: Seminars and workshops	Achievement	0	21	49	48	0	0	0	0	0	118
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	240
	Baseline										
Indicator 12: E-Workshops	Achievement	0	1	1	0	0	0	0	0	0	2
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14
	Baseline										
Indicator 13: Advisory services	Achievement	0	18	67	16	0	0	0	0	0	101
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	180
	Baseline										
Indicator 14: Thematic networks	Achievement	0	8	9	20	0	0	0	0	0	37
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	24
	Baseline										
Indicator 15: Framework for laboratory groups and pilot networks	Achievement	0	8	3	2	0	0	0	0	0	13
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	12
	Baseline										
Indicator 16: Conferences	Achievement	0	3	4	1	0	0	0	0	0	8
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	10
	Baseline										
Dissemination and Publicity											
Indicator 17: Web Portal	Achievement	0	1	0	0	0	0	0	0	0	1
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
	Baseline										
Indicator 18: Newsletter	Achievement	0	1	4	3	0	0	0	0	0	8
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	24
	Baseline										
Indicator 19: Promotional activities	Achievement	0	21	28	30	0	0	0	0	0	79
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	500
	Baseline										
Quality management											
Indicator 20: CooG and other permanent work groups set up and meeting regularly	Achievement	0	8	5	14	0	0	0	0	0	27
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	24
	Baseline										
Indicator 21: Quality Assurance Manager employed	Achievement	0	1	0	0	0	0	0	0	0	1
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1

	Baseline										
Indicator 22: Manuals describing standardised core processes	Achievement	0	0	1	0	0	0	0	0	0	1
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4
	Baseline										
Indicator 23: A certification scheme for contributors (thematic or pilot networks)	Achievement	0	0	0	0	0	0	0	0	0	0
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	1
	Baseline										
Indicator 24: Staff trainings	Achievement	0	1	0	1	0	0	0	0	0	2
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6
	Baseline										
Indicator 25: Focus groups with stakeholders	Achievement	0	0	0	1	0	0	0	0	0	1
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6
	Baseline										
Technical Assistance											
Indicator 26: All units of the managing system set up	Achievement	0	5	0	0	0	0	0	0	0	5
	Target	N/A	5	N/A	N/A	N/A	N/A	N/A	N/A	N/A	5
	Baseline										
Indicator 27: Key committees meeting regularly	Achievement	0	2	2	2	0	0	0	0	0	6
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	18
	Baseline										
Indicator 28: Programme documents delivered in time	Achievement	0	3	0	1	0	0	0	0	0	4
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8
	Baseline										
Indicator 29: Strategies and reports approved	Achievement	0	1	2	0	0	0	0	0	0	3
	Target	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7
	Baseline										

2.1.2 Financial information

Advance payments:

During 2007/2008¹ and 2009 the programme received four tranches of advanced payments CA to total amount of € 3 063 016,08, the fourth tranches of advanced payment were paid after the decision of EC in accordance of measures taken to eliminate impact of the global financial crisis.

Table 2: Overview of the advance payments from the European Commission

Advance Payments from EC to CA	ERDF	%	Date of receipt
1.	680 670,24	2,00%	14.12.2007
2.	1 021 005,36	3,00%	18.06.2008
Total 2007/2008	1 701 675,60	5,00%	
3.	680 670,24	2,00%	05.02.2009
4.	680 670,24	2,00%	22.04.2009
Total 2009	1 361 340,48	4,00%	
Total	3 063 016,08	9,00%	

Data source: CA

Based on this, it is to be stated that the INTERACT II Programme has started its normal financial procedures thus allowing in principle a functioning roll-on principle. However, whereas the requested amounts have been reimbursed in full for all RfP's of the IPs, not all requested amounts of the IS and of the MA have been reimbursed in 2010.

The total amount of advance payments (ERDF and National contributions) paid out by 31.12.2010 by the Certifying Authority to the individual beneficiaries is of 3.794.515,00 (see tables 3 and 4). Under the priority axis 1 the total amount is of € 3.409.660,00, for priority axis 2 of € 384.855,00.

In 2010, the CA paid out third extra advance payments to the MA (priority axis 2) and IS (priority axis 1 and 2). The request for advance payments was raised by the MA on 23rd April 2010, because of the critical financial situation. The total third advance payment to the MA and IS amounting to EUR 340 000,00 (ERDF 289 000,00 and 51 000,00 of National Contributions) and was paid on 20.05.2010.

¹ The Advance Payments of 2008 were not directly received from the European Commission, but transferred from the account of the former Certifying Authority in Austria (as the new Managing Authority was established before the formal decision to relocate the Certifying Authority for INTERACT II).

Table 3: Overview of advance payments paid by the CA (by year)

Advance Payments from CA to Beneficiaries	ERDF	National contribution	TOTAL Advance Payment	Date of Payment
PER YEAR				
Paid out in 2008	1 445 289,00	255 051,00	1 700 340,00	2008
Paid out in 2009	1 491 048,75	263 126,25	1 754 175,00	2009
Paid out in 2010	289 000,00	51 000,00	340 000,00	2010
Total	3 225 337,75	569 177,25	3 794 515,00	

Data source: MA and CA

Table 4: Overview of advance payments paid by the CA (by tranche)

Beneficiary	ERDF	National contribution	TOTAL Advance Payment	Date of receipt of signed Subsidy Contract or Amendment/ Date of receipt of Request for Advance Payment	Date of Payment
Priority Axis 1:					
FIRST TRANCHE					
IP Valencia	119 000,00	21 000,00	140 000,00	5.8.2008	10.9.2008
IP Viborg	323 000,00	57 000,00	380 000,00	21.7.2008	12.8.2008
IP Vienna	170 000,00	30 000,00	200 000,00	31.10.2008	4.12.2008
IP Turku	289 000,00	51 000,00	340 000,00	21.7.2008	12.8.2008
MA	160 191,00	28 269,00	188 460,00	12.8.2008	18.8.2008
IS	301 070,00	53 130,00	354 200,00	12.8.2008	18.8.2008
SECOND TRANCHE					
IP Valencia	297 500,00	52 500,00	350 000,00	11.6.2009	26.6.2009
IP Viborg	340 000,00	60 000,00	400 000,00	7.4.2009	24.4.2009
IP Vienna	170 000,00	30 000,00	200 000,00	17.4.2009	04.5.2009
IP Turku	127 500,00	22 500,00	150 000,00	2.4.2009	24.4.2009
MA	102 000,00	18 000,00	120 000,00	28.4.2009	07.5.2009
IS	271 150,00	47 850,00	319 000,00	28.4.2009	07.5.2009
THIRD TRANCHE					
IS	227 800,00	40 200,00	268 000,00	10.5.2010	20.5.2010
Total Priority 1	2 898 211,00	511 449,00	3 409 660,00		
Priority Axis 2:					
FIRST TRANCHE					
MA	47 124,00	8 316,00	55 440,00	12.8.2008	18.8.2008

IS	35 904,00	6 336,00	42 240,00	12.8.2008	18.8.2008
SECOND TRANCHE					
MA	64 600,00	11 400,00	76 000,00	28.4.2009	7.5.2009
IS	20 400,00	3 600,00	24 000,00	28.4.2009	7.5.2009
CA	37 876,00	6 684,00	44 560,00	23.10.2009	2.11.2009
AA	60 022,75	10 592,25	70 615,00	12.11.2009	24.11.2009
THIRD TRANCHE					
MA	42 500,00	7 500,00	50 000,00	10.5.2010	20.5.2010
IS	18 700,00	3 300,00	22 000,00	10.5.2010	20.5.2010
Total Priority 2	327 126,75	57 728,25	384 855,00		
Total	3 225 337,75	569 177,25	3 794 515,00		

Data source: MA and CA

National Contributions:

The National Contributions (see table 5) of the participating countries for the years 2007 - 2010 amounted to € 2.794.227,35, thereof € 760.868,64 were paid in 2010 (27,23% of the total paid contributions).

Whereas three Member States (Cyprus, Denmark and Netherlands) had already transferred 100% of their total contribution, only United Kingdom ² had not paid any contribution by the end of 2010.

In addition, Greece paid the first part of its contribution amounted to € 90 132,00 (55,56%) in 2010.

Table 5: National contributions from participating countries paid to the CA

National contributions of Member States 2007-2013 (EUR)								
OP Interact II								
No	Member State	Target 2007-13	Received 2007	Received 2008	Received 2009	Received 2010	TOTAL Received	Percentage
1	Estonia	34 625,00	0,00	9 892,86	4 946,00	9 892,00	24 730,86	71,42%
2	Ireland	68 345,00	7 600,00	11 927,00	9 764,00	9 764,00	39 055,00	57,14%
3	Bulgaria	141 428,00	0,00	40 408,00	20 204,00	20 204,00	80 816,00	57,14%
4	Sweden	206 207,00	0,00	58 916,28	58 916,00	0,00	117 832,28	57,14%
5	Denmark	83 246,00	0,00	83 246,00	0,00	0,00	83 246,00	100,00%
6	Finland	65 014,00	0,00	18 575,43	9 288,00	9 288,00	37 151,43	57,14%
7	Cyprus	21 865,00	0,00	21 865,00	0,00	0,00	21 865,00	100,00%
8	Austria	206 596,00	0,00	59 028,00	29 514,00	29 514,00	118 056,00	57,14%

² As for United Kingdom, the necessary formal procedures were set up at the time of this report in order to launch the first payment of National contribution.

9	Romania	304 379,00	0,00	85 861,00	44 448,43	0,00	130 309,43	42,81%
10	Poland	449 376,00	0,00	128 394,00	64 197,00	64 197,00	256 788,00	57,14%
11	Belgium	156 398,00	0,00	31 152,23	22 709,64	22 709,64	76 571,51	48,96%
12	Lithuania	68 696,00	0,00	9 814,00	19 628,00	9 814,00	39 256,00	57,14%
13	Latvia	49 412,00	0,00	14 118,00	28 236,00	0,00	42 354,00	85,72%
14	France	691 447,00	0,00	197 556,28	98 778,00	98 778,00	395 112,28	57,14%
15	Slovak Republic	176 308,00	0,00	50 374,00	25 187,00	25 187,00	100 748,00	57,14%
16	Hungary	292 199,00	0,00	83 486,00		83 486,00	166 972,00	57,14%
17	Republic of Malta	11 630,00	1 661,00	1 661,00	1 661,00	1 661,00	6 644,00	57,13%
18	Luxemburg	11 906,00	0,00	3 401,71	1 701,00	1 701,00	6 803,71	57,15%
19	Czech Republic	313 178,00	0,00	0,00	134 220,00	44 740,00	178 960,00	57,14%
20	Italy	631 669,00	0,00	0,00	180 476,85	180 476,00	360 952,85	57,14%
21	Greece	162 226,00	0,00	0,00	0,00	90 132,00	90 132,00	55,56%
22	Spain	360 609,00	0,00	0,00	91 953,00	47 335,00	139 288,00	38,63%
23	Netherlands	198 729,00	0,00	0,00	198 729,00	0,00	198 729,00	100,00%
24	Portugal	79 084,00	0,00	0,00	33 894,00	0,00	33 894,00	42,86%
25	Great Britain	452 842,00	0,00	0,00	0,00	0,00	0,00	0,00%
26	Slovenia	83 931,00	0,00	0,00	35 970,00	11 990,00	47 960,00	57,14%
	TOTAL I	5 321 345,00	9 261,00	909 676,79	1 114 420,92	760 868,64	2 794 227,35	52,51%
27	Switzerland	58 140,00	0,00	16 610,00	0,00	16 586,08	33 196,08	57,10%
28	Norway	70 000,00	0,00	0,00	30 000,00	10 000,00	40 000,00	57,14%
	TOTAL II	128 140,00	0,00	16 610,00	30 000,00	26 586,08	73 196,08	57,12%
	TOTAL I + II	5 449 485,00	9 261,00	926 286,79	1 144 420,92	787 454,72	2 867 423,43	52,62%

Data source: CA

Requests for Payment:

Twenty seven Requests for Payment (RfP) were sent by the beneficiaries to the MA in 2010 amounting to € 4.043.577,59, thereof € 3.716.767,49 for Priority 1 and € 326.810,10 for Priority 2. MA performed its administrative and formal checks, if needed asked for clarifications and/or additional documents from the beneficiaries.

Out of this, in period 01 January - 31 December 2010 MA submitted 22 interim payment claims to the CA for verification. CA at its turn performed standard certifying verification in line with the Guidance to Certifying Authorities on certification procedure under Article 61 of the Regulation (EC) 1083/2006 (including on-the-spot checks).

CA approved 19 of the submitted requests for payment in an amount of € 2.683.605,35 thereof € 2.281.064,55 from ERDF and 402.540,80 of National Contribution. One request for payment was rejected by CA in the full amount of € 61 548,02.

The spending of 2010 takes into account after the already approved and certified payment claims by CA for the 1st half-year period of 2010 already evidence for underspending. Given the fact that the spending is still lower than expected, the involvement of the MC is needed according to the flexibility and reallocation rules.

It is to be expected that the situation will rapidly improve in the case of IS after having claimed the past expenditures for salaries in the amount of more than 700 000 EUR.

The total planned volume of funds allocated for Technical assistance is 2 128 537 EUR. Of this amount the activities of MA, IS, CA and AA are financed.

The total approved and certified expenditure for Managing Authority priority 2 is the amount of 127 514,16 EUR. The expenditure of staff salaries, travel expenses, monitoring committee meetings and the external controller are included into this amount.

The MA has submitted the requests for interim payment on monthly basis as it was stated by the agreed action plan.

The total approved and certified expenditure in 2010 for the beneficiary INTERACT Secretariat paid from the priority axis 2, was in the amount of 963,99 EUR.

The CA submitted the first Request for interim payment which was approved in the reduced amount of 74 715,45 EUR in 2010. CA used approved funds for the treatment of accounting system (ISUF), reimbursement of travel expenses and salaries of their employees.

The AA submitted the first Request for interim payment which was approved in the full amount of 26 141,74 EUR on March 2010.

The spending rates in both priorities significantly improved in 2010, and the general approach of all bodies is to deliver high quality services, targeted to the stakeholders needs.

Certification verification:

Certification verification was performed within 5 payment claims directly at MA. The verifying sample was amounting to € 155.004,03, which met 4,53 % of the submitted RfP, and 40,07% of the verified payment claims.

Ineligible expenditures were initially identified in amount of € 9.399,70, which is 6,064% of the verified sample within the submitted payment claims. Ineligible expenditures were related to improper calculation of the clearance of foreign business trips, salaries costs which were declared on RfP but were provided out of the time scope of labour agreements and expenditures which did not relate to the performed activities.

Expenditure amounting to € 3,00, i.e. 0,002 % of the verified sample were identified as ineligible, € 2.916,70, i.e. 1,882 % of the verified sample, after MA provided CA with adjusted calculation of the business trips, was finally confirmed as eligible. Ineligible expenditure of € 6 480,00, i.e. 4,180% of the verified sample were still open and under discussion as of 31.12.2010.

During the certifying verification of Requests for Payment were identified following findings in 2010:

Ineligible expenditure:

1. improper calculation of foreign business trips by the beneficiary;
2. incorrect method of calculated amount declared in RfP;
3. salary costs declared in RfP were provided out of the time scope of labour agreement;
4. expenditure did not relate to the performed activities;

Improper application of procedures, lack of procedures, deficiencies in the outcomes of MA:

5. absence of supporting documentation to the interviewed costs;
6. not submitted list of eligible expenditure declared in RfP;

Deficiency in public procurement:

7. not eliminated offers that did not meet the requirements specified in the tender documents;

Non submission of information and documentation to CA:

8. non submission of updated internal manuals;
9. not submitted documentation to express a standpoint on the proposal;

Others:

10. not submitted complete documentation during certifying verification.

By 31.12.2010, MA accepted the findings and took appropriate remedial measures, which were accepted by CA.

Table 6: Requests for Payment submitted to MA and CA respectively (status of 31 December 2010)

Interim Request For Payments of 31 December 2010 (EUR) OP INTERACT II								
Beneficiary	Number of Request for Payment	Status of each Request for Payment of 31 December 2010	Date of Approval/ Rejection at CA	ERDF	National contribution	TOTAL Interim Payment	Reimbursed by CA	Percentage
IP Turku	09/IP Turku/1-IP1	approved at CA	4.11.2009	126 643,20	22 348,80	148 992,00	148 992,00	100,00%
	09/IP Turku/1-IP2	approved at CA	31.12.2009	146 367,23	25 829,51	172 196,74	172 196,74	100,00%
	09/IP Turku/1-IP3	approved at CA	8.3.2010	83 695,38	14 769,77	98 465,15	98 465,15	100,00%
	10/IP Turku/1-IP4	approved at CA	29.10.2010	125 892,64	22 216,35	148 108,99	148 108,99	100,00%
	Total			482 598,45	85 164,43	567 762,88	567 762,88	100,00%
IP Valencia	09/IP Valencia/1-IP1	Approved at CA	9.11.2009	97 981,39	17 290,83	115 272,22	115 272,22	100,00%
	09/IP Valencia/1-IP2	Approved at CA	8.6.2010	285 862,80	50 446,38	336 309,18	336 309,18	100,00%
	10/IP Valencia/1-IP3	Approved at CA	20.8.2010	233 830,14	41 264,14	275 094,28	275 094,28	100,00%
	10/IP Valencia/1-IP4	ongoing processing at CA		319 189,42	56 327,54	375 516,96		
	Total			936 863,75	165 328,89	1 102 192,64	726 675,68	100,00%
IP Viborg	09/IP Viborg/1-IP1	Approved at CA	13.10.2009	202 918,38	35 809,13	238 727,51	238 727,51	100,00%
	09/IP Viborg/1-IP2	Approved at CA	2.12.2009	293 267,53	51 753,09	345 020,62	345 020,62	100,00%
	10/IP Viborg/1-IP3	Approved at CA	5.8.2010	290 841,36	51 324,95	342 166,30	342 166,30	100,00%
	10/IP Viborg/1-IP4	Approved	17.12.2010	223 217,62	39 391,35	262 608,97	262 608,97	100,00%
	10/IP Viborg/1-IP5	ongoing processing at MA		134 820,16	23 791,79	158 611,95		
	Total			1 145 065,05	202 070,31	1 347 135,35	1 188 523,40	100,00%
IP Vienna	09/IP Vienna/1-IP1	approved	26.10.2009	312 893,80	55 216,55	368 110,35	368 110,35	100,00%
	09/IP Vienna/1-IP2	approved	18.12.2009	265 984,91	46 938,51	312 923,42	312 923,42	100,00%
	10/IP Vienna/1-IP3	approved	5.8.2010	370 570,90	65 394,86	435 965,76	435 965,76	100,00%
	10/IP Vienna/1-IP4	ongoing processing at CA		437 985,66	77 291,59	515 277,25		
	Total			1 387 435,26	244 841,52	1 632 276,78	1 116 999,53	100,00%
INTERACT Secretariat	09/IS/1-IP1	approved	13.11.2009	118 589,78	20 927,61	139 517,39	139 517,39	100,00%

	09/IS/1-IP2	partially approved	4.2.2010	304 715,55	53 773,33	358 488,88	170 282,52	47,50%
	10/IS/1-IP3	approved	27.4.2010	36 818,48	6 497,38	43 315,86	43 315,86	100,00%
	10/IS/1-IP4	approved	30.7.2010	115 006,07	20 295,19	135 301,26	135 301,26	100,00%
	10/IS/1-IP5	partially approved	16.12.2010	152665,63	26 940,99	179 606,62	173 126,62	96,39%
	10/IS/1-IP6	approved	17.12.2010	3 180,25	561,22	3 741,47	3 741,47	100,00%
	10/IS/1-IP7	approved	21.12.2010	46 468,32	8 200,29	54 668,61	54 668,61	100,00%
	Total			777444,08	137196,01	914 640,09	719 953,73	78,71%
Managing Authority	09/MA/1-IP1	rejected	8.10.2009	98 005,43	17 295,08	115 300,50	0,00	0,00%
OTAL Priority 1				4 729406,59	834601,16	5 564 007,74	4 319 915,22	77,64%
INTERACT Secretariat	09/IS/2-IP1	approved	13.11.2009	12 561,50	2 216,73	14 778,23	14 778,23	100,00%
	09/IS/2-IP2	rejected	4.2.2010	12 792,08	2 257,43	15 049,50	0,00	0,00%
	10/IS/2-IP3	approved	29.7.2010	819,39	144,60	963,99	963,99	100,00%
	Total			26 172,96	4 618,76	30 791,72	15 742,22	51,12%
Managing Authority	09/MA/2-IP1	rejected	8.10.2009	33 766,80	5 958,85	39 725,65	0,00	0,00%
	10/MA/2-IP2	approved	30.4.2010	8 012,23	1 413,92	9 426,15	6 509,45	69,06%
	10/MA/2-IP3	rejected	3.8.2010	52 315,82	9 232,20	61 548,02	0,00	0,00%
	10/MA/2-IP4	approved	13.9.2010	40 210,68	7 096,00	47 306,68	47 306,68	100,00%
	10/MA/2-IP5	approved	22.10.2010	23 254,28	4 103,70	27 357,98	27 357,98	100,00%
	10/MA/2-IP6	approved	21.12.2010	18 236,83	3 218,26	21 455,09	21 455,09	100,00%
	10/MA/2-IP7	ongoing processing at CA		21 152,22	3 732,74	24 884,96		0,00%
	Total			196 948,85	34 755,68	231 704,53	102 629,20	44,29%
Certifying Authority	09/CA/2-IP1	approved	6.5.2010	63 568,09	11 217,90	74 785,99	74 715,45	99,91%
Audit Authority	09/AA/2-IP1	approved	5.3.2010	22 220,48	3 921,26	26 141,74	26 141,74	100,00%
	10/AA/2-IP2	ongoing processing at MA		15 206,50	2 683,50	17 890,00		
	Total			37 426,98	6 604,76	44 031,74	26 141,74	
OTAL Priority 2			324 116,88	57 197,10	381 313,98	219 228,61	57,49%	
TOTAL Priority 1 and 2				5053 523,47	891798,26	5 938 841,72	4 539 143,83	76,35%

Data source: CA and MA

Payment Claim to the EC:

During 2010, three Payment Claims have been sent by the CA to the EC:

- 11 February 2010, amounting to total ERDF € 836. 771;
- 03 August 2010, amounting to total ERDF € 642.378;
- 28 September 2010, amounting to total ERDF € 1.011.068.

Table 7: Payment Claims to European Commission

Payment claim to EC	Date of submission Payment claim to EC	Requested amount of Payment claim	Paid amount	Payment claim received on
1	11.12.2009	740 436,77	740 436,77	31.12.2009
2	11.2.2010	836 770,93	836 770,93	22.2.2010
3	3.8.2010	642 378,45	642 378,45	16.9.2010
4	28.9.2010	1 011 067,86	1 011 067,86	15.11.2010
Total	x	3 230 654,01	3 230 654,01	x

Data source: CA

Priority axis	ERDF 2007 - 13	Total payment claims to EC	Percentage
Priority 1	28 345 020,00	3 230 654,01	11,40%
Priority 2	1 809 257,00	0,00	0,00%
TOTAL	30 154 277,00	3 230 654,01	10,71%

Data source: CA

n + 3

By submitting four payment claims to the EC amounting to € 3 230 654,00 CA has fulfilled the rule n+3 to the adjusted commitment of 2008 in 100% by 31.12.2010.

Fulfilment of spending to the EC to the adjusted commitment of 2009 is 39,96%. Declared expenditure to the EC amounting to € 3 230 654,00 has reached 10,71% of the commitment 2007 - 2013 by 31.12.2010.

Spending of Funds on the level of expenditures approved by the Certifying authority up to 31.12.2010

Total amount of funds approved by the Certifying authority within the programme up to 31.12.2010 represents € 3.858.272,00 (ERDF), what is 12,80% of the total 2007-2013 commitment (€ 30 154 277,00).

Share of drawdown on the adjusted commitment 2008 after deduction by the advance payments (in amount of € 3.063.016,00) for the OP INTERACT II represents 100.00% and share of drawdown on 2009 commitment is 53,06%.

Estimation of expected expenditures:

Estimation of expected expenditures for 2010 for OP INTERACT II was sent to the Commission in accordance with the deadline in April 2010, amounted to €1.650.000. The updated estimation of expected expenditures in the amount of € 2.668.640 CA sent to the EC on 25.08.2010. By submitting three interim payment claims to the EC (No. 20110 0072001, 20110 00702 and 20110 00703) was estimation of expected expenditures sent to EC on 30.04.2010 met at 150.92% and updated estimation sent on 25.08.2010 at 93.31%.

Table 8: Estimation of expected expenditures

OP	Estimation of expected expenses sent to EC by 30 April 2010 for the year 2010	Three Interim Requests for payment received by EC in 2010	Fulfillment of the estimation of expected expenses in 2010 (%)
INTERACT II	1 650 000,00	2 490 217,24	150,92%
TOTAL	1 650 000,00	2 490 217,24	150,92%

Data source: CA

OP	Updated Estimation of expected expenses sent to EC by 25 August 2010 for the year 2010	Three Interim Requests for payment received by EC in 2010	Fulfillment of the estimation of expected expenses in 2010 (%)
INTERACT II	2 668 640,00	2 490 217,24	93,31%
TOTAL	2 668 640,00	2 490 217,24	93,31%

Data source: CA

Priority axis by source of funding:

Table 9: Financial Information. Priority axis by source of funding

	Expenditure paid out by the beneficiaries included in payment claims sent to the managing authority**	Corresponding public contribution (100%)*	Private expenditure	Expenditure paid by the body responsible for making payments to the beneficiaries ERDF +National Contributions ***	Total payments received from the Commission****
Priority Axis 1:					
Service Development and Delivery					
	5 672 822,24	5 672 822,24		7 729 575	6 293 670,09
Priority Axis 2:					
Technical Assistance					
	381 313,98	381 313,98		604 083,61	-
Grand Total	6 054 136,22	6 054 136,22		8 333 658	6 293 670,09
Total in transitional regions in the grand total	-	-	-	-	-
Total in non-transitional regions in the grand total	-	-	-	-	-
ESF type expenditure in the grand total where the Operational Programme is co- financed by the ERDF	-	-	-	-	-
ERDF type expenditure in the grand total where the Operational Programme is co- financed by the ESF	-	-	-	-	-
*national contributions ** the expenditures claimed by the relevant beneficiary via RfPs *** three tranches of advance payments + Reimbursements to RfPs (paid by CA) **** four tranches of advance payments + four Payment claims (paid by EC)					

Data source: MA and CA

2.1.3 Information about the breakdown of use of the Funds

No changes occurred since 2008.

Table 10: Cumulative breakdown of allocations of the Community contribution by category

Combination of codes of dimension 1 to 5					
Code* Dimension 1 Priority theme	Code* Dimension 2 Form of finance	Code* Dimension 3 Territory	Code* Dimension 4 Economic activity	Code* Dimension 5 Location	Amount** €
81	01	00	00	Transnational Interregional Cross-border	28.345.020
85					1.809.257
				Total	30.154.277

Data source: MA

Table 11: Indicative breakdown of the Community contribution by category in the operational programme

Dimension 1 Priority theme		Dimension 2 Form of finance		Dimension 3 Location	
Code*	Amount** in €	Code*	Amount**€	Code*	Amount**€
81	28.345.020	01	30.154.277	Transnational Interregional Cross-border	30.154.277
85	1.809.257				
Total	30.154.277	Total	30.154.277		30.154.277

Data source: MA

* The categories should be coded for each dimension using the standard classification.

** Estimated amount of the Community contribution for each category.

2.1.4 Assistance by target groups

All programme actions have been targeted to the groups outlined in the Operational Programme such as institutions and bodies set up around Europe to manage European Territorial Cooperation programmes, above all Managing Authorities and Joint Technical Secretariats as well as Monitoring Committees, National Contact Persons, Certifying Authorities and Audit Authorities, First Level Control bodies, Stakeholders backing Territorial Cooperation programmes, as well as with reference to the IPA programmes implementing bodies of these programmes.

No breakdown per target group is available.

2.1.5 Assistance repaid or re-used

No modification as referred to in Art. 57 and no financial correction as referred to in Art. 98(2) of Reg. (EC) No 1083/2006 occurred in 2010.

2.1.6 Qualitative analysis

2010 was the year of administrative reorganisation within of the Bratislava Self Governing Region and turn over of staff at Managing Authority. The aim of the new BSGR political leadership was the management stabilisation and sound management of the programme in the future. This comprised activities such as:

- Performance of System Audit and Audit of Operations
- Adoption of Action plan of remedial measure for the critical situation in financial and administrative management of the OP INTERACT II
- Updating of the Methodical Guideline version 2.0 on 23 December 2010
- Further Development of the online INTERACT Management System (IMS) for the management of all RfPs and providing access to all bodies involved

What concerns the core implementation activities of the programme, the INTERACT Points delivered the products and services according to plan. They followed up on the requests by target groups about current development in ETC context. Measured against the developed and approved work plan for 2010, it is to be stated that the planned activities have been implemented in full, notwithstanding the fact that according to the flexibility due to such a programme as INTERACT II, some activities have been adapted as response to urgent needs of the stakeholders.

Performance against targets can only be summarised as fully satisfactory. The satisfaction rate of the end-users of these products and services (the other ETC programmes) is overall high what reinforces the approach applied so far. This means that INTERACT II is always putting some emphasis on the attempt to make all services as tailor-made as possible.

These good results are then also reflected in the performance indicators (see more under Chapter 3.1.2).

Out of the available sources of information (feedback forms, reports of the INTERACT Points, informal feedback), the final assessment would suggest that all activities were well-targeted on the most important needs during 2010 and that the services delivered were high quality and appropriate to answer the challenges being faced by the programmes.

The INTERACT II target group (European Territorial Cooperation programmes), is expected to contribute to the Lisbon and Gothenburg strategies. INTERACT II has facilitated this process by offering support on management issues and as such freeing programme resources for content related tasks. Furthermore, the requirement for a stronger strategic approach means, in practice that programmes have to:

- Raise the strategic orientation to the overall objectives of Cohesion Policy and the quality of their projects.
- Focus on main themes of cooperation (both in transnational and cross-border cooperation), with important implications for project generation, quality assessment, indicators, and project selection.
- Capture INTERREG III project results to carry forward into the new Programmes.
- Establish synergies between European Territorial Cooperation and national and regional Programmes.

INTERACT II has also provided a number of services in 2010 directly targeting this strategic dimension in all phases of the programme management, from the establishment of the programme structures, project generation / assessment to monitoring and evaluation of the results. During 2010 INTERACT organised several activities concerning the preparations of the EU Structural Fund programming period 2014-2020 and was active in the implementation of first EU macro-regional strategies.

To this purpose, INTERACT II activities addressed to the target groups were focused on:

- Programme management
- Strategic project management
- Good financial governance

- Macro-regional Strategies (EUSBSR, Danube Strategy)
- ETC beyond 2013
- Synergies and capitalisation
- The establishment of an efficient knowledge management tool (KEEP initiative), which can capture the project and programme results, potentially increasing their visibility and possibly ensuring synergies between programmes, strands and objectives of the cohesion policy.

When it comes to financial absorption indicators, we can notice an under-spending at programme level. Even though the outputs were fully satisfactory, funds have been efficiently used, generally leading to some savings.

As for the MA and IS, absorption cannot be fully assessed due to the finding detected by the CA (see more under 2.3 and 4.2).

2.1.7 Audit activities

Based on the Contract between the Ministry of Finance of the Slovak Republic and external audit company (PricewaterhouseCoopers Slovensko, s.r.o.) and based on approved Strategy of Audit for the INTERACT 2007 - 2013 programme (hereafter referred to as "Audit Strategy"), audit has been carried out in the time period between 20.04.2010 and 09.06.2010 with the main objective to verify the sufficiency and effectiveness of the management and control systems (system audit) as well as to gain assurance of the eligibility of the expenditure based on the selected sample of operations (audit of operations) of OP INTERACT II. The following bodies were subject to audit:

- | | |
|-----------------------------|-------------------------------------|
| ○ Managing Authority (MA) | - Bratislava Self Governing region, |
| ○ INTERACT Secretariat (IS) | - Bratislava Self Governing region, |
| ○ Final Beneficiaries | - IP Turku (FI), |
| | - IP Valencia (ES), |
| | - IP Viborg (DK), |
| | - IP Vienna (AT). |

System audits in 2010

Verification of individual criteria, key requirements and competences within the implementation structure of OP INTERACT II showed, that the management and control systems are functional, however improvements are needed especially on the level of MA/IS in the following areas:

- Management and organizational structures - Bratislava Self Governing region signed contracts with current and former employees of the MA and IS, that do not sufficiently define tasks obligations and responsibilities. Furthermore, these contracts are not in compliance with tasks actually performed by employees and/or with job descriptions provided in Annex nr. 4 of the Internal manual of procedures. Also, procedures used when hiring professional services of current and former MA/IS employees have not been in compliance with the rules of public procurement set out by Slovak legislation.
- IT systems - the current IT management and monitoring system for OP INTERACT II does not meet the requirements set out by art. 58, letter d, of the Commission regulation (EC) No. 1083/2006, as it does not cover key areas of the management and monitoring of the operational programme, such as withdrawal of expenditure, irregularities, on-spot control and implementation of measures taken to remove the findings.

Some formal findings have been identified on the level of IP's, which led to audit recommendations aimed on the improvement of processes in order to meet good practice in the following areas: update of the audit trail, document archiving, emergency plans for accounting systems, irregularity prevention and meeting the deadlines set for submitting the Payment Claims from the IPs.

Based on the aforementioned facts the auditors stated, that the system is functioning, however implementation of minor improvements is necessary. Recommendations based on identified findings have been adopted by the audited bodies, resulting into implementation of measures in order to remove these findings. A report on these measures was sent to the AA on 30.09.2010 and the verification of their sufficiency is subject of system audit, which is expected to be finalized in March 2011.

Audits of operations in 2010

The AA selected the sample to be subject to audit from all Payment Claims that have been declared to the Commission in the time period from 01.01.2009 to 31.12.2009. Based on the size of the population (4 Payment Claims) and the available personal capacities, the AA chose to verify 100% of the operations. An analysis of the documentation of the Payment Claims showed, that the supporting documents could be divided into 6 groups based on the nature of the expenditure. In compliance with the Guidance Note on sampling methods for Audit Authorities from the European Commission (COCOF 08/0021/01-EN) a sample for each group of expenditure has been selected from each Payment Claim. The following groups of expenditure have been used for this purpose: Employees, Administration, Travel and accommodation, External experts, Actions and Publications. Expenditure that was subject to audit was selected individually for each group, applying the methodology of formal approach to non-statistical sampling.

Audit of operations verified expenditure in the following structure:

Payment Claim no.	Amount declared to the Commission in 2009	Verified expenditure					% of verified expenditure from the declared
		EU (85%)	National funding (15%)	Public	Private (IP)	Total	
IP Turku Payment Claim No. 1	148 992,00€	112 020,24€	19 768,28€	0	0	131 788,52€	88,45%
IP Valencia Payment Claim No. 1	115 272,22€	95 185,91€	16 797,53€	0	0	111 983,44€	97,15%
IP Viborg Payment Claim No. 1	238 727,51€	192 231,02€	33 923,13€	0	0	226 154,15€	94,73%
IP Vienna Payment Claim No. 1	368 110,35€	160 344,46€	28 296,09€	0	0	188 640,55€	51,25%

Data source: PWC audit report

Based on verification of expenditures included in the chosen Payment Claims of individual IPs an assurance was gained, that the declared expenditures are eligible, supported by sufficient documentation and are in compliance with the regulatory and programme requirements.

Communication with the European Commission

According to art. 62 of the Commission regulation (EC) No. 1083/2006 the AA in December 2010 elaborated the Annual Control Report and an Opinion concerning the reference period 01.07.2009 – 30.06.2010, as well as an update of the Audit Strategy for the period 2011 – 2013. Both documents were sent for comments and approval to the members of the Group of Auditors and consequently on the 22.12.2010 to the Commission via SFC2007. On 04.02.2011 the Commission officially accepted the Annual Control Report and Opinion and the changes in the Audit Strategy.

Cooperation within the Group of Auditors

Standard communication took place in 2010 via emails and official letters according to the Rules of Procedures³.

³ On the 18th of March 2011 a meeting of the Group of Auditors took place at the Ministry of Finance of the Slovak Republic, resulting into the decision to use the capacities of the members of the Group of Auditors instead of the planned external company for chosen types of audit. Main documents concerning audit work will be updated accordingly to this decision (Audit Strategy, Rules of Procedures) and a common methodology will be elaborated by the Audit Authority including checklists and report templates. New Terms of Reference for externalization of some audit activities will be prepared in near future by AA and it shall be approved by Group of Auditors accordingly.

2.2 Information about compliance with Community law

It is positively to be stated that no problem with Community law has been identified on the level of the IPs, IS and CA in 2010 (related to RFP's as submitted during 2010).

2.3 Significant problems encountered and measures taken to overcome them

During 2010, the INTERACT II programme management problems persisted and not all could be solved by the end of the year. It is to be noted that these management issues were already subject to discussion in 2009 and also during the 5th MC meeting in Umea in June 2010 and during the 6th MC meeting in Valencia in November 2010, and also meetings between MA and other Slovak bodies (CA, AA, OoG) on the one side, or between Slovak bodies (MA, CA, AA, OoG) and EC on the other side have taken place throughout the year.

Before going into details, it is to be highlighted that these management problems (under Priority 2 = TA) are strictly to be separated from operational service activities implemented by the IPs and IS (under Priority 1) which were implemented according to plan to the utmost extent and were not directly affected by the management problems. Though, at the end of 2010 the activities performed by the MA and reported under Priority 1 were still under clarification process regarding the correctness of their attribution to the named Priority⁴.

1. Programme documents

All programme documents (Description of the Management and Control System, Compliance Assessment report) have been submitted to the EC and have been approved in 2009 and no changes in programme documents were processed in 2010 (see chapter 4.1.a and b).

2. Managing Authority and INTERACT Secretariat

As a consequence of the political change occurred with the regional elections in November 2009, an administrative reorganisation process started within the Bratislava Self Governing Region in early 2010 implied a complete turnover of staff at the MA. The new leadership of the BSGR reaffirmed its commitment to continue the programme implementation in January 2010. The restructuring process was characterizing the first half of the year 2010 and it was finalized in September 2010, after establishing INTERACT Department. The department consists of two units - Managing Authority and INTERACT Secretariat. A new head of the MA was appointed in March 2010 and new staff took service respectively in April, August and September. A further turnover occurred in September (new Head of Managing Authority) and October (new Programme Manager). By the end of 2010 out of four MA positions according to the MAWP, three (Head of MA, Programme Manager, Financial Manager) were changed, respectively positions partially vacant.

Since early 2010 the IS was affected on the one hand by the non-eligibility of staff contracts and on the other hand by administrative difficulties that lead to significant delays in the payment of salaries and invoices of service providers, due to liquidity problems and to still unclear responsibilities at the BSGR. This situation created a climate of uncertainty on the future and lack of motivation among involved human resources that led to the fact that two staff members resigned from their position (Quality Assurance & Knowledge Manager, Communications Manager) and that new staff could not be contracted nor selected. In order to face this situation, experienced consultants and outsourced resources were contracted in order to assure the delivery of services.

⁴ The indicative list of activities performed by the MA and reported under Priority 1 was agreed on 17 January 2011.

Meanwhile, the BSGR authorities have been searching for feasible solution for IS contractual issues. Eventually, all IS staff were offered internal contracts and became employees of the Bratislava Self-governing Region⁵.

In 2010, Office of the Public Procurement confirmed the findings of the CA, that the contracts of MA and IS should have been subject of the public procurement, since they are not to be considered as labour contracts according to the national rules. Consequently, the MA and CA started the communication on the amount of irregularity related to the MA and IS contract closed not complying with the public procurement act. By the end of 2010 no final opinion on this issue was available⁶.

The persisting problems with liquidity connected to the unsolved contractual issues of MA and IS led into the adoption of the Action plan of remedial measure for the critical situation in financial and administrative management of the OP INTERACT II, which was signed by the Bratislava Self-governing Region as the Managing Authority, Ministry of finance of the SR as the CA and the AA and the OoG as the body ensuring general coherence and fulfilment of the programme in June 2010. The Action plan, based on the commitment of all involved institutions to continue in the implementation of OP INTERACT II, was signed in June 2010 and consisted mainly of following measures:

- concluding legally correct contracts with the MA and IS staff according to the conclusion of the Office of the Public Procurement
- providing 3rd advance payment to MA and IS
- submitting RfPs of MA and IS to the CA on monthly basis
- analysing the eligibility of past MA and IS expenditures
- defining the eligible MA activities according to priority axes

The progress in fulfilling of the Action plan was reported on regular basis to the involved bodies in 2010.

2.4 Changes in the context of the operational Programme implementation

No such changes are to be reported for 2010.

2.5 Substantial modification under Article 57 of Regulation (EC) No 1083/2006

No such substantial modification as related to Article 57(1) of Regulation (EC) No 1083/2006 has been detected for 2010.

2.6 Complementarity with other instruments

This chapter focuses on following cooperation aspects within ETC, ERDF and even beyond:

- Cooperation with Interregional and Networking programmes
- Macro-Regional strategies and article 37(b) cooperation
- Cooperation with ENPI CBC-programmes
- Cooperation with IPA Programmes

⁵ The IS Staff closed contracts in December 2010 and January 2011.

⁶ The involved bodies found an agreement on the irregularity concerning MA and IS contracts in the amount of 5% in January 2011.

Cooperation with Interregional and Networking Programmes

The year 2010 was an important year in a process of further development of the cooperation with the Interregional and Networking programmes URBACT, ESPON and INTERREG IVC. Following a common agreement from Lille that programmes should meet together regularly every year, INTERACT took an initiative to organise this event in 2010. Before doing it, INTERACT has finalised its internal discussion on how INTERACT's cooperation with Networking programmes and other initiatives should look like, coming to the standpoint that instead of ad-hoc cooperation it should rather have a form of continuous process being organic part of the work. Therefore a Concept paper was finished, addressing a concept of external networking for the INTERACT II programme, to propose a general strategic framework, to set goals and practical steps, including the most appropriate forms and tools to be taken in order to fulfill them. INTERACT also proposed to complement this document by an Action Plan that should be developed for every year, covering concrete activities for every up-coming year. A proposal for 2010 has been developed and both documents have been sent to the Networking programmes before the common meeting.

During the 9th March meeting in Bratislava all participating programmes agreed to this new strategic approach and clarified the most relevant areas of cooperation during 2010. Focusing on thematic priorities, the innovation has been identified as the most relevant theme for 2010. Consequently, INTERACT staff members took part in the seminar on Innovation, Research and Technology Development (25/3/2010 in Brussels) that was considered as capitalisation experiment for participants coming from all selected projects of INTERREG IVC. This practice of visiting events of networking programmes always when the topic/theme was relevant for others have been followed during the whole year and invitations to events have been systematically exchanged.

Another area of regular cooperation were contributions of the Networking programmes to the INTERACT Newsletter. There were such articles published in two issues: the spring Newsletter focused on ETC in global context (ESPON: The European Territory in an emerging new global content) and the autumn one, dedicated to 20 years of ETC (INTERREG IVC: Interregional cooperation: benefits of sharing).

The Website was regularly used in order to enhance information exchange, not only publishing their events / conferences, open vacancies but also promoting surveys and consultations organised by the Networking programmes. One of them, ESPON survey (April) was mapping the actual demand for knowledge and evidence among stakeholders involved in territorial development at different contexts and scales. On the other side, also INTERACT regularly up-dated the programmes about its events /activities.

The cooperation on KEEP system was also further developed; besides bilateral meetings with programmes focused on technical problems, INTERACT involved ESPON into a common workshop presenting the prototype of KEEP during the Regions for Economic Change Conference (21May in Brussels). Technical experts of the programmes have been involved in providing feedback to the prototype and its concrete features.

It was more than natural to take on board representatives of the Networking programmes while preparing the Conference on 20 years of ETC together with the Wallon Region; not only consulting them in order to indicate the best speakers for panel sessions but also involve them actively into panel discussions. INTERACT has managed to involve representatives of all programmes into the panels.

Trying to agree on a common vision for the next year, all programmes met twice during 2010, the second meeting was organised by URBACT on 6 December in Paris. INTERACT team members delivered presentation on main activities of the programme during the year and plans for the next year, discussion focused on prospects of EU Cohesion policy post 2013 and possible common activities to be implemented during 2011, especially in innovation area that still remain to be very actual for involved programmes.

Besides this, contacts have been established with Contact points of the 7th Framework Programme; two members of the team visited their events and presented INTERACT programme and its objectives.

A purpose of the above-mentioned effort was not only to enhance the inter-regional knowledge transfer and to disseminate good practices but also to contribute to the added value of the ETC.

Macro-Regional Strategies and article 37.6(b) cooperation

During 2010 INTERACT II has had a role in development of macro-regional concept and implementation of the first macro-regional strategies of the European Union, in particular the European Union Strategy for the Baltic Sea Region (EUSBSR) and the European Union Strategy for the Danube Region (EUSDR). This role did bring along the need of including other Structural Funds programmes into the networks and

discussions on Strategy implementation, as the strategies require wide range of funding instruments in order to achieve the objectives set for the strategies. A new concept of Alignment of funding did emerge towards the end of 2010, and further elaboration of the concept is being worked on in cooperation with the stakeholders of the strategies.

At the same time a discussion on how regions can use the cooperation opportunity provided by article 37.6(b) of Reg. (EC) No. 1083/2006 has been carried out. These reflections on how to implement cooperation inside the Convergence and Competitiveness Programmes do not only concern the macro-regional strategies, but all regions in the EU; and they also involve opening the INTERACT work to new kinds of stakeholders, not only to the strict ETC world.

Cooperation with ENPI CBC Programmes

Within the reporting period INTERACT II continued in providing support to the CBC component of the European Neighbourhood Partnership Instrument (ENPI). Structures of the INTERACT ENPI project established on a platform of INTERACT II programme have been offering a continuous assistance to 13 ENPI CBC programmes, covering all major aspects of their implementation.

A mutual communication exchange was assured by common use of the internal Communication System. An access to this tool has been granted to all new members of team, including relevant short-term experts. The INTERACT website was another element contributing to increase of communication flows, being enhanced substantially in the reporting period; a completely new ENPI CBC website has been developed within the INTERACT website. Instead of publishing news and events within the ENPI CBC sub-section, visitors can find now a website with its own structure and lay out, being in harmony with the INTERACT hosting page and respecting its corporate image. Similarly to INTERACT, the thematic approach has been introduced by presenting the selected themes of the project, providing information about events organised within each of them, offering relevant presentations and information available to each theme. This completely new lay out was prepared in demo - version. Besides that this forum was offered also for publication needs from ENPI CBC programmes and spreading information about their events, call for proposals or vacancies available. In order to further strengthen this exchange policy with programmes, the ENPI CBC calendar has been developed, which should provide an overview of what is going on within the ENPI CBC community, combining events of INTERACT ENPI project with major events organised by the programmes. The ambition is to develop this into a practical planning tool to be used on day-to-day basis in a future.

Keeping eyes also on quality of organised events, the evaluation sheets designed by INTERACT have been offered at disposal of ENPI CBC, been adjusted according to their needs and used regularly in all events organised by the project.

During the reporting period, INTERACT ENPI had its representative in the INTERACT KEEP working group in order to be part of a continuous exchange of information but also in order to be able to communicate needs and specificities of ENPI programmes. This was particularly important during the discussion and approval process of the themes and keywords. Representation in working group also offers a chance to learn from the past and to avoid similar mistakes. As demanding process of data collection can influence accuracy of data, having a serious impact on searching functions of the system, it was important to keep momentum and to use contracting phase in ENPI CBC programmes for data collection because this period allows the best chances to require the accurate information from projects selected. Following this strategy and trying to raise awareness of the programmes about KEEP, the database and its objectives were presented at the ENPI Annual conference in Kiev (21 - 22 October) together with the aim to develop its part covering ENPI CBC programmes; this part of database will be later on integrated into the KEEP main system. Meanwhile, technical expertise available in INTERACT was offered to ENPI CBC, in order to involve the same technical experts, using the same processes, technical tools / solutions as INTERACT did, however being contracted and budgeted by ENPI CBC financial sources. During November, all programmes have been approached, reminding the objectives of KEEP, providing information about Themes and Keywords, Data structure and requesting them to nominate contact person per each programme. Technically, a new empty database has been created, being ready to insert data. The table structures and relations have been reviewed; they are able to match the requirements for the connection with the KEEP system. The keywords and theme tables have been updated and all activities necessary for connection of the data import tool to the new database have been done. By the end of the year 2010 the database was ready to collect data from the ENPI CBC programmes.

An extensive discussion process focusing on future of European Territorial Cooperation initialised and organised by INTERACT in cooperation with the European Commission had also a certain impact in ENPI CBC community. Similar process in order to try to find answers about future frameworks of CBC programmes was initialised by the end of 2010, together with "Development and Cooperation - EuropeAid" DevCo and other Commission services. A complex survey of questions has been prepared and communicated to programmes. Their ideas covering areas of Programming, Programme management/

implementation, Assistance to programmes and projects, principles to be applied to all ENPI co-operations such as partnership and co-financing, Macro regional approach developed within the European Territorial Co-operation and coherence with ENPI CBC, or questions linked with responsibility of participating countries as well as Implementation principles will be used as a basis for common discussions of programmes with EC representatives during the conference to be organised during 2011. All possible aspects of complementarities of both on-going processes will be exploit and certainly further developed during 2011.

Cooperation with IPA CBC Programmes

The cross border cooperation among Member States and Potential Candidate Countries/IPA Beneficiaries remains one of the focal points of INTERACT activities (according to split of responsibilities laid down in the programme documents). In 2010 INTERACT focused very specific issues of these programmes in the handbook on IPA CBC public procurement and written guidance on IPA CBC Programme management was further developed. Moreover 2 IPA CBC Public procurement seminars (Bologna and Rome) were organized. Because of their increased assimilation to ERDF programmes, IPA CBC programmes with Member States run in shared management were also integrated in several Territorial Cooperation activities, such as e.g. the cross-programme evaluation study and workshops, the Compendium for FLC, the seminars on FLC Procedures (Budapest) and other seminars.

2.7 Monitoring arrangements

The Managing Authority and the INTERACT II Secretariat were ensuring the quality of the implementation of the INTERACT II Programme. The Managing Authority carried out monitoring by reference to financial indicators and the indicator framework. Due to the nature and focus of INTERACT II it was necessary to develop a limited set of aggregate indicators which reflect the general objectives of the programme. The INTERACT Secretariat collected the relevant data with the support of the INTERACT Points. The information formed the basis of regular inputs on the strategic discussion at programme level.

Monitoring and evaluation of INTERACT II was carried out on the basis of an indicator framework set out from the beginning, but open to adaptations in the course of the programme in order to match the information flows with the real requirements in terms of quality control, impact monitoring and strategic management of the programme.

Concerning the relationship between the indicator framework and the objective tree of INTERACT II, the overview showed that the impact indicators correspond to the level of global objectives, the result indicators correspond to the five groups of interventions: Resources, Cooperation, Dissemination and Publicity, Quality Management and Technical Assistance, whereas the output indicators referred to the level of groups of interventions and the activities under these headings.

This implied that monitoring and evaluation activities emphasised upon qualitative aspects, mainly referring to the question "to what extent and in what way the output of the programme was effectively used by the target groups".

2.8. National performance reserve

Not applicable.

3. Implementation by priority

Organisational situation

According to the OP INTERACT II just two Priorities are foreseen, one dealing with the provision of services and the other one with Technical Assistance.

The INTERACT Points and the Secretariat are to be considered as the core implementing bodies of the programme, and therefore the organisational and staff situations are crucial for a successful performance.

The year 2010 was characterized by following developments:

- Increase of staff by one person in every INTERACT Point and INTERACT Secretariat based on MC4 approval of Prague (Nov 2009)
- Change of INTERACT Point Viborg coordinator
- Continuous turn-over and understaffing in the INTERACT Secretariat

All the recruitment procedures were published on the INTERACT II website and other major international websites. The applications came from different countries of the European Union and on the basis of the published profile and selection panels composed of representatives of the Managing Authority, INTERACT Secretariat and INTERACT Points (as well as INTERACT Monitoring Committee members where relevant), candidates were separately pre-assessed, short listed and agreed on the basis of clear and transparent selection criteria.

INTERACT Point Turku

In INTERACT Point Turku the staff has been stable and turnover is very low. INTERACT Point Turku recruited the 5th member of staff from 22nd March 2010 when the new Project Manager started to provide support services to the implementation of the EU Strategy for the Baltic Sea Region.

The only staff change happened when the Project Officer (50% ERDF, 50% ENPI) handed in a resignation in October and the vacancy was opened for applications on Finnish national and European wide websites until 11th November 2010. The selection was made before the end of 2010. The new Project Officer will take up the post in February 2011.

INTERACT Point Valencia

In the case of INTERACT Point Valencia, specific capitalisation activities are being implemented in the lab group for a Mediterranean Platform. The MC approved the recruitment of a new officer to deal with these topics. After the recruitment procedure, the new officer joined the team in August 2010.

INTERACT Point Viborg

In the end of August 2010, one Event Development Officer in the area of Finance left her position. At the same time the Coordinator of the INTERACT Point resigned as of the end of September. The recruitment was successfully carried out for these two positions, with a new Coordinator starting in the beginning of December 2010 and the new Event Development Officer in the area of Finance starting in beginning of January 2011.

INTERACT Point Vienna

The INTERACT MC approved the activities of the JAWP 2010 concerning the EU Strategy for the Danube Region, in which an additional project manager is foreseen to support the team, in order to face the additional workload connected to this new activity field. Besides that, in the first quarter of 2010 a project manager took a maternity leave and the administrative officer left the team. Therefore, in the first 2 quarters of 2010 the recruitment process was successfully carried out for these three positions. The three new staff members were trained in-house and through specific trainings during these months.

INTERACT Secretariat

Two staff members resigned from their position (the Quality Assurance & Knowledge Manager in early February 2010 and the Communications Manager in mid-July 2010). New staff could not be contracted nor selected due to the unsolved contractual issue (see Chapter 2.3). The new position Programme and Finance Manager (approved in November 2009 by MC4) could not be filled - although the selection was duly finalised -due to the same reasons.

In order to face this situation, experienced consultants and outsourced resources were contracted in order to assure the delivery of services (mainly Programme and Finance Manager, KEEP technical and content support persons).

As a further consequence, the INTERACT Points for some activities were more strongly involved than originally planned (such as for the INTERACT communication activities).

Coordination

In the year 2010 the coordination of the programme activities was carried out in compliance with the management system that, as described in the OP, includes the INTERACT Secretariat, the Managing Authority and the INTERACT Points.

According to the Operational Programme of the INTERACT II Programme, the INTERACT Secretariat and the Managing Authority undertook activities within Priority 1 in the following areas:

- Support in work plan implementation of the INTERACT Points and development of new and upgraded tools
- Dissemination and Publicity
- Quality- and Knowledge Management
- Coordination

Coordination activities comprised the development of the Joint Annual Work Plan for 2011 as well as the Coordination of work plan implementation.

The Annual Work Plan of the INTERACT Points and INTERACT Secretariat was devised based on a stakeholder needs analysis conducted in the summer of 2009 (regional and national contact persons, Member States and the Commission). The resultant draft activity and budget plan was then reviewed by the MA and INTERACT Secretariat for consistency, by the INTERACT II Coordinators Group for harmonization, and then these were aggregated to form the Joint Annual Work Plan (JAWP) for the year 2011 (including themes to be covered, types and numbers of products and services to be delivered - and corresponding budget - for the whole of Europe as well as for specific zones).

As for the Coordination of work plan implementation, and as laid down in the MAWP, INTERACT II has developed four management groups that also meet in 2010 aiming at best coordination of activities between the INTERACT Points, INTERACT Secretariat and MA:

- Coordinators Group
- Communication Group
- Content Group
- Finance Group

The coordinators and communications group met regularly in 2010. Content and finance groups initially met more on a case-by-case basis. In order to improve coordination and exchange among the working groups it was jointly decided to have two regular meetings of all working groups per year within the frame of INTERACT Team meetings. The first comprehensive team meeting was held in September 2010. The co-presence of the Coordinators and other Groups facilitated the sharing of information among groups and helped clarifying the programme internal decision-making process.

The main activities in this period were therefore related to the organisation of four Coordinators Group meetings, three Communications Group meetings, two Content Group meetings and one Finance Group meeting.

In addition to those working groups a separate KEEP group was established in mid-2010 and met twice.

According to the OP, quality measures are to be taken in order to guarantee the highest possible level of quality amongst the involved INTERACT Management system bodies. In particular, activities should to maintain a high level of individual and team competence of the INTERACT staff through appropriate training offers. The Coordinators Group is, according to the MAWP, amongst other responsible for the design and ongoing monitoring of measures for raising the competence of team members and fostering team spirit. The task of organising internal teambuilding and training activities is entrusted to the INTERACT Secretariat.

Taking into consideration that no such events were implemented in 2009, and based on the high turnover and appointment of new staff occurred in the MA, INTERACT Secretariat and INTERACT Points, it was decided to organise a teambuilding in 2010, focusing the event on work-related cooperation experiences and work-related activity implementation.

The Training was organized in a two-fold way:

- Training exercises and follow-up on learning effects for the daily cooperation needs
- Working group sessions on activity implementation

This event was supported by an external facilitator and being the first INTERACT Team meeting occurred since 2008, it contributed in strengthening cohesion, cooperation and renewed team spirit among Staff members. Some relevant issues were discussed within this framework and some decisions were taken. Therefore, this event should be considered as a first step in the direction of a more comprehensive and long-term staff competence raising process to be further implemented in the upcoming years.

3.1 Priority 1: Service Development and Delivery

3.1.1 Achievement of targets and analysis of the progress

In 2010 the INTERACT Points followed up on the requests by the target groups about current development in the European Territorial Cooperation context: They increased their focus on very specific management issues (financial management difficulties, evaluation, communication) and at the same time on the strategic concerns of cooperation programmes (macro-regional strategies, future of ETC, synergies among programmes, capitalisation work). For these core activities, it has to be noted that more and more efforts have been made by the INTERACT Points to coordinate and offer a joint service portfolio to the target groups.

To report on the activities of INTERACT II, the following thematic structure will be followed:

- 3.1.1.1 Financial Management
- 3.1.1.2 Programme Management
- 3.1.1.3 Strategy and Development
- 3.1.1.4 Quality- and Knowledge Management

3.1.1.1 Financial Management

General Financial management (Programme and Projects)

Basic financial training at both programme and project level has been continuously requested by the ETC stakeholders. The objective of this kind of training is to give an overview on the whole programme and project management cycle on the financial and control side. In 2010, seminars but also advisory services or networking events have been organised in different EU countries. Mostly new staff, and also advanced staff not familiar with finance have been the target groups for this kind of seminars and advisory services. A variety of issues are covered, as these seminars are large, but INTERACT reserves some attention to those current topics that are being more controversial at a certain moment, be it automatic decommitment, control or any other. Exchange of best practice and updated information on the various topics are also provided, as every event is adapted to the specific needs and practical case studies are always prepared and discussed.

Audit and Control (including "Harmonization efforts")

As indicated in previous implementation report, 2009 was a year of great insecurity for ETC programmes in terms of system requirements and their implications in practice. 2010 was a year of stabilisation in terms of Audit and Control and gathering experience on the solutions implemented. The systems have largely been set up and could be tested by programme bodies in daily practice. There were still some programmes, which had their Article 71 descriptions approved only in 2010. It seems that the programmes managed to 'find their way' and INTERACT has played an active role in this process through seminars and advisories for staff of Managing Authorities, Secretariats and Certifying Authorities. The systems set up are by no means 'bullet-proof' and some improvements may be needed but, by and large, they are workable.

2010 was also a busy year for many Audit Authorities and Groups of Auditors, where primary focus was on systems audit and some audit on operations. The first ever Audit Authorities network meeting has

been postponed to the beginning of 2011 on the request of the target group. During this time, INTERACT has been in contact with the Audit Authorities and managed to gather very useful information as an input for the network meeting, which took place in January 2011 (to be reported on for 2011).

2010 has also revealed that there is a great diversity of the systems in place around Europe. There is recognition that it creates extra administrative burden for stakeholders, which need to work across programmes, i.e. not least the beneficiaries and First Level Controllers but Audit Authorities and National Authorities responsible for different programmes. INTERACT actively capitalised on this recognition and involved the stakeholders in harmonisation efforts, which will form an important input for the next generation of the programmes. It is acknowledged that harmonisation in this programming period would create more administrative 'confusion' and costs and instead simplification efforts should be intensified in this period (see below).

a. Eligibility

Eligibility issues are one of the core topics within the INTERACT services with the big variety of questions and requests causing the need for further elaboration and interpretations. INTERACT is often requested to provide the ETC society with interpretations on the eligibility questions though it is not possible to provide the explicit interpretations and answers due to the national eligibility rules and interpretations. The main requests from programme's and projects' point of view are how to interpret the eligibility rules (EU, national) and if in doubt on the eligibility of a specific expenditure, how to proceed and who to turn to for the interpretation of the national and community rules.

During 2010 the issues brought into the agenda of INTERACT events were e.g. focused on the questions concerning the interpretation of Article 55 on revenue-generating projects, Article 57 on Durability of operations and on the Attribution of the 10 and 20 % rules.

As before, the requests from the ETC programmes concerning the eligibility of expenditures have been taken into account in INTERACT II service delivery during 2010. INTERACT Points have through both the zone-wide and European-wide services responded to the needs of the programmes and have been providing input on the rules and regulations concerning the eligibility questions; e.g. eligibility issues have been widely discussed during the network meetings of the different target groups (HoJTs, MAs, FLCs) organised zone-wide by the INTERACT Points.

b. First Level Control

Each Member State has the responsibility to ensure that all expenditures are verified, before being claimed to the EC, i.e. that its control system is well functioning. This verification called First Level Control (FLC) is considered as the most significant control level in the control of ETC programmes. The controls implemented by the Certifying Authority and the Audit Authority are heavily relying on the verifications at the national FLC level.

According to the Article 13 of Commission Regulation (EC) 1828/2006, through the Regulation (EC) No 846/2009, the setting up and functioning of the First Level Control is the responsibility of each Member State. In a cooperation context, different national approaches, responsibilities and rules under a single programme still create many drawbacks. Therefore, in 2010 the request for advice was very high from all ETC programmes as well as Regional and National authorities concerned, concentrating heavily on the practical and methodological aspects of the FLC work and the interpretation of the eligibility rules. Due to the different FLC structures (centralised and de-centralised) especially in the de-centralised systems there are new controllers constantly starting their work and therefore requesting INTERACT for the support. INTERACT provided to networks of FLCs the opportunity to discuss the requirements for FLC, making the control process accessible and understandable.

The INTERACT Points devoted a lot of efforts in providing this support and guidance, in particular with:

- Seminars and workshops (such as FLC in Territorial Cooperation programmes).
- Advisory services tailor-made to respond to specific requests and needs.
- The further development of written guidance (such as online and ad-hoc written information or preparation of a Handbook of FLC procedures) developed together with ETC controllers and programme finance managers.
- Networks (such as setting-up of FLC Networks, organising their regular meetings and timely updating them on the latest relevant news).

c. Simplification

2010 was the fourth (and in some cases third) year of ETC programmes implementation and by this time it has become obvious that there is an urgent need to simplify programme financial management and control procedures to increase effectiveness of project and programme implementation and re-focus resources from administration and control to achieving higher quality cooperation results. In this respect, the simplification options offered by Reg. 397/2009 amending Article 7 Reg. 1080/2006 have attracted much interest as they offer a chance to simplify administration, reporting and control of overhead costs. In consequence, simplified cost options remained on top of agendas of most finance meetings organised and facilitated by INTERACT in 2010.

INTERACT followed this very high interest in the simplification options and in 2010 built on formal and informal meetings and discussions with ETC finance staff (e. g. finance network meetings), collected ideas floating around Europe on how to best approach simplification, built on the methodology offered by the COCOF guidance 09/0025/04 on 'Indirect costs on a flat rate basis, flat rate costs calculated by application of standards scales of unit costs and Lump sums' and the work done by the simplification lab group in 2009. Based on its knowledge and information obtained throughout most of 2010, INTERACT developed a new and simpler proposal for how to best implement the simplified cost options offered by Reg. 397/2009. The core of this proposal is that office and administration are calculated by the application of a fixed flat rate to staff costs. The flat rate remains the same at programme level and applies to all project partners and there is no need to justify the methodology every time the programme makes the payment claim to the Commission. Another core element of this proposal is developing a shared understanding of staff costs and its cost components as well as office and administration costs and its cost components.

During ETC finance network meetings in 2010, this proposal was further discussed with ETC programmes who strongly supported it. One of the CBC programmes was at that time already quite advanced in launching a very similar methodology for flat rates for overheads and shared their experience on the process leading to implementation as well as confirmed that the INTERACT idea was potentially very good, operational and functional.

During and after the ETC finance meetings, INTERACT coordinated the consultation process of collecting further inputs and ideas from ETC community on how to best implement the simplified cost options in post 2013 ETC programmes.

INTERACT is aware of at least 4 ETC programmes who by now (by the time this report is being drafted: mid-March 2011) either have successfully launched the flat rates cost option) or their process of developing the methodology and having it approved by programme stakeholders is well advanced and will be ready to launch at the next project application round (spring 2011).

d. Irregularities and Recoveries

Addressing irregularities and recoveries was still regarded in 2010 by ETC as challenging. Following high interest in this subject, INTERACT organised in 2010 a network-meeting of CA from all over EU where irregularities and recoveries were broadly discussed and expert input from the Commission audit services as well as experienced CA on best practises was shared. Avoiding and addressing irregularities and recoveries were also pointed out as urgent themes in the pilot Cross-programme evaluation carried out by INTERACT in 2010. As a follow up of this exercise, a group of finance staff from across ETC programmes was mobilised to work together in 2011 on developing e.g. common understanding and definition of irregularities, the most common errors and irregularities, reporting procedure to OLAF, programme recovery procedures and responsibilities in case of amounts unrecoverable, etc. As final outcomes, a list of good practices and suggestions for programme management and control will be developed. The objectives for this Cross-programme analysis exercise, which is coordinated by INTERACT and will kick off early in 2011 and will continue throughout 2011, are to develop a list of good practices and suggestions for programme management and control on how to avoid and address irregularities.

State-Aid and Public Procurement

2009 implementation report called for an increased support of the Member States and the European Commission in this area in terms of guidance and clarification.

Regarding Public Procurement, it is still recognised that the real spirit of cooperation is not the most workable solution in the current set up. The key reference rules are still national and attempts with

joint procurement creates more administrative burden than added value. During the consultation of the 5th Cohesion Report, ETC programmes called for joint procurement rules to be set up on European level. With an EU wide event in November 2010, European Territorial Cooperation practitioners could discuss key public procurement bottlenecks occurring in the cooperation context together with a group of experts. As an outcome a Q&A-document will be published beginning of 2011.

Regarding State-Aid, the lack of security leads a lot of the programmes to opt for excluding companies from participation in projects as full beneficiaries. This is done either explicitly or by making overtly complex and risky rules, thus making the companies opt out of the projects themselves. This is certainly at the expense of the quality of the projects in some areas. In 2010 INTERACT managed to establish some workable understanding regarding the rules and potential solutions, which were communicated through 3 EU-wide seminars and advisories. Still, some controversies remain and the proposed solutions do not provide 100% security for programme bodies and beneficiaries. During the consultation of the 5th Cohesion Report, ETC programmes called for exempting ETC programmes from State-Aid rules.

N+2

Besides the coverage in the general financial seminars, the rule of automatic de-commitment was the object of 2 specific events. The modification of Regulation (EC) No. 1083/2006 was approved in June 2010 and in the specific context of ETC, one of the most important amendments was related to this specific issue. The modification of the de-commitment rule had a first immediate effect in the end of 2010. During 2010 -and this seems an on-going issue, ETC programmes have faced not only the usual under-spending problem, but also those related to the current financial crisis: cuts in public budgets for certain kinds of costs, liquidity concerns and so on. This was the background of the modification of the regulation but programmes claim that this may not be enough.

As far as the INTERACT activities are concerned, desk research was carried out, specific case studies were prepared for the seminars and information was distributed, so that programmes could have a clearer idea on how to calculate the new de-commitment targets.

10%-20% rule and SME involvement

INTERACT has commissioned a survey on "Attribution of the 10% and 20% rules in ETC programmes operative in North-East Europe". Thanks to joint effort of participating programmes, experts and INTERACT a final report was prepared and published. The survey is available on the INTERACT website in PDF format.

No such overview had existed before and therefore the study not only serves the immediate needs of the Member States, but also provides valuable new information for European Territorial Cooperation actors and stakeholders throughout Europe, including the European Commission. It raises awareness of the variety of actions in operation and inspires governments and other institutions to review existing systems.

Due to the scale of ETC programmes, the wide variety and the inherent complexity of each programme, this survey provides a first structured overview of the situation in the North East European area.

Besides, the issue was also discussed in the seminar "ETC at the borders of the EU", where various experiences were presented, not only from the North East European perspective, but also from the Southern and Ultra-Peripheral points of view.

In 2010 INTERACT has also finalised the second survey on "SME involvement in ETC programmes operative in North-East Europe, during the period of 2007-2013". The SME involvement is an essential element in several Cohesion policy instruments. In European Territorial Cooperation programmes, however, the possibility for SME participation is not that straight-forward and there are various approaches to this aspect.

The overall objective of this survey was to identify, describe and analyse the level of SME involvement in European Territorial Cooperation programmes operating in North East Europe and the aspects of SME involvement to the competitiveness and innovativeness in the participating regions. The study demonstrated the bottom-up qualities of the actions implemented. The outputs of the survey were taking into consideration the reflection to the Lisbon Agenda as well as the Implementation of EU Regional Competitiveness and Employment Programme. Together with the first survey the outcomes were presented to the programmes and distributed to all stakeholders. It is also available in the INTERACT website.

3.1.1.2 Programme Management

Project Management; Application and Assessment; Capitalisation and synergies

In 2010, programmes were quite advanced as long as „normal“ (vs. „strategic“) calls for proposals are concerned. Therefore, only one seminar on project assessment, one on project management and one advisory service were organised during the year. The objectives were to help those programmes still in need but mostly to provide for an exchange platform on good practice.

INTERACT has also invested human resources in research for capitalisation and synergies among programmes. In 2010, thematic research was performed on a number of key topics such as innovation or energy. Specific attention was paid to natural risks in the Mediterranean, for which a network of specialists has been created, meetings have been organised and additional research is being carried out. This capitalisation work will continue in 2011 and the topics will be enlarged to the strategic needs of the area.

In addition, the links to the objectives 1 and 2 and other programmes has been more and more demanded by certain stakeholders of the INTERACT programme. Not only in the specific context of the macro-regional strategies, but in general, a closer link among the three objectives and the mutual learning is being promoted. The special cooperation possibilities outside the ETC (article 37.6 (b) of Regulation (EC) No. 1083/2006) are a clear example of this work. INTERACT has broadened its scope of contacts and is working on the interesting cooperation experiences financed under the Convergence and Competitiveness programmes.

Strategic Projects

Support to the generation of focus and high quality projects has been the objective of the several events organised on project support with the main emphasis on strategic projects and strategic approach to cooperation. Strategic projects are still being followed up by the INTERACT Points with the aim to help and witness the outcomes of such projects. And in this respect strategic projects were tackled during 2010 both with events and desk research. The interest in this kind of projects in some areas of the EU has and will continue to have an answer by INTERACT II.

Specific activities have been organised to make programmes aware of the importance of this issue among the different ETC programmes. Seminars regarding 'Strategic approach to Projects in European Territorial Cooperation' and 'Project Management' offered a varied choice of themes concerning the approach to strategic projects in ETC: examples from various programmes were presented accompanied by the experience of external experts and INTERACT staff. Those seminars were addressed to Members of the Monitoring Committees and National Representatives as well as Programme Managers from the programme management bodies involved in the elaboration of the strategic approach for projects. Participants learned more about the challenges and issues that projects face at different stages of the project lifecycle. They also identified relevant content and materials that can be transferred into their programmes and project experience.

In addition to the services for ETC programmes, INTERACT has also contributed via INTERACT ENPI project in supporting ENPI CBC by providing advice for implementation of Large Scale Projects on the EU external borders.

Programme Monitoring and Evaluation

In the middle of the 2007-13 programme implementation most of the programmes have finalised several calls for proposals and project selections. Many ETC projects are in the middle of their implementation as well. Programmes have started to monitor projects performance through their monitoring systems and therefore need to exchange on experiences, for which a network was created in 2010 and will be continued in 2011. At the same time, programmes have started their on-going evaluation exercises, benefiting from the INTERACT handbook and several seminars delivered on this theme. In this context, the cross-programme pilot exercises, focusing on project generation and selection also proved to be a useful learning and exchanging exercise for the participating programmes, in particular for the workshops organized with them. Both the outcomes of the ex post evaluation of INTERREG III and the INTERACT target groups confirmed that measuring programmes achievements remains a crucial issue to be followed on by INTERACT, also in view of the preparation of the next programming period.

In this context, the typology approach developed by INTERACT was successfully piloted during 2010 as a system that attempts to measure the achievements of not only individual projects or even programmes, but of the whole European Territorial Cooperation objective. Based on the proposal developed,

interested programmes met in January 2010 to discuss and finalise the system, which was tested in several programmes throughout the year. 95 achievements from 7 programmes were collected. Typology pilot group met again in November 2010 to discuss first outcomes and suggestions for improving the system. Based on the meeting outcomes, the system was revised to some extent and it is now used by 21 programmes. The group also suggested on displaying achievements in KEEP and to develop an online system for achievement reporting (both to be piloted in 2011).

European Grouping of Territorial Cooperation (EGTC)

The ETC stakeholders have been kept informed about the latest developments on the EGTC instrument, in particular through advisories and the web section on EGTC, which was constantly updated.

Moreover a public consultation was launched and published by the Trio EU Presidency, the Committee of the Region (CoR) and INTERACT jointly, towards a revision of this instrument. As a follow-up, the survey outcomes were summarized and published. For 2011, the reflection on the EGTC will be continued, in particular in connection with the new programming period and the need for linking up institutions and funding, for the macro-regional strategies and for the Regulation (EC) No. 1083/2006 article 37b cooperations. A strong link and close cooperation with the European Commission has been always ensured on this topic.

3.1.1.3 Strategy and Development

General objective of INTERACT II is to support Territorial Cooperation programmes where it relates to the programme management, i.e. to technical and operational issues the programmes daily face. More and more during 2010 it has become clear that the Territorial Cooperation programmes should be seen in a wider context of strategic processes within the EU and its neighbouring countries. In this reporting period INTERACT II was requested to keep on focusing on the improved strategic approach of Territorial Cooperation programmes and projects taking also approach in the practical support to the implementation of the first EU macro-regional strategies.

Macro-Regional Strategies

The mission of INTERACT II is to support European Territorial Cooperation in providing services to aim at efficiency and effectiveness of Territorial Cooperation and contributing to the quality of and know-how in cross-border, trans-national and interregional cooperation. Since early 2009 INTERACT programme is taking active role in the development and implementation of first EU macro-regional strategies - EUSBSR and since beginning of 2010 EUSDR. The expertise and experience gained opened the opportunities for INTERACT II to open new cooperation possibilities and partnerships for macro-regional benefit. Cooperation not just between Territorial Cooperation programmes but also other stakeholders in the implementation of strategies was strengthened. New stakeholder networks were established and supported to respond on the macro-regional needs. Changes in Territorial Cooperation programme management and implementation in a context of macro-regional strategies are now presented as a good platform for future developments.

a. EUSBSR

During 2010 active implementation of the EUSBSR was started. INTERACT became one of important stakeholders of the EUSBSR. Implementation of the EUSBSR became one of main priority and extensive part in the services delivered by INTERACT.

Strengthening of cooperation, collaboration, exchange of expertise and elaboration of operational solutions for the success of the EUSBSR implementation were main objectives for 2010. After the adoption of the EUSBSR in the European Council late 2009 the work of INTERACT has been intensified and a lot of events, meetings and advisories have taken place.

By the mandate given to the INTERACT II programme, the EUSBSR Laboratory Group was established in January 2009 and was led by INTERACT. Overall aim of the EUSBSR Laboratory Group is to support implementation of the EUSBSR by inviting representatives of different stakeholder groups such as representatives of national and regional development programmes operated under Convergence, Regional Competitiveness and Employment and European Territorial Cooperation objectives, EU Directorate for Regional Policy (DG REGIO), Swedish Agency for Economic and Regional Growth (Tillväxtverket), International Financial Institutions (the European Investment Bank (EIB) and the Nordic Investment Bank (NIB)) to share opinions and to find solutions in the EUSBSR practical implementation. Main tasks for the EUSBSR Laboratory Group are to support overall coordination aim of the EUSBSR; to

define the implications on operational programmes already adopted; to seek operative solutions to identified points; to identify consequences on programme management and to support cooperation and networking. The EUSBSR Laboratory Group is an informal expert group responding on the actual needs defined and to share experiences gathered. By involving representatives of different stakeholder groups in the Laboratory Group the overall picture on implementation of the EUSBSR is ensured.

As some of achievements of the EUSBSR Laboratory Group work could be mentioned: factsheets about the state of play of the national and regional development programmes, Priority Areas and European Territorial Cooperation programmes were collected to give an insight of links build from the programmes to the EUSBSR; opinion on several draft documents elaborated by the European Commission was ensured; cooperation with Flagship Projects and partnerships started to support their implementation; information on different funding sources is collected and is disseminated to several stakeholders during the meetings, , etc. It should be highlighted that the EUSBSR Laboratory Group members are taking active role in organisation of the related events, e.g. first Working Meeting on Implementation of the EUSBSR (held in Riga, Latvia on 11 March 2010); first Annual Forum on the EUSBSR (held in Tallinn, Estonia on 14-15 October 2010); national meetings in the Baltic Sea Region Member States (several meetings held during 2010), etc.

During the reporting period several information events; awareness raising activities; advisory services; seminars and trainings; networking activities were ensured. INTERACT took an active part in ensuring dissemination of information about the EUSBSR, exchange of good practices and experiences. Building up the stakeholder networks for implementation of the EUSBSR as well as development of cooperation and collaboration idea was another task for INTERACT in 2010.

One of activities in 2010 to ensure networking and support the EUSBSR implementation in its initial stage was the First Working Meeting on Implementation of the EUSBSR held in Riga, Latvia on 11 March 2010. The working meeting was organised by INTERACT in close cooperation with DG REGIO and by strong support of the EUSBSR Laboratory Group members. The meeting was addressed to key areas of operational management; the financing structures for major projects; labelling of and reporting on contributing projects in national and regional development programmes; labelling of and reporting on contributing projects in the Territorial Cooperation Programmes in respect of the EUSBSR and the role of EUSBSR in a project selection process. As an outcome of the meeting set of key reference documents was prepared by the European Commission for the disposal and guidance to the implementing bodies of the operational bodies. The working meeting was an opportunity in early stage of the EUSBSR implementation to identify the key stakeholders and to strengthen cooperation among them. The meeting showed clearly that the strengthening of cooperation and collaboration between the stakeholders should become the main task for the following period. The agreement was reached to support organisation of several events on the national level, on the Priority Area level (including Flagship Projects) and to organise the events for all different stakeholders to ensure future support on EUSBSR implementation.

During 2010 in context of the EUSBSR implementation it became clear that cooperation between the stakeholders of the EUSBSR, Priority Areas of the EUSBSR and between the Member States should be strengthened. Awareness raising activities and communication on the EUSBSR should be supported. More clearly the need for practical solutions in the EUSBSR implementation and aligning of different policies, stakeholders and activities as well as funding sources was identified. Joint work on the multi-level governance in macro-regional strategies implementation and mapping of the relevant stakeholders should be mentioned as the challenges for 2011.

b. Danube Strategy

On 19 June 2009 the European Council invited the European Commission to develop a strategy for the Danube Region. From July 2009 to December 2010, a consultation and preparation phase was conducted by the European Commission. On 8 December 2010 the European Commission adopted the Action Plan and Communication for the EUSDR. Against this background, INTERACT supported this process, in particular for the benefit of Territorial Cooperation and in close cooperation with DG Regional Policy. INTERACT developed a complete communication strategy and concept in view of supporting the development of the strategy, aiming at informing Territorial Cooperation stakeholders about the strategy and its development; informing main stakeholders of the strategy, in particular decision-makers, of the role and importance of Territorial Cooperation for the success of the strategy.

- Several activities and products were implemented, such as a graphic design; a newsletter; video materials, 1 stand and 1 popup; give-aways. A very important awareness-raising activity was carried out through the participation in several meetings, where materials were distributed and videos were displayed.
- On 16-17 March in Bratislava a Conference for all Territorial Cooperation programmes was organised, Representatives of Convergence and Competitiveness programmes, IPA and ENPI

stakeholders, EC. The outcomes of the conference summarised in a discussion paper, contributed to the general consultation effort around the up-coming macro-regional strategy.

ETC beyond 2013

This year was critical for preparations of the EU Structural Fund programming period 2014-2020. The European Commission outlined some main elements of its future strategy and initiated a wide consultation process. Most discussions on the future needed to take place during the first half of 2010 as by autumn numerous EU strategic and policy documents were developed feeding into the wider strategy implementation framework.

In light of the above, INTERACT offered a platform for territorial cooperation practitioners to contribute to the process by organizing workshops on the future of the European Territorial Cooperation. During those workshops also overall strategic framework of European Territorial Cooperation was addressed and discussed.

The main strategic processes for the future of the EU have been evolving around

- the Europe 2020 strategy (<http://ec.europa.eu/eu2020/>) and
- the 5th Cohesion Report (http://ec.europa.eu/regional_policy/sources/docoffic/official/reports/cohesion5/index_en.htm).

The main consultation activities on the new policy framework are still taking place and are supposed to feed into the new legislative package to be submitted to the European Council in 2011.

It is important to recognise the unique contribution and potential of the ETC in the overall context of EU cohesion policy and devote sufficient attention to the discussion on its future. Therefore INTERACT has been offering a platform for territorial cooperation practitioners to contribute to the future shaping process.

In autumn 2009 INTERACT developed a proposal for involving Territorial Cooperation programmes in the future discussion to ensure that the new framework respects and effectively addresses the unique situation of the ETC programmes. During spring, in March and April 2010, two expert working group meetings were held with the aim of setting the background for a wider discussion. These workshops addressed the future strategic and thematic framework for European Territorial Cooperation, as well as programme management and control issues.

The main points raised during the workshops were summarised in a Discussion Paper which was distributed to ETC programmes and made available on the INTERACT website. To validate the provisional conclusions and proposals, as well as to obtain wider feedback and further inputs from practitioners, a consultation event was organised in Brussels on 1-2 June 2010. Programmes and ETC stakeholders were also invited to contribute to the consultation paper with written positions.

The approach taken in the consultation process followed the guidance for debate raised by the European Commission:

- improving the way regional and local resources from all territories are used, so that they contribute to the competitiveness of the whole of Europe
- focusing the policy more on results
- continue simplifying the process used to implement the policy while at the same time ensuring it remains effective
- focusing the policy towards the future and helping regions deal with future challenges

As far as possible the discussion was focused on solutions as the main challenges have been quite clear and generally accepted and most needed are concrete proposals for how to address them.

The outcome of the consultation process was summarised in a Position Paper which was forwarded to the European Commission and used as an input for the "20 years of cooperation" conference organised in Tournai at the end of September and for the consultation on the conclusions from the 5th Cohesion Report launched by the European Commission in November. The Position Paper also provided guidance in determining the activities of INTERACT for the remainder of 2010 as well as for 2011.

The established consultation platform has now created a permanent framework for ETC programme practitioners to share and address critical programme implementation issues. During 2011 INTERACT will continue to work together with the programmes on strategic and operational issues pertinent to the European Territorial Cooperation programmes. Series of activities will, in particular, link to preparation for the future of the ETC objective.

20-years of Cooperation

The INTERACT Secretariat organised a European-wide conference and a public exhibition on the 20th Anniversary of Territorial Cooperation that took place on 30 September and 1 October in Tournai (Belgium). Besides, the video “20 Years of Territorial Cooperation” was shown for the first time in this event. The conference focused on the reached results and on the future of European Territorial Cooperation.

The event was aimed at celebrating all the achievements of Territorial Cooperation along the years, highlighting the obtained results, but more than this it was focused on defining and sharing the future sought to build towards an agreement on how programmes, the Commission and INTERACT II could work together to ensure the best possible evidence of what the projects are achieving (more information is provided under Chapter 5).

3.1.1.4. Quality- and Knowledge Management

a. Quality Management

Update of the INTERACT II Quality Management

Quality assurance for INTERACT II has been identified as a system of evaluation and monitoring to ensure that INTERACTII products and services as well as processes enable the programme to achieve its objectives.

This system is currently based on two main pillars: a systematic analysis of needs for and the assessment of the impact of INTERACT II services and products. These tools so far introduced for the programme remain unchanged in 2010.

Due to the fact that the Quality Assurance manager position within the INTERACT Secretariat has not been filled from February to December 2010, the INTERACT Secretariat relied for this reporting period mainly on the evaluations and analyses carried out by the INTERACT Points.

Needs assessment

INTERACT II considers the systematic analysis of needs a basic requirement of its quality management. An annual online survey to evaluate the changing needs of the multiple target groups and external stakeholders involved in INTERACT II has proved to be an essential tool of monitoring the pertinence of INTERACT II services. In addition ongoing oral feedback to the INTERACT Points have taken on board to identify the needs of the programme’s target groups.

Quality management activities for the reporting period include the 2010 needs assessment exercise. Replies to the annual online survey had been received by 17 September 2010. The received data has been thoroughly analysed and discussed by INTERACT Points and the INTERACT Secretariat. The results, which contributed again to identify and prioritise needs of INTERACT II target groups, have been included in the work plan 2011.

Impact assessment

INTERACT II assesses continuously the impact of its services, products and processes. In order to assure the quality of its activities, the programme evaluates workshops, seminars and events immediately after they have taken place. For this purpose and among other tools, the programme developed and agreed on both a standard evaluation form to be filled by the participants of the INTERACTII events and an Excel supported standard format, which all INTERACT Points are requested to use for analysing the filled evaluation forms and presenting the results.

In addition to the evaluation forms, an online registration tool allows the INTERACT Secretariat to assess the impact of INTERACT II activities. This tool constitutes an important tool to evaluate and monitor the number of participants of INTERACT II and to quantify the geographical scope of the entire programme’s activities.

The INTERACT Secretariat has collected the results of the evaluations forms from the INTERACT Points and has analysed them together with the participant lists. The results, which are presented here below, give an overall picture of the scope of the INTERACT II activities and the degree of satisfaction of its participants.

b. Knowledge Management

The major knowledge management activity in 2010 relates to the KEEP initiative. In November 2009 KEEP was presented to the MC-members during its 4th meeting in Prague in its basic development status together with an outlook on 2010 and 2011 activity plans and budgets. The MC consequently approved a KEEP Action Proposal for the biennium.

During the first half of 2010 KEEP faced a considerable slow-down of development due to the following major reasons:

- Administrative: BSGR change of political leadership and change of MA did not allow for proper tendering of services - only small-scale tenders could be launched what consequently led to a rather high number of subcontracted services that, in turn, prevented a rapid and effective implementation of activities
- Financial: due to the unsolved financial situation related to the non-eligibility of the staff costs, the MA and INTERACT Secretariat did not get reimbursed for major part of their expenditure 2009 and 2010, and no pre-financing could be provided by the BSGR. Consequently, all INTERACT Secretariat activities (not only KEEP) were extremely limited for the whole year.
- Staffing: the INTERACT Secretariat Quality and Knowledge Manager who was in charge of the KEEP initiative resigned in early February 2010. This position remained vacant during the entire year 2010.

Even under these difficult framework conditions that represented a real threat to KEEP, the INTERACT Secretariat tried to maintain the proposed milestones as much as possible. A KEEP prototype was developed allowing for very basic functionalities of the three elements database, mapping and website. The technical planning of this activity was supported by an external consultant and implemented by an ad-hoc outsourced service provider.

In May 2010, this (still not really operational) KEEP prototype was presented during the annual Conference of "Regions of Economic Change" within the frame of a workshop on knowledge management of European cooperation programme jointly organised with ESPON. In particular, the workshop included practical examples in relation to the use and integration of data, maps and statistical analysis in relation to thematic fields which can be valuable working tools to ETC programmes. This comprises the possibility of generating maps on selected themes combining thematic project priorities with economic, social and environmental indicators related to the same themes.

After having presented KEEP also to the MC members during the MC5 meeting in Umea (May 2010), high expectations had been raised again to all kind of stakeholders. Since these expectations could not be met due to the ongoing lack of resources within the BSGR and consequently within the INTERACT Secretariat, the IS felt an urgent need to overcome the critical situation. A programme internal KEEP Group was established in order to ensure a better coordination with the INTERACT Points. Following its approval by the MC5, it was in very last minute that additional financial resources were made available to the MA and INTERACT Secretariat (via a 3rd Advance Payment from the CA in May 2010) - this money saved not only the Management bodies MA and INTERACT Secretariat, but also KEEP.

Based on agreements with the new MA, resources were made available to the INTERACT Secretariat and work on KEEP could continue as from summer 2010.

The 2nd half of 2010 was characterized by an intense background work:

- Project management: After having obtained some re-assurance by the new political establishment at BSGR, the INTERACT Secretariat in mid-2010 started with a complete internal

re-organisation of the KEEP initiative. An internal project management was established and three external support experts were made available, two for the technical part, and one for the content part.

- Technical development: the existing technical features were carefully analysed and measures implemented in order to overcome the weaknesses – mainly the server capacity, the database structure, the mapping system and the statistical functionalities. In addition, a half-automatic import tool was developed allowing for considerable acceleration of import of project and partner data (downsizing the needed time for integration of data from one Interreg/ETC-programme from 2 days to 5 minutes).
- Technical implementation: following a negotiated tendering procedure (market research) a specialised IT service provider was involved in the implementation of all needed technical developments of the system. It was decided at the programme level not to implement any wider tender procedure until relevant decisions on the further development of KEEP would be taken by the Advisory Task Force (see below, Quality system).
- Content development: the existing data and the needs for completion in the system were carefully analysed. A structured methodology for new data collection was thereafter elaborated, allowing for a systematic approach towards the single programmes. According to agreements with INTERACT Points, the first focus for data collection and data entry was on the Interregional and Transnational programmes from both funding periods (2000-2006 and 2007-2013). The INTERACT Secretariat closely cooperated with INTERACT Point Viborg staff who according to the OP is the main contact INTERACT Point for these two strands of programmes. It was intended to put emphasis on the completeness of data for these programmes although some work began already for the Cross-border programmes.
- Consultation process: a consultation process was started in the summer with all programmes that were contacted through the INTERACT Points and given provisional access to the system. Some relevant feedback was received / collected and used as input for further development.
- Quality system: in order to prevent the case that KEEP would develop in a direction that would finally not be agreed on the programme level it was decided to establish an internal INTERACT Point/INTERACT Secretariat KEEP group, focusing on the needs of the programmes, to ensure a better coordination. Additionally, as a follow-up of a MC5 decision, the KEEP Advisory Task Force composed by MC-members, EC, MA, INTERACT Secretariat, INTERACT Points and other relevant players (if needed) was also established. The Task Force focuses on the needs at policy and strategic levels should provide institutional backstopping and take shared decisions at technical/operational level. In the second half of 2010 there were 2 meetings of the KEEP group and one meeting of the Advisory Task Force.

In late 2010 it was decided to take off-line the KEEP website as long as the functionalities were not properly operational and as long as a critical mass of complete quality checked data had not been fully inserted into the system⁷.

3.1.2 Qualitative Analysis

INTERACT II identifies quality and user satisfaction as a top priority. Therefore the INTERACT Points invested considerable effort in the evaluation of activities aimed at securing an effective measurement of programme performance. Evaluation included tools such as evaluation forms and surveys as described above.

⁷ In March 2011 a fully operational KEEP system with relevant data of more than 1.800 projects was put online again.

General statistics of the actions implemented by INTERACT Points in 2010:

Table 12: Overview of the number of activities

	IP Turku	IP Valencia	IP Viborg	IP Vienna	Total number of events
Number of seminars and workshops	12	12	10	14	48
Number of Advisory Services	4	1	7	4	16
Number of network events	6	2	9	3	20
Total number of events/IP	22	15	26	21	84

One annual conference has been organized jointly by all IPs and the IS.

Table 13: Overview of the participant days

	IP Turku Average number of Participants / day	IP Valencia Average number of Participants / day	IP Viborg Average number of Participants / day	IP Vienna Average number of Participants / day	Total Average number of Participants/ day
Seminars and workshops	30	33	25	32	30
Advisory Services	58	57	16	28	40
Network events	19	54	19	43	34
Average number of Participants /IP	36	48	20	34	35

Evaluation of the above listed events was taking into consideration satisfaction related to:

- The selection of topics.
- Quality of presentations.
- Effectiveness of the discussion sessions.
- Usefulness of information learned (in relation to the work performed by participants).
- As well as the overall organisation and availability of the essential documents.

Based on the outcomes of those evaluations following results were obtained:

Table 14: Overview on the satisfaction rate

	IP Turku	IP Valencia	IP Viborg	IP Vienna	Total
Overall satisfaction with event	81%	99%	98%	91%	92%
Objectives met	79%	92%	92%	85%	87%

The overall majority of participants (92%) was strongly satisfied (strongly agree) or satisfied (agree) with the usefulness and the content of the events. In particular, the participants emphasised the effectiveness of the discussions during the seminars, workshops and advisory services. There is no doubt that always all the essential documents were available, and when some additional were required they were sent after the event. Many participants declared that they would use the knowledge gained in their work.

Participants appreciated a lot the atmosphere of the seminar, openness of the trainers and their willingness to answer questions and interactive method of training. Many participants mentioned that the opportunity to meet colleagues from other programmes was extremely valuable.

The highest number of participants in INTERACT events originated from French (9,6%), Italian (8,4%), Polish (7,9%), Spanish (6,8%) and Romanian (6,0%) programmes. Participation was significantly low from Dutch (0,5%), Irish (0,67%), Luxembourgish (0,85%) and Finnish (0,99%) programmes which is partly a reflection of relatively small populations and proportionally limited numbers of staff working on programme implementation.

3.1.3 Significant problems encountered and measures taken to overcome them

New challenges in the context of Territorial Cooperation, such as the macro-regional strategies and links to objective 1-2 programmes, the consultation on and preparation for the 2014-20 Territorial Cooperation, implied also additional efforts and workloads for the INTERACT teams. As a consequence, this lead also to challenges in terms of coordination of the increased number of events and services. The commitment of all INTERACT teams and intense communication flows among them made it possible to reduce overlapping and redundant activities.



CONFERENCE on 20 years
of Territorial Cooperation
European Commission and
Hosting Institution



Mr Colin Wolfe
European Commission



Commissioner Johannes Hahn
European Commission



Mr Jose Palma de Andres
European Commission



Ms Claude Marcori
INTERACT MC
member



Above and below:
Exhibition on 20 Years of Territorial
Cooperation





Above and below:
Impressions of INTERACT seminars and workshops





Above and below:
Impressions of INTERACT seminars and workshops





EXCHANGE OF KNOW-HOW



4. Technical Assistance

All activities covered by Priority 2 (Technical Assistance) can be found in the Operational Programme. In general, this Priority 2 is fully responding to the requirements of the EU-Regulations with regards to good programme management.

Under this Priority, several beneficiaries are to be identified. Since this was not very clearly laid down in the first version of the Multi-Annual Work Plan (MAWP), the MC in its 4th meeting in Prague (November 2009) approved a slight re-arrangement thus allowing to better identifying the beneficiaries and related budgets. Hence the Managing Authority, Secretariat, Certifying Authority and Audit Authority are listed as Priority 2 (TA) beneficiaries (Staff costs, Travel costs, MC meetings, FLC costs, implementation of CA monitoring system, audit, etc.), and rules for budget shifts between years and budget lines (where applicable) were fixed similar to the ones existing for the IPs.

Out of total Technical Assistance budget of € 2.128.537,-, the planned budget for 2010 for TA amounts to € 328.328,28⁸, thus representing 15% of the total TA-budget (what is the highest annual budget of all 2007 - 15 yearly allocations).

4.1 Explanation of use made of technical assistance

The main TA activities were as follows:

a) Management and Control activities

On the basis of the INTERACT Monitoring Committee's decision of 04.03. 2008, the INTERACT II programme was transferred from Austria to Slovak Republic, and the function of the Managing Authority is carried out by the Bratislava Self-Governing Region, and the functions of Certifying and Audit Authority by the Ministry of Finance.

Since then, following documents were integrated in the Management and Control system:

- Government resolution No. 672/2008 on the Management and Implementation System of the Operational Programme INTERACT II 2007 - 2013, version 1.0, approved by the Slovak government on 01.10.2008. This document (in Slovak language) sets-up the basic management structure for the involved SK bodies. Two more versions 1.2, 1.3 have been developed during 2009 and the version 2.0 was adopted in July 2010.
- Description of the Management and Control System ("Article 71 Description") dated 17 August 2009, responding to the obligation deriving from Article 71 of the Council Regulation (EC) No. 1083/2006, including all relevant Annexes. This document package has been submitted to the EC on 29.9.2009, and was approved on 19.10.2009.
- Methodological Guidelines and all its Annexes dated 14.9.2009 being a core element of the management and control system and setting a programme control framework for the first level controllers (FLC) in the 5 MS hosting beneficiaries of INTERACT II (SK, AT, DK, ES and FI) by fully respect of EU, National and institutional eligibility rules and procedures. MA updated the guidelines in December 2010 (version 2.0), describing the detailed process of the procedure of the Requests for Payment.
- Membership Agreement between the EU Member States (hereinafter referred to as Member States) participating in the INTERACT II 2007-2013 programme and the Bratislava Self-governing Region as Managing Authority and the Ministry of Finance of the Slovak Republic acting as Certifying Authority and as Audit Authority, on the Implementation of the Operational Programme "INTERACT II 2007 - 2013" - During 2008-2010, the MA signed Agreements with 27 (25 EU MS + 2 non MS; the Membership Agreement with Netherlands

⁸ MAWP version 6.0 as approved by the MC in Valencia.

was signed in April 2010) countries; the only countries (status 31.12.2010) that have not signed the Membership Agreement are Germany and Great Britain.⁹

In addition to the above-mentioned functions (MA, CA, AA), the Government of the Slovak Republic with its Deputy Prime Minister Office, "Section Knowledge Society, European Affairs, Human Rights and Minorities", organized several coordination meetings and participated in relevant meetings (such as MC meetings).

After parliamentary elections in June 2010, the role of the coordinating body on the governmental level became quite unclear due to the changes of the competence act. The Deputy Prime Minister Office remained responsible only for Human Rights and Minorities, and the agenda of European Affairs has been transferred to the Ministry of Transport, Construction and Regional Development. Due to the extraordinary status of INTERACT II in Slovak Republic, the adoption of a governmental resolution is needed to have the coordination role be transferred to the Ministry of Transport, Construction and Regional Development as well. At the end of the year 2010, the negotiation process between Office of the Government and the respective ministry has not been completed yet¹⁰.

b) Audit activities

As for 2010, system audit and audit of operations has been carried out with the main objective to verify the sufficiency and effectiveness of the management and control system as well as to gain assurance of the eligibility of the expenditure based on the selected sample of operation (see chapter 2.1.7). The follow up audit was launched in December 2010.

c) Programme Management

Under this heading, tasks as related to monitoring of activity implementation, compliance with Community and National rules, and to evaluation are to be understood.

Monitoring Committee:

The Monitoring Committee is the decision making body of the programme, as stated in Article 63 of Regulation (EC) No. 1083/2006 and Article 14 of Regulation (EC) No. 1080/2006. It ensures the overall quality and effectiveness of the implementation of the programme and provides with the strategic vision of the INTERACT II activities.

Members of the Monitoring Committee are the representatives of the Member States, as well as Norway and Switzerland, whereas the MA and the INTERACT Secretariat attend the meetings with their advisory capacity, and the EC, CA and AA as observers.

The fifth Monitoring Committee took place in Umea on 17 and 18 June 2010. It was mainly related to the current status and open questions related to the development of programme management (changes in MA organisation, updates of programme documents, system audit and audit of operations), the Annual Implementation report 2009 and ongoing activities for the year 2010. The sixth Monitoring Committee was organized in Valencia on 17 and 18 November 2010 to present the activities already implemented in 2010, to discuss the programme developments since the 5th meeting and approve the joint annual work plan for the year 2011 as well as the budget changes for 2010.

In addition to the Monitoring Committee, the informal network of representatives of the participating countries, the National Contact Persons (NCP), after having been set-up in Ljubljana (in 2008), held its meetings back-to-back to the two MC meetings.

The two MC meetings organized in 2010 were attended by 17 Member States in Sweden (Umea) and 20 Member States in Spain (Valencia), 7 Member States being present in only one of the meetings, and another 3 Member States not being present at all (Germany, Ireland, and United Kingdom). For the first time Latvia and Poland attended (both meetings). The average attendance rate of the fifth and sixth MC

⁹ The Membership Agreement with Great Britain was signed in April 2011.

¹⁰ The acceptance letter from the Ministry of Transport, Construction and Regional Development to the Office of the Government was submitted in April 2011. After the governmental resolution has been adopted, the Ministry of Transport, Construction and Regional Development becomes new coordination body for INTERACT II.

meeting held was 63% - 74%. The two associated countries Norway and Switzerland were present in both MC meeting each.

Monitoring:

Contrary to INTERACT I, it was decided for INTERACT II that no projects are to be involved. This simplifies the programme tasks since consequently no call for proposals, assessment of applications, selection of projects or monitoring of the implementation of approved projects are needed. This considerably reduces the scope of programme management tasks since no project-related procedures are to be developed (such as Terms of References for Calls, Selection criteria, Development of Application and Implementation Manuals, Application Forms).

The only "projects" are the pre-selected INTERACT Points. Under pure TA-terms, the related programme tasks implemented in 2010, were the following ones:

- the monitoring of the RfP's and related documents (by MA and IS), and further processing of those until reimbursement (by CA). This did not only comprise financial analysis (see point c above), but also content-related and quality analysis
- the further development of the Reporting tool into the direction of an online Report (all IPs can fill-in the Report online)
- the further development of the joint Monitoring System (IMS)

Compliance:

The continuing compliance of the IPs with Community and national rules is ensured through the submission and assessment of AWP's, national control procedures, IS and MA evaluation of the reports submitted every six months and, if necessary, additional control visits by programme authorities. Moreover, due to the structure and procedures of the INTERACT II programme, all beneficiaries meet programme authorities approximately once every two months at Coordinator Group meetings, the Monitoring Committee (where beneficiaries take part as observers) or in programme working groups. As such, there is a constant update on expected activities and the MA has frequent opportunities to ensure their compliance with all relevant rules and conditions.

Evaluation:

Pursuant to the OP, INTERACT II has decided to implement a Mid-Term Evaluation (MTE) in 2010. After having revised the proposal on the steps of the MTE according to the MS comments in February 2010, MA launched the public procurement for MTE. Four offers were submitted, the selection committee has chosen the company VVMZ, spol. s r.o. The contract was signed only in October 2010 and the MTE was not completed until the end of the year 2010¹¹.

¹¹ The final report of the MTE was submitted to MA in April 2011.

4.2 Percentage of the amount of the Structural Funds contribution allocated to the operational Programme spent under technical assistance

Table 15: Overview on the spending under TA by beneficiary

	MAWP Budget 2008 + 2009 + 2010	Paid out but not validated expenditure	Validated expenditure sent to CA but not processed	Validated expenditure reported and reimbursed by CA	Total expenditure	Percentage of use of Technical Assistance budget
IS Staff/Office/Travel	145 215,00	68 410,08	0,00	13 971,88	82 381,96	56,73%
IS Other	13 995,00	0,00	0,00	1 770,34	1 770,34	12,65%
MA Staff	192 632,00	80 757,40	46 789,24	33 045,90	160 592,54	83,37%
MA Travel	51 007,00	22 128,01	0,00	1 823,02	23 951,03	46,96%
FLC	90 000,00	0,00	8 000,00	20 029,77	28 029,77	31,14%
MC meetings (incl Prep)	84 640,00	21 884,12	395,22	35 237,30	57 516,64	67,95%
Mid-Term Evaluation	50 000,00	11 900,00	0,00	0,00	11 900,00	23,80%
CA (Impl. Monitoring System)	165 980,12	75 501,30	0,00	74 715,45	150 216,75	90,51%
AA	94 511,00	17 890,00	0,00	26 141,74	44 031,74	46,59%
TOTAL	887 980,12	298 470,91	55 184,46	206 735,40	560 390,77	63,11%

Data source: MA

Table 16: Overview on the spending under TA (TOTAL)

	MAWP Budget 2008 - 2015	Paid out but not validated expenditure	Validated expenditure sent to CA but not processed	Validated expenditure reported and reimbursed by CA	Total expenditure	Percentage of use of Technical Assistance budget TOTAL
IS	219 873,00	68 410,08	0,00	15 742,22	84 152,30	38,27%
MA	1 403 541,00	136 669,53	55 184,46	90 135,99	281 989,98	20,09%
CA (Impl. Monitoring System)	287 977,00	75 501,30	0,00	74 715,45	150 216,75	52,17%
AA (Audit strategy functions)	217 146,00	17 890,00	0,00	26 141,74	44 031,74	20,28%
TOTAL	2 128 537,00	298 470,91	55 184,46	206 735,40	560 390,77	26,33%

Data source: MA

5. Information and publicity

5.1 *The INTERACT II Programme's Communication Strategy*

5.1.1 The INTERACT II Communication Activities

The INTERACT Secretariat is responsible for the implementation of the Communication Plan in cooperation with the INTERACT Points whose function is described in Chapter 5.3 of the Operational Programme.

The aim of the INTERACT II Programme Communication Plan is:

- to inform the target audience about the opportunities offered by INTERACT II and to support the target audiences in reaching the objectives set out in their communication strategies where appropriate.
- to set up the necessary external communications platforms and strategies for the accomplishment of the above and make them available to the target audience as appropriate.
- to set up the necessary internal communications platforms and strategies involving all members of the INTERACT II managing system for the accomplishment of the above and make them available, through training or instructions, as appropriate.
- to facilitate communication within the organisational structure/management system of the INTERACT II programme

Coordination of the Communications Group

The Communications Group has met on a regular basis (3 times) in 2010 and worked actively together to implement the communications objectives mentioned in the communications strategy of the programme.

Three Communications Group meetings took place in 2010, as planned. The first was in Valencia in January, the second in Paris in September, and the third in Vienna in November. The first two meetings were timed to coincide with the Coordinators Group meetings so that any decisions which required approval from the Coordinators' could be quickly addressed. The third meeting was organized in occasion of a training session for the use of the CMS functionalities held in Vienna.

Each meeting lasted two days, except the last meeting which was one day meeting, and dealt with further developing INTERACT II's communication system, improving the INTERACT II website, the coordination of dissemination activities, developing the INTERACT II's newsletters, newflashes and MC Updates, and other communications issues.

Web Portal and Online Dissemination Tools

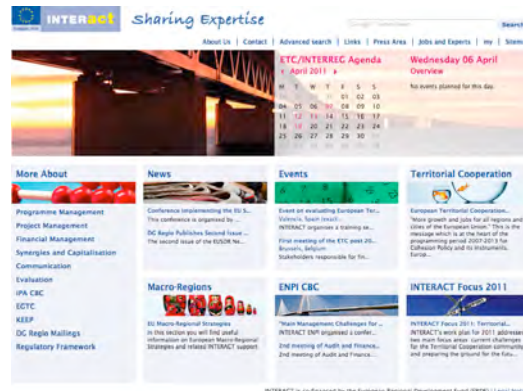
A regular communication to the INTERACT II stakeholders is ensured thanks to the dissemination of the online information tools and the daily updates of the website. The success of those show INTERACT II's role in being a useful and important source of information on European Territorial Cooperation issues.

- The INTERACT II website

The website is fully operational and provides constant updates of news and events concerning INTERACT II in particular and the European Territorial Cooperation in general.

The website also focuses on themes of importance to the European Territorial Cooperation programmes, such as on programme management, project management, finance management, knowledge management and capitalisation, evaluation, regulatory changes, EGTC and IPA CBC. In 2010 new sections of the website has been created like Communication, Synergies. The section concerning the KEEP activity has also been maintained.

There is a shared responsibility in managing the website: all IPs have been provided with passwords and can upload their own news and event announcements. The INTERACT Secretariat has final responsibility for editing and uploading. Along 2010 IP Vienna has been granted with the same rights of the INTERACT Secretariat to help to carry out the tasks due to a situation of understaffing.



The overall content coordination was lead jointly by INTERACT Point Vienna and the INTERACT Secretariat, as agreed on by the Coordinators Groups in September 2010. The support by INTERACT Point Vienna was necessary until a new communication manager at the INTERACT Secretariat would be recruited and trained. INTERACT Point Vienna restructured the skeleton of the website and coordinated inputs by all other INTERACT Points to the section "more about" (format and content coordination, coordination of technical issues with INTERACT Secretariat, requests for new functionalities and bug-solving, support in training other INTERACT Points and help desk). For quality management a guidance rules to all INTERACT Points on section "contact", guidance on file naming, cleaning of tags was produced. INTERACT Point Vienna also coordinated the development of glossary section, the DG Regio mailings section, and the regulatory changes section. The section was renamed Regulatory Framework, it was updated and newly structured. All relevant regulations, their amendments and consolidated versions have been made available. Furthermore tables have been prepared for the comparison of the original regulations and their consolidate versions in order to give a good overview on the changes.

New sections, new features and tools have been added throughout the year 2010 to upgrade the website content-wise and technically-wise, and to better adapt the website to the needs of the European Territorial Cooperation Community. The following sections have been added:

- Territorial Cooperation;
- Synergies and Capitalisation;

In general the website has been totally remodelled. Most of the existing sections have been reorganized with additional material. Sub-sections have been enriched.

A specific training has been carried out at the end of 2010 to allow personnel from each IP to upload additional content

The video section has been completely reorganised and a new search tool to navigate through the videos has been implemented.

- INTERACT II Newsletter

The INTERACT II newsletter is published three times per year, focusing on a particular theme in Territorial Cooperation, and aiming to give a more extensive and in-depth perspective from a number of different angles. In each issue we aim to include articles by actors from different levels, including the European Commission, the national level and programmes.

It is sent out to all contacts in the Contact Database, published on the INTERACT II website (7300 contacts in December 2010), as well as a small number of copies (around 200) are printed out to be distributed at events.

The Communications Group is responsible for setting the direction of the newsletter and formulating ideas for content and the INTERACT Secretariat is responsible for its final editing. It is intended to compliment the website and shorter newsflashes.



Issues developed in 2010:

- April Newsletter on “Territorial Cooperation in a Global Context”
- September Newsletter Special Edition for the 20th Anniversary of Territorial Cooperation
- December Newsletter on Financial Issues.

Some key speakers were:

- Joannes Hahn, European Commissioner for Regional Policy;
- Bodil Persson, CBC Coordinator and Head of Section, EuropeAid Coordination Office;
- Peter Mehlbye, Director of the Coordination Unit of the ESPON programme

- INTERACT II Newsflash

The INTERACT II newsflash is sent out regularly via HTML e-mail to all contacts in the Contact Database in order to ensure a flow of information to stakeholders in between newsletters.

The purpose of the newsflash is to inform the stakeholders about upcoming INTERACT II events, latest publications (in particular INTERACT II ones) and other relevant news for the ETC programmes.



- INTERACT II Monitoring Committee Update

INTERACT II Monitoring Committee Updates are sent out via html e-mail to all Monitoring Committee members in order to keep them up to date with programme activities and results in between meetings.

The purpose of the Update is to inform the stakeholders about upcoming INTERACT II events. During 2010, the content of the newsflash was extended to include a publications section (in particular INTERACT II ones) and a news section for the ETC programmes.



Promotion and Communications Activities

- Organisation of activities

INTERACT organised a European-wide conference and a public exhibition on the 20th Anniversary of Territorial Cooperation that took place on 30 September and 1 October in Tournai (Belgium). The conference focused on the reached results and on the future of European Territorial Cooperation. It was the major information activity for INTERACT II of the year 2010.

The event was aimed at celebrating all the achievements of Territorial Cooperation along the years, highlighting the obtained results, but more than this it was focused on defining and sharing the future sought to build towards an agreement on how programmes, the Commission and INTERACT II could work together to ensure the best possible evidence of what the projects are achieving. A video has been realised by INTERACT celebrating the 20th anniversary of Territorial Cooperation and has been disseminated. As part of the conference, INTERACT developed a multi media exhibition celebrating 20 years of achievement. The exhibition was hosted in the town hall of Tournai and was open to the public on the week of the conference.

This event brought together more than 500 people audience coming from the European Territorial Cooperation programmes, the European Commission, and other relevant stakeholders.

The conclusions of the conference have been compiled by INTERACT and distributed to Informal EU council of ministers of regional development held in Liege in November 2010.

- Participation in external events

With regards to the networking activities, the INTERACT Secretariat was involved in some of the INTERACT II events organised by the IPs as well as in different external events in order to present the INTERACT II Programme.

The INTERACT Secretariat ensured active participation in the following external events:

- Danube Strategy Workshop (January 2010)
- DATAR seminar on capitalisation (January 2010)
- Danube Strategy Conference (April 2010)
- The Open Days (October 2010)
- URBACT Annual Event (November 2010)
- Meeting with Networking Programmes (December 2010)

- Development of publicity material

A brochure informing stakeholders about INTERACT II has been designed and printed. The INTERACT II brochure gives people a concise, clear, brief and readable overview of the INTERACT II programme, the range of INTERACT II services available, and how to access them. The text has been written in a clear

and simple language. The brochure is accompanied by "postcards" (therefore a slot at the back cover), which give more specific and detailed information on each of the services provided, if people are interested to obtain more information.

The programme has finished the available pens and are designing new ones. A particular attention will be given to quality, usability and design of the new pens.

- Dissemination of promotional material

All IPs and INTERACT Secretariat have included promotional material and publicity for INTERACT II (e.g. printed material hand-outs, roll-ups, highlighting upcoming events...) at all their events and external events.

INTERACT II Internal Communication System

- The Contact Database and Expert Database

The CDB has been recently updated and cleaned of many double names and dead emails. At the present moment it counts 7304 valid and confirmed contacts, and is used for publicity and dissemination including the newflash and newsletter. Thanks to the online contact form on the INTERACT II website, people can submit their registration to the CDB online.

The CDB is used by all INTERACT Points and managed by the INTERACT Secretariat. The contact database is maintained on a regular basis by the Secretariat who is updating and modifying the contact details. Incorporated into it is the Event Registration Tool meaning that participants registering to INTERACT II events are included to the contact database.

The current CDB should have been improved along 2010. Unfortunately technical issues have not allowed this to happen. The available server system is not enough powerful to ensure the full implementation of the new CDB as well as other new services foreseen. A new server system should be bought at the beginning of 2011, and the new CDB should be implemented.

- Issue Tracking System

In order to better respond to the technical questions asked by the IPs related to problems with the website (CMS system), Zimbra (INTERACT II email system), Confluence (INTERACT II wiki system) and the ERT, each IP has been granted access to the "issue tracking system".

This system enables the IPs to ask their requests directly to the INTERACT Secretariat and the Webmaster, and to follow up the development of every request electronically, e.g.: to whom it has been assigned as well as the state of play of the request. This system has reduced email traffic and has enabled the staff to keep track of all technical developments in the short and long term. In 2010 the Issue Tracking System has been improved by implementing a new program platform. This new platform allows now to define with much more details the interventions. Especially important now is the possibility to interact with the service provider to define a calendar of activities.

- The Event Registration Tool

The new Event Registration Tool, which implementation should have been concluded in 2010, for the same reasons explained above concerning the CDB, has not been implemented for technical reasons. An entire new server system is necessary to allow the realisation of the system and will only be bought at the beginning of 2011.

- Improvements to the CMS

Although INTERACT II already uses an advanced system of CMS, the Communications Group also works at constantly improving the system and making it more users-friendly. Several technical applications have been added in 2010 to facilitate the tagging system as well as improve the inclusion of texts in the system. The tagging system has been reviewed to allow less mistakes to be made. Instructions for the upload of new material on the website have been embedded in the system. A training session has been organized and carried out by the Secretariat and its service providers in November 2010 to representatives of all IPs and to the Communications Group, in order to enhance the technical capacity of INTERACT staff.

- Online Conferencing Tool

The INTERACT Secretariat is still exploring in 2010 applications for online webinars and distance learning tools. Web-Ex Online Conferencing System was decided to be the ideal solution, and INTERACT II will start to use this system to organise online conferencing meetings from 2011 onwards.

- Online Survey Tool

LimeSurvey, the online survey tool installed in 2009, has shown several limits that has led the Communications Group to the conclusion that a radical update is necessary.

The new online survey tool as been defined, but has not been implemented yet, due to technical needs in term of hardware. The new server system has not been acquired and is a "conditio sine qua non" to allow the realisation of the new tool.

- Updates on Confluence

The INTERACT II wiki, Confluence, is constantly improved and updated with the newest versions in order to enhance the users-friendliness of its applications.

After a precise analysis, the INTERACT Secretariat has proposed to completely review the organisation of Confluence to ensure a better data collection.

Media Outreach Strategy

The Media Outreach Strategy has been finalised throughout the year 2009 with the objectives for the following years to come. The Media Outreach Strategy aims at increasing the visibility of the INTERACT II programme, enhancing public knowledge on European Territorial Cooperation, and dissemination results related to European Territorial Cooperation. The Media Outreach Strategy aims at exploring traditional as well as new media technologies. The INTERACT II KEEP initiative plays a major role in this respect to make INTERACT II more visible.

The disseminators' database is also regularly updated, which has as purpose to monitor who is publishing INTERACT II news and how they are doing. This database will enable INTERACT II to refine and target the messages more effectively. In 2010 the Strategy has not been fully implemented due to a lack of personnel at the INTERACT Secretariat. A specific communication assessment will be anyway carried out at the beginning of 2011 and should influence a review of the strategy itself.

INTERACT II has also started to collect press clippings to get an overview of where they are mentioned in the press and in which way. The website also includes a special section 'press area' where journalists can find information about INTERACT II as well as access the videos created by the INTERACT II programme.

Corporate Identity

INTERACT II's corporate identity provides standardised templates for events and external communication. This includes PowerPoint slides, sign-up sheets, letterheads, event agenda, welcome letter and factsheets. In 2010, the INTERACT II Style guide was improved, templates were realised. Some more work will be needed in 2011.

5.1.2 The INTERACT Points specific activities

As already highlighted at several occasions throughout the report, all INTERACT Points were actively involved in all Communication-related activities of the programme, sometimes even taking a leading role for a limited project respectively for a specific period of time which became necessary due to the ongoing lack of human resources at the INTERACT Secretariat.

In addition, there were also some specific communication activities that were mainly implemented by the INTERACT Points themselves.

Video 20 Years of Territorial Cooperation

All INTERACT Points, but especially INTERACT Point Turku and INTERACT Point Valencia worked in this 20 minutes video with some examples of what INTERREG/Territorial Cooperation can achieve. Projects from all strands and areas in the EU as well as some interviews with ETC key stakeholders were included. It was officially presented at the Tournai Conference and is available in 3 different languages on the INTERACT website. Besides the full-length video, a teaser was produced, also available on the website.

2000 copies in DVDs were published and INTERACT Point Valencia distributed 1.700 of them to relevant stakeholders and decision makers in the EU. The other 300 were distributed in various events.

Dissemination of INTERACT Point products

INTERACT Point Turku made its products "Attribution of the 10% and 20% rules in ETC programmes operative in North-East Europe" and "SME involvement in ETC programmes operative in North-East Europe, during the period of 2007-2013" available online and distributed them at seminars.

INTERACT Point Valencia disseminated 7 different fact sheets with brief relevant information on 7 key events organised in 2010. Every factsheet is designed to easily disseminate the key outcomes of each event in one page, including photos. In addition, 3 similar fact sheets referred to the Mediterranean Lab group were also disseminated and the first Newsflash on the Mediterranean. Finally, INTERACT Point Valencia's activities were mentioned in 2 local press articles and 3 external newsletters. Besides these strict communication tools, INTERACT Point Valencia sent 4 First Level Controllers' network updates and the first Evaluation Network update.

INTERACT Point Viborg compiled the opinions of all ETC programmes participating to the ongoing discussions on the future of European Territorial Cooperation organised by INTERACT. These conclusions have been distributed as the Position paper to main INTERACT stakeholders and to the Ministers participating to the EU informal council on Regional Policy held in November 2010 in Liège (Belgium).

INTERACT Point Viborg was also involved in the first steps of organisation of the Transnational Programme Conference that will be held in September 2011 in Katowice (Poland). The role of INTERACT was limited to facilitating the preparatory meetings.

INTERACT Point Viborg also organised meeting of the networks of Communication staff in ETC Transnational and Network programmes in Copenhagen in March 2010 focusing on the use of Social media and ETC programme cooperation in terms of Communications.

INTERACT Point Vienna published on the INTERACT website and widely disseminated the written guidance produced, i.e. IPA CBC public procurement handbook, FLC-compendium and the 2 cross-programme evaluations, both during seminars addressing the same target groups and through email dissemination to all ETC programmes. Information on these products was also included in the INTERACT-newsflashes and in the INTERACT newsletters.

Information efforts to support to EU Strategy for the Danube Region

INTERACT Point Vienna developed a complete communication strategy and concept in view of supporting the development of the strategy, including:

- a graphic design and layout, including a map, logo, slogan;
- a newsletter, 3 issues published, with 350 copies per issue printed, mailing to approx. 200 email recipients per issue and web dissemination, in INTERACT and Inforegio websites and a flyer 1000 copies printed;
- a web section including news, information, a video section, a projects section;
- video materials, including 1 promotional video on the importance of ETC in the Danube Region + about 70 videos -6 conference clips, 67 interviews and 34 speeches, which were displayed in several events of the Member States and the EC;
- 1 stand and 1 popup, used at all events starting April 2010 Vienna;
- Give-aways: 400 badges and 250 Danube give-aways, distributed at conferences in Vienna, Ruse and Constanta (April to June 2010).

5.2 Indicators of information and publicity

The tables here display both the Programme's target and the results achieved on each indicator that were mentioned in the internal annual report 2009 and 2010 of the Secretariat as well as in the communications plan. In some cases figures are not available.

Most targets have been met, and many surpassed. However it is also the case that in some areas the Programme's communication strategy has fallen short. In all cases, this can be attributed to the huge turn-over of staff and the partial replacement of the communications unit. This situation has delayed the planning and implementation of a lot of communication activities.

INDICATORS 2010		
OUTPUT INDICATORS		
MANAGEMENT AND COORDINATION		
Number of Communications Group Meetings	Achievement	3
	Target	3
DISSEMINATION AND PUBLICITY		
<i>INTERACT Website</i>		
Unique users per month	Achievement	4800
	Target	4000
Number of EU countries actively using website	Achievement	27
	Target	27
% documents available compared to those produced.	Achievement	N/A
	Target	95%
Number of pages published (INTERACT II related).	Achievement	210
	Target	150
Number of pages published (ETC related).	Achievement	365
	Target	50
<i>INTERACT II Newsflash</i>		
Number of newsflashes sent	Achievement	3
	Target	6
<i>INTERACT II Newsletter</i>		
Number of issues produced per year	Achievement	3
	Target	3
Number of articles per issue in average	Achievement	10
	Target	5
<i>INTERACT II Monitoring Committee Update</i>		
Number of MC Updates sent	Achievement	1
	Target	4
PROMOTION AND COMMUNICATION ACTIVITIES		

Number of activities	Achievement	1
	Target	>3
Number of publications	Achievement	0
	Target	>1
Number of external events	Achievement	3
	Target	>2
INTERACT II Communications System (Internal indicators)		
Number of logins	Achievement	N/A
	Target	N/A
Number of active CDB users	Achievement	All
	Target	All
Number of Communications Group members	Achievement	6
	Target	6

5.3 Assessing the results of the information and Publicity measures in terms of visibility

5.3.1 Some statistics

Visitors

Number of visitors 115 379

There were more than 115 000 visitors in the year 2010, which indicates the appeal of the website. The visitors come from 194 countries, including a strong coverage in the countries involved in INTERACT II, demonstrating the scope of the website's appeal.

Number of unique users 54 684

The total number of unique visitors for 2009 was 54 684, showing the number of people who visited the INTERACT II site for the first time.

Returning visitors 55.07%
New visits 44.93%

The majority of visitors are returning visitors, showing that a high number of users are interested in what they find on the website and keep coming back.

The huge amount of new visitors indicates that INTERACT II is continuing to expand the audience and find new visitors, due to an increased number of programmes being represented in the news and events sections, the jobs and experts section, and a consistently high profile in Google searches.

February, March and April 2009 were the most successful months, probably due to the announcement of the INTERACT II annual wide event that was organised at the end of March 2009, and the information related to that conference that was available before and after the event. Moreover, during those months, recruitment of two positions were announced at the INTERACT Secretariat.

Please find below the number of visitors and total number of unique visitors per month. The Google Analytics was used as a source to retrieve those numbers and track web usage.

Month	Visitors	
	Total	Unique
January	12 618	7 673
February	9 413	5 257
March	10 050	5 528
April	10 487	6 060
May	9 170	5 443
June	9 119	5 294
July	8 726	5 222
August	8 657	5 401
September	10 396	5 954
October	9 334	5 487
November	9 503	5 578
December	7 906	4 684
Total	115 379	54 684

Attention span

User time on website: 3:10 minutes

This figure allows to see how long users spend on the INTERACT II site, although the number is not representative of general data since September. Due to an increased visibility on other websites, lots of visitors come for very specific information on a particular issue and do not stay around very long.

Average pageview per visit 3,82 page views

This figure allows us to see how many pages are viewed by every visit. In average 4 pages are opened per visit.

Please find below the average time spent on the website and the average pageview per visit. The Google Analytics was used as a source to retrieve those numbers and track web usage.

Month	Attention span	
	Average time on site	Average pageview per visit
January	02:56	3.71
February	03:05	4.16
March	02:58	4.05
April	03:03	4.13
May	03:28	3.75
June	02:52	3.56
July	03:17	3.69

August	03:07	3.76
September	03:16	3.97
October	03:20	3.95
November	03:32	3.78
December	03:06	3.20
Average	03:10	3.82

Popular sections

The most popular: job profiles, events and news

This shows the central role that INTERACT II plays in providing information on vacancies, and in disseminating the programme's expertise to a wide audience. It also suggests that users find the information relevant and up-to-date.

Traffic sources overview:

This gives us an indication of how people find our site.

Direct traffic: 28.47%
Search engines: 49.10%
Referring sites: 22.44%

Over 54 000 visitors are directed from Google, indicating the high profile of the INTERACT II website in the Google search engine.

The top keywords for google searches were:

- 1.interact
- 2.interact eu
- 3.interact.eu
- 4.danubestrategy
- 5.interact ii

5.3.2 Assessment of INTERACT's communication activities

According to Commission Regulation (EC) No 1828/2006 of 8 December 2006 Article 4, the Annual Implementation Report 2010

"...shall contain a chapter assessing the results of the information and publicity measures in terms of visibility and awareness of operational programmes and of the role played by the Community..."

To this end, the INTERACT programme has published a tender on the requested service in 2011. The corresponding preparatory activities had already started in 2010. The conclusions of the external consultants involved in the Assessment exercise were submitted to INTERACT in March 2011, but - following the EC Regulation - are already included in this Annual Implementation Report 2010. The full assessment report is a very detailed document and covers more than 100 pages, including attachments. An executive summary of the Assessment Report is attached to the AIR 2010.

The core results as stated by the external evaluators are as follows:

Communication lies at the heart of INTERACT Programme activities but while INTERACT Communication does much to ensure the large dissemination of INTERACT products and services among target groups, it does not sufficiently try to capture the impacts of Territorial Cooperation. Although there is a coherent and well-developed corporate identity, many of the key visuals used by INTERACT communications

(especially in the website) do not suggest territorial cooperation. Beneficiaries (programmes and projects partners) are well informed about the opportunities offered by the INTERACT programme but there is a lack of coherence in approach towards other internal targets such as potential beneficiaries, and external target audiences listed in the Communications Plan, such as media, opinion formers, EU officials.

A short on-line survey on the rating of INTERACT communications shows that the specific internal target audience who is the main recipient of INTERACT communications is very satisfied with what it gets. The website hosts very substantial content and frequent updates. However, it comes down heavily in favour of direct beneficiaries, rather than targeting potential beneficiaries or an external audience. The INTERACT Newsletter, appropriate and coherent for beneficiaries, providing well-packaged and often practical information for those interested in the topic, is not sufficiently focusing on the programmes themselves, their projects and their impact on the ground, and their beneficiaries.

Providing an adequate first entry level that would make KEEP appealing and simple for users would also turn it into a formidable communication tool. KEEP does not relate directly to communication, but has a special role, as it can be an excellent product to communicate. The transformation of KEEP into a real website and not just a search engine should be possible with a relatively small effort, especially compared to the amount of work that the construction of the database has certainly cost.

A Media Outreach strategy was produced by the programme but in practice the Media Outreach has been almost non-existent and indicators were not met. A media plan to complete the strategy is required and local media, interested in territorial cooperation at regional level should be targeted.

The annual cost breakdown of Communication expenses provided to the assessment team shows that 80 per cent of the communication budget is spent on website and IT support (server support, server hosting, programming support, new server, etc.). Possible savings could be made and free important resources that could be dedicated to communication activities that would enhance communication to external audiences and to dissemination channels.

Based on the findings, very specific and detailed key recommendations have been developed. Recommendations concentrate on improvements to current communications tools, integration of communications tools, messaging, target audience focus, matching communication with the guidance given in the Operational Programme.

Annexes

1) INTERACT II Examples of information and Publicity measures (electronic addresses)

INTERACT website

INTERACT website: www.interact-eu.net

Newsletters

1. Newsletter April 2010

http://www.interact-eu.net/interact_newsletter/interact_april_newsletter_2010_now_online/250/4688

2. Newsletter September 2010

http://www.interact-eu.net/interact_newsletter/6th_issue_interact_newsletter/250/6032

3. Newsletter December 2010

http://www.interact-eu.net/interact_newsletter/interact_december_newsletter_the_financial_issue_s/250/7160

INTERACT Videos

<http://www.youtube.com/INTERACTProgramme>

INTERACT Press area

http://www.interact-eu.net/press_area/press_area/239/2883

KEEP

<http://www.youtube.com/user/INTERACTProgramme#p/u/4/Awy8dMu1oTc>

http://www.youtube.com/user/INTERACTProgramme#p/u/5/Z_zcDe8Mezo

2) Assessment of INTERACT Information and Publicity measures (summary)

3) List of INTERACT Activities 2010