

- ▶ Under Priority 2, 2.d) « Promote, improve and manage landscapes, natural heritage and relations between urban, peri-urban and rural areas »: ARCH, ATC, BALANCE, TGN, URBAN HABITATS, Natura People.
- ▶ Under Priority 2, 2.b) « Develop activities to prevent and cope with natural, technological and human risks and to guarantee the quality of the environment »: CLEANTECH, FLOOD AWARE, MULTIFOR, DYMAPHY, MEMO.
- ▶ Under Priority 3, 3.d): «Promote, enhance and conserve the common heritage and cultural partnerships, including development of creativity and joint cooperation between the media»: HMS, ICP, LCP, TMS, TR, C21P, WW2 Heritage, SMITS, CRYSLIS, IC Music, HERE, Murailles et Jardins.

Despite the good capacity of projects for crossing implementation of different sub-topics (PATCH, BOAT 1550, etc), 40 sub-topic propositions (examples of cooperation activities that can be supported) indicated in the OP are not yet implemented by approved projects after seven calls for proposals and in particular within the following priorities:

- “Improve the accessibility of the programme area by optimising the use and mutualisation of existing infrastructures as a priority” Priority 1, 1.f): except the project C2C targeted in corridors, this thematic has not generated the enthusiasm of the promoters. However, if the operations for the promotion of development of sustainable transport and logistic services could be managed at cross-border scale, others sub-themes seem to question the transnational level.
- “Support the development of cooperation in education, training and the assistance to cross-border projects, in order to guarantee the possibility of life-long learning, to set up sustainable cultural partnerships, as well as the foreign language learning”: BOAT 1550 BC is the only project in progress to meet this objective with a concrete transfer of knowledge and competences among partners located on both sides of the sea.
- “Develop active leisure activities, including the promotion and enhancement of infrastructures and social tourism”: this specific theme, relevant for the cross-border cooperation level, does not appear as a key priority when considering the EU strategic orientations for the future. However, the selection of MAXIGREEN project provides some valuable contribution to the achievement of this operational objective.
- “Develop the capitalisation and sharing of good practice and favour networking activities between the projects implemented under each OP and this based on the strategic themes for the geographical area”: this ambitious priority is relevant for the 2 Seas territory but maybe not approached by the relevant level. In that respect, TC2N may be a pilot project for capitalisation at programme level (because of activities developed by partners of this project).

Focus on specific lessons

Under priority 1, the direct or indirect involvement of the private sector remains weak. It’s not a classical target group for ETC programmes. SMEs and larger companies tend to favour other European programmes, such as 7th FP or CIP. Raising-awareness actions towards private companies involved in such programmes could facilitate their stronger participation in ETC programmes, making clear the constraints (state aid complexity, no cash advance), but also the advantages (larger or new market opportunities).

Under priority 2, activities / topics related to integrated management of coastal zones and maritime resource have been weakly addressed so far, while the maritime dimension is the cornerstone of the OP.

The same applies under priority 3 with the lack of projects in terms of education, language and culture learning which are however fundamental aspects for the development of close links.

In order to ensure the consistency of the output indicators system, it nevertheless appeared necessary to:

- keep within the list only the “number of projects” type of indicators, and move to the category of “overall indicators / horizontal issues” the “Number of organisations involved as partner in the projects” indicator, in order to aggregate it at programme level,
- remove two indicators from the list:
 - ▶ *Number of private companies involved in projects*: because the OP is not supposed to specifically involve private partners, in line with the « de minimis » rule ; their involvement proves quite complex.
 - ▶ *Volume of private investment*: because of its complexity of use and the fact that the OP is not supposed to specifically involve private companies.
- modify some indicators :
 - ▶ *Priority 1: Number of projects encouraging the development of **new cross-border commercial initiatives** (cf changes in blue within the table below)*
 - ▶ *Priority 1: Number of projects improving the accessibility of the programme area by optimising the use and mutualisation of existing infrastructures as a priority, is the **new aggregated indicator** bringing together 2 previous indicators: Number of projects reducing isolation through improved access to transport, ICT networks & services (EC core indic.) + Number of projects developing the joint use of infrastructure (EC core indic.)*
 - ▶ *Priority 2: Number of projects on the prevention and management of natural, technological and human risks **and to guarantee the quality of the environment** (change in blue)*
 - ▶ *Priority 4: within the initial list of output indicators, only the first one could be considered as a real output indicator, others were suppressed. Result indicators were reformulated (changes in blue).*

Revised target values

The output indicators’ target values initially included in the OP were based on an overestimated number of projects to be subsidised (546, based on the experience drawn from different cross-border INTERREG III programmes, such as INTERREG IIIA France-UK and INTERREG IIIA France-Walloon-Flanders) and consequently, on a rather low average ERDF per project (about 400 000 € for Priorities 1 and 2, and 200 000 € for Priority 3). This approach did not fully anticipate that the 2 Seas area is much wider than a classical cross-border area, with the involvement of four Member States. Consequently, the features and partnerships size are closer to what is usually observed in most transnational programmes (except within North West Europe, where the investments share is much higher than in other transnational areas).

The direct consequence is that the average ERDF amount per project after the 7th call for proposals is much higher than expected. For each Priority, it now amounts to:

- ▶ Priority 1: € 2.043.949
- ▶ Priority 2: € 1.667.066
- ▶ Priority 3: € 1.719.428

For that reason, we recommend to make a formal revision of the target values included in the OP.

For output indicators based on the number of projects, initial target values were calculated by dividing the amount initially allowed to each operational objective within the OP by former estimated average ERDF per project. New target values (cf table 7 below) were calculated, taking into account the new average ERDF per project after the 7th Call for proposals, but using the same methodology as when

Table 7. Revised output indicators

Name of the output indicator	Definition of the target value	Initial target value	Revised target value	Value after 7 th Call for proposals	%age of achievement
Priority 1 - Supporting an economically competitive, attractive and accessible area					
1.1 Number of projects supporting the development of economic activities, including the maritime economy	23% of projects in this priority	35	7	4	57%
1.2 Number of projects supporting innovation, research and cooperation between Universities, knowledge institutes and businesses	18% of projects in this priority	28	4	5	125%
1.3 Number of projects supporting the tourism sector and promoting sustainable tourism	7,7% of projects in this priority	12	2	6	300%
1.4 Number of projects promoting entrepreneurship and supporting development of employment and human capital	7,7% of projects in this priority	12	2	4	200%
1.5 Number of projects encouraging the development of new cross-border commercial initiatives	5,2% of projects in this priority	8	2	4	200%
1.6 Number of projects improving the accessibility of the programme area by optimising the use and mutualisation of existing infrastructures as a priority (<i>mix of the two previous indicators</i>)	38,4% of projects in this priority (initially 30,7 + 7,7%)	59	11	1	9%
Priority 2 - Promoting and enhancing a safe and healthy environment					
2.1 Number of projects dedicated to integrated coastal zone management, maritime resource management and the management of estuaries	14,3% of projects in this priority	15	3	3	100%
2.2 Number of projects on the prevention and management of natural, technological and human risks and to guarantee the quality of the environment	10,7% of projects in this priority	11	2	5	250%
2.3 Number of projects related to energy efficiency and renewable energies	32,1% of projects in this priority	34	6	3	50%
2.4 Number of projects related to management of nature, landscape, natural heritage, and urban-rural relations	35,7% of projects in this priority	38	7	6	85%
2.5 Number of projects related to water management, waste management and sustainable use of resources	7,3% of projects in this priority	8	2	4	200%
Priority 3 - Improving quality of life					
3.1 Number of projects related to community quality of life, social inclusion and well-being of different groups in society	25,8% of projects in this priority	64	12	6	50%
3.2 Number of projects developing cooperation in the field of public services	19% of projects in this priority	47	9	5	55%
3.3 Number of projects supporting cooperation on education and training	18,4% of projects in this priority	46	8	1	13%
3.4 Number of projects related to heritage and cultural assets	29,3% of projects in this priority	73	13	11	92%
3.5 Number of projects dealing with leisure activities and social tourism	7,5% of projects in this priority	19	4	1	25%
Priority 4 – Common Priority with the France (Channel) – England Programme					
Number of projects supported by the Common priority		38	6	2	33%

Analysis of reached values

As output indicators deal with the number of projects subsidised, “underperforming” output indicators logically reflect the lack of projects addressing themes such as renewable energies, public services, education, and leisure activities, which is well known by OP authorities. But on the other hand, over-performing values must be analysed with caution, because the figures at stake are very low : sometimes only 1 or 2 more projects than expected were financed, which “artificially” gives way to very high %ages of achievement.

Underperformance and over-performance values finally reflect the difficulty of establishing target values for output indicators addressing directly the number of projects subsidised. It is difficult to develop accurate output indicators that can be easily aggregated at Programme level : it enhances the interest of developing a targeted approach of outputs, project by project, which is a task of a more qualitative nature, that should be carried out within the framework of capitalization.

Finally, the values reached by output indicators are globally consistent with the new target values calculated.

3.3.3. Result indicators

Nature of indicators

Around 6 result indicators were defined per Priority. They haven’t really been used by OP authorities at this stage, as they are provided in the final reports of approved projects. Therefore, there is room for a more substantial revision of this category of indicators.

Most of these indicators reflect activities that were expected to be developed within the Programme, listed in the OP under “Examples of cooperation activities that can be supported”.

The in-depth analysis of indicators showed that:

- most existing result indicators addressed real results, i.e. short-term effects, the products obtained through the implementation of projects ; they should not be modified,
- some existing result indicators were too difficult to use, and should be removed (e.g. “Volume of private investment generated”),,
- there was a need for new result indicators, in order to get a better idea of the effects obtained through the implementation of actions, and linked to the production of outputs.

But defining new result indicators at mid-term of the OP development always proves difficult: filling in an indicator usually requires that the methodology for getting the needed information is implemented right from the beginning of the project, which was not the case here. Collecting the information a posteriori is often at least difficult, or even at worst impossible. This is why the new result indicators are simpler, and can be filled in easily through the analysis of the final reports of the projects, or simple questions asked to project managers within the framework of the closure phase.

According to the recently developed “outcomes” approach by INTERACT, outcome indicators have to focus on the effects of the Programme, regarding people’s well-being, and general progress of the area, having to do with change of behaviours and attitudes. But this approach is more likely to be feasible through a qualitative approach, within the framework of capitalisation, and not through the definition of new outcome indicators at this stage of mid-term OP development.

The choice made for result indicators’ revision is to have one result indicator for each operational objective (except for the indicator “Number of joint economic actions developed”, which can be linked to 5 operational objectives in Priority 1, and not just 1), just like output indicators. Up to now, some project managers chose to fill several result indicators in, which will no longer be possible after the revision.

Definition of result indicators

Several result indicators address the number of “measures”, “plans”, “actions”, or “tools” implemented through the projects. These items are close in terms of general meaning, but the precise definition of each item, explaining what should be considered as a “unit” for an action, a tool ... has not been defined when drafting the OP. Project managers completed result indicators in the application form,

Table 9. Revised target values for result indicators

NB. The outline and definition of most result indicators have been clarified and revised (cf. table 8 above). The values reached by these have been taken from project application forms and the indicators are likely to change substantially when project managers revise them for their final activity report. For this reason, it makes no sense to provide the current percentage of achievement of result indicators because they would reflect in most cases a misleading understanding of the previous set of results indicators. Naturally, these percentages of achievement could be calculated when values are based on a much better understanding of their meaning and scope.

Name of the result indicator	Initial way of defining target value	Initial target value	Revised way of defining target value	Revised target value	Value after 7 th Call for proposals
Priority 1 - Supporting an economically competitive, attractive and accessible area					
1.1 Number of new joint economic actions developed	Average 1 for each project corresp. to output indicator n°1	65	Average 6,5 for each project corresp. to output indicator 1.1, 1.2, 1.3, 1.4, 1.5 (14 projects, value=93, average = 6,6 => 6,5 as the target value revised) - 6,5*17 projects (output indic 1 2 3 4 5)	110	93
1.2 Number of new cross-border cooperation structures between businesses and knowledge institutes	Self-supporting structures continuing to exist after ERDF support has ended	10	Average 2 for each project corresp. to output indicator 1.2 in this Priority (10 projects, value=20, average=2)	8	20
1.3 Number of new cross-border sustainable tourism products generated by supported projects	Average just over 1 for each project corresp. to output indicator n°4	12	Average 5 for each project corresp. to output indicator 1.3 (calculated on the basis of the average reached today, revised according to the knowledge of the nature of this kind of projects) * 6 projects	10	22
1.4 Number of businesses whose development was accompanied through supported projects	- (new indicator)	-	Average 50 for each project corresp. to output indicator n°1.4	100	N/A
1.5 Number of joint products and services generated by new commercial initiatives	- (new indicator)	-	Average 1 for each project corresp. to output indicator n°1.5 (4 projects already approved)	4	N/A
1.6 Number of new measures to improve the accessibility of the area by optimising the use and mutualisation of existing infrastructures as a priority (terrestrial, ICT, networks ...)	Average 1 for each project corresp. to output indicator n°6	12/47	Average 4 for each project corresp. to output indicator n°1.6 (9 projects, value = 42, average = 4,6 =>4)	44	42
Priority 2 - Promoting and enhancing a safe and healthy environment					
2.1 Number of new cross-border plans or tools for management of coastal, maritime areas or estuaries	Average 1 for each project corresp. to output indicator n°1 in Priority 2	15	Average 4 for each project corresp. to output indicator 2.1 (7 projects, value =18, average = 2,6 =>3, revised to 4 according to the knowledge of the nature of the projects)	12	18
2.2 Number of new cross-border plans or structures for risk management	Average 1 for each project corresp. to output indicator n°2 in Priority 2	11	Average 4 for each project corresp. to output indicator 2.2 (5 projects, value =17, average = 3,4, revised to 4 according to the knowledge of the nature of the projects)	8	17
2.3 Number of new joint renewable energies / energy efficiency measures implemented	Average 1 per project corresp. to output indicator n°3 in Priority 2	34	Average 2,5 for each project corresp. to output indicator 2.3 (6 projects, value =15, average = 2,5)	15	15

NB.: Some indicators' values "reached after 7th Call for proposals" should be checked by project managers when drafting their project closure report, but for the moment, they have been taken into account within our calculations:

Priority 1

Some values were considered realistic for the moment, but to be checked with project managers ; others were suppressed :

- Indicator 1.5 : 2 projects were spotted with 10 "measures" developed and should be checked

Priority 3

- Indicator 3.1 : two values (21 and 40) were considered realistic, but will have to be checked with project managers

Moreover, *Priority 2* (Indicator 2.4), a project with an unrealistic value (953 km²) was not taken into account. Similarly, within priority 3. (Indicator 3.3), two projects with unrealistic values (3 357 and 21 000) were not taken into account.

3.3.4. Specific analysis for Priority 5 "Technical assistance"

This analysis shows that a significant effort has been made on promotion activities whereas the number of jobs initially expected was higher than what was finally implemented.

Table 10. Revised result indicators for Priority 5

Name of the indicator	Initial target value	Revised target value for 2015	Value after 7th call for proposals	% of achievement
Output indicators				
Number of projects supported	546	100	71	71%
Number of applications assessed	1365 (assumption: success rate of 40%)	250	193	80%
Number of promotion and publicity activities at Programme level (annual events, seminars for lead applicants , for lead partners, thematic seminars, regional seminars)	Average 7 events per year (2008 – 2014) by JTS and contact points	50	35	70%
Result indicators				
Number of jobs created for the management of the programme (including territorial facilitators)	In full time equivalents (fte) JTS staff and info points	21	19	90%
Amount of ERDF subject to automatic de-commitment (N+2)	In €	0	€ 768 505	0% (not achieved)
Number of annual and final reports approved by the European Commission	For the 8 year period 2008 - 2015	8	3	37%

3.3.5. Overall indicators

In addition to the indicators above mentioned, OP authorities will also rely on the use of indicators that project managers were supposed to fill in within the application form in the "overall indicators" part, and that will be taken into account when projects come to an end.

- Concerning " degree of cooperation" indicators: we recommend to take into account only the "Number of projects respecting four of the following criteria: joint development, joint implementation, joint staffing, joint financing" indicator, and to shift the "Number of organisations involved as partner in the projects" former output indicator to the "overall indicators" list

3.3.7. Synthesis tables to be integrated in the revised version of the OP

Priority 1 – Supporting an economically competitive, attractive and accessible area			
Indicator	Comment	Target value 2015	Source
Output indicators			
1.1. Number of projects supporting the development of economic activities, including the maritime economy	23% of projects in Priority 1	7	Project application/ final report
1.2. Number of projects supporting innovation, research and cooperation between Universities, knowledge institutes and businesses	18% of projects in Priority 1	4	Project application/ final report
1.3. Number of projects supporting the tourism sector and promoting sustainable tourism	7,7% of projects in Priority 1	2	Project application/ final report
1.4. Number of projects promoting entrepreneurship and supporting development of employment and human capital	7,7% of projects in Priority 1	2	Project application/ final report
1.5. Number of projects encouraging the development of new cross-border commercial initiatives	5,2% of projects in Priority 1	2	Project application/ final report
1.6. Number of projects improving the accessibility of the programme area by optimising the use and mutualisation of existing infrastructures as a priority	38,4% of projects in Priority 1	11	Project application/ final report
Result indicators			
1.1 Number of joint economic actions developed	Average 6,5 for each project corresp. to output indicator n°1, 2, 3, 4, 5 in Priority 1	110	Final report of projects
1.2 Number of new cross-border cooperation structures between businesses and knowledge institutes	Average 2 for each project corresp. to output indicator n°2 in Priority 1	8	Final report of projects
1.3 Number of new cross-border tourism products generated by supported projects	Average 5 for each project corresp. to output indicator n°3 in Priority 1	10	Final report of projects
1.4 Number of businesses whose development was accompanied through supported projects	Average 50 for each project corresp. to output indicator n°1.4	100	Final report of projects
1.5 Number of joint products and services generated by new commercial initiatives	Average 1 for each project corresp. to output indicator n°1.5	4	Final report of projects
1.6 Number of measures to improve the accessibility of the area by optimising the use and mutualisation of existing infrastructures as a priority (terrestrial, ICT, networks ...)	Average 4 for each project corresp. to output indicator n°5 in Priority 1	44	Final report of projects
Priority 2 - Promoting and enhancing a safe and healthy environment			
Indicator	Comment	Target value 2015	Source
Output indicators			

Part 4. Analysis of the continued pertinence of the OP for the programme area

The purpose of part 4, as outlined in the Terms of Reference, is to identify and analyse the major changes to the context in which the 2 Seas Programme operates and determine to what extent the Programme is still pertinent. In other words, it consists in analysing whether the Programme Strategy, Priorities and operational set-up are still adequate in the socio-economic and political situation of today.

This should result in concrete recommendations for modifications in the programme:

- ▶ On the one hand regarding the strategic and thematic focus for the remaining calls for proposals in 2011 and 2012,
- ▶ On the other hand regarding the organisational and financial framework of the programme.

However, with the level of funding available following the 7th Call, remaining ERDF funds from the 8th call might be allocated to activities related to capitalisation or clustering of the supported projects rather than regular thematic projects. The need to realign the programme strategy, thematic priorities and financial breakdown with today's socio-economic challenges for the upcoming calls for proposals is therefore no longer necessary

In this context, the work of task 2 focuses on identifying those changes in the context that impact on a programme that enters its final stage of implementation, shifting focus from developing new projects to delivering the existing projects and capitalising on their results.

It is likely that changes will relate to the organisational framework and operational aspects of the programme. Also general observations with regards to the pertinence of the programme strategy and priorities in the present socio-economic context can be used for defining certain thematic clusters of projects and areas of intervention that should be addressed with priority in capitalisation activities of the programme.

The main questions addressed in this part are:

- What are the major economic, political and social changes that have occurred over the past four years of particular relevance in the context of the 2 Seas Programme?
- What are the main strategy and policy developments over the past four years of particular relevance in the context of the 2 Seas Programme?
- What has been the impact of these developments and changes on the pertinence of the programme strategy, priorities, objectives and governance?
- Have the changes manifested at project level including project type, project partners, project financial set-up etc?
- What modifications to the 2 Seas Operational Programme are necessary based on the observed developments and changes?
- How should the 2 Seas programme implementation be adapted to these changes in the remaining years of its lifespan?

4.3. Cross-approach between context changes and programme bodies opinions

Table 12 below lists the main findings of the analysis of the continued pertinence of the programme in view of the major changes and developments in the context of the programme between 2007 and 2011. For each of the main factors of development, it combines the main items of relevance for the programme framework with the views of the programme stakeholders on this issue is presented to identify possible response from the programme

Table 12.

	Relevance for the programme - area, strategy, objectives, governance	Visions and interpretation of the Member States and MA	Potential response by the 2 Seas Programme
EU 2020	<ul style="list-style-type: none"> • Identification of the strategic priorities for the EU until 2020. Seven "Flagship Initiatives", all within the overall thematic scope of the 2 Seas OP. • EU Territorial Cooperation programmes mentioned as instruments for EU 2020 goals related to: <ul style="list-style-type: none"> - networking and participation in research - low carbon, resource efficient economy - policy integration for (i.a.) coastal zones, sea basins 	<ul style="list-style-type: none"> • EU 2020 recognised by most respondents as important strategic reference for the programme, without concluding that it should shape the thematic orientation of the programme. • Suggestion to use the EU 2020 themes to set thematic focus of the OP until 2013 made by the MA. 	<ul style="list-style-type: none"> • No change in OP strategy and priorities needed. • The strategic framework of EU 2020 can be adopted for demonstrating and communication of programme impact and relevance, in particular for clustering of (2 Seas) projects and related actors. It can also provide an additional reference framework for selection of projects. • EU 2020 will influence preparation of a possible post-2014 2 Seas OP.
EU Integrated Maritime Policy	<ul style="list-style-type: none"> • Introduction of 'maritime' as integrative, cross-cutting strategic theme at EU level. • Identification of main maritime policy themes at EU level. These are generally within thematic scope of the 2 Seas OP. • Sea-basin approach in which 2 Seas programme area is part of 2 basins: North Sea and Celtic Seas. 	<ul style="list-style-type: none"> • Most respondents felt that the 2 Seas programme does not include enough projects related to maritime issues. • A shared definition or description of 'maritime issues' would have helped to generate more projects in this field. • Maritime projects should be developed with emphasis in the remaining years in the view of NL, MA. 	<ul style="list-style-type: none"> • No change in OP necessary. • IMP thematic framework can be used to support the maritime dimension of the programme. In particular for identifying supported projects according to IMP themes for clustering, capitalisation and communication. It could also provide additional reference for project selection. • IMP will have importance for preparation of a possible post-2014 2 Seas OP.
Macro regional strategies	<ul style="list-style-type: none"> • No macro-region in place in the 2 Seas area. • Proposal by the CoR to the EC to develop a macro-region North Sea – Channel. • Initiative by North Sea Commission to prepare North Sea 2020 strategy covering part of the 2 Seas, as a possible prelude to a North Sea macro-region. 	<ul style="list-style-type: none"> • Proposal (CoR) for macro-region development for the North-Sea and Channel was raised by MA. If this happens, 2 Seas funding might be needed to contribute to the process. • North Sea Commission initiative was not referred to by interviewees. • Most interviewees do not experience the programme area as one functional cross 	<ul style="list-style-type: none"> • No strategic or operational re-orientation of the 2 Seas programme required at this early stage. • Contributions to a potential concrete macro-regional development initiative could be made through 2 Seas Clustering and Capitalisation actions (if implemented). • If a macro-region emerges this will impact the preparation of a possible post-2014 2

Part 5. Orientations for future programme direction till 2013

Based on the analysis previously undertaken, part 5 consists mainly in exploring the ways to optimise the end of the programming period, both in terms of effective use of the whole ERDF allocation and achievement of a valuable legacy for the future.

The main questions addressed are:

- How financial allocations can be effectively used till late 2015, considering notably potential under-spending by running projects? What are the different options and which one could be favoured?
- How to deal with the expected difference of projects' results in terms of quality, added value and contribution for the achievement of current OP objectives? Could they be classified into several categories?
- What could be the most tangible and valuable results? Will they be properly and widely disseminated? How to valorise projects with a lower profile as regards strong EU priorities and IMP?
- Would capitalisation actions provide a valuable contribution for the current and future periods? What could be the operational modalities for their implementation?
- How to make sure that project results will be aggregated in a smart way in order to be easily reused during the drafting process of the next steps of the ongoing programme evaluation and strategy for the future programming period?
- Which dissemination and valorisation tools could be envisaged to usefully promote the different categories of project results?

5.1. Financial configuration for the remaining programming period

5.1.1. Possible programme response to the decommitment of funds.

Based on the "N+2 rule", the 2 Seas programme is confronted with a decommitment of ERDF funds. Over the period until the end of 2010 an amount of approximately €750.000 ERDF has to be reduced from the programme budget due to under spending compared to annual programme targets. In response to this decommitment the programme authorities have to decide which section(s) of the programme budget will be cut to accommodate this reduction.

Information about the ratio among the different Priorities in the composition of the € 750.000 decommitment sum is not available. So it is not possible to point out which priority or priorities 'caused' the decommitment.

The analysis of the financial performance of the programme that is part of this evaluation, can provide important considerations for deciding how to process this decommitment. The relevant findings from the analysis in this respect are summarised as follows:

- The financial analysis shows (table 2.1) that all 4 thematic priorities still have enough ERDF funding available to cover the full amount of the decommitment, should that be needed. The original ERDF allocations of priorities 1, 2 and 3 are in a range between €40 to €60 million. The Priority 4 ERDF budget is of a different order of magnitude at €13 million (graph 2.2).

- Priorities 1,2 and 3 all demonstrate high proportions of commitment of their respective ERDF budgets. Of the ERDF budget for Priority 4 only 41% is committed over 7 calls (graph 2.2).

With this information available, two main approaches can be distinguished for achieving the N+2 reduction:

Option 1. Reduction to the full decommitment amount of the Priority 4 ERDF budget.

The patterns of financial performance of the priorities to date show that Priority 4 is less sought after and lags behind the original projections. Therefore it can be argued that the underperformance of this priority, especially when compared to the advancements of the other priorities, may have made a considerable contribution to causing the present N+2 'situation' at programme level. The existing commitment patterns also suggest that it is likely that the priority 4 ERDF budget will not be fully committed in the 8th call, whereas this is a real possibility for the other priorities.

Table 13 presents the impact of this option on the remaining programme funds

Table 13. Impact of decommitment on remaining ERDF amounts – option 1.			
	Share of €768 505 decommitment	Available ERDF after 7 th Call	Available after decommitment
Priority 1		€9.926.568	€9.926.568
Priority 2		€5.790.154	€5.790.154
Priority 3		€3.559.105	€3.559.105
Priority 4	€768 505	€7.457.111	€6 688 606

Several restrictions have to be considered regarding this option.

Priority 4 presents a very specific feature of the 2 Seas programme, that is the result of an intensive political debate among all stakeholders in the programme governance. Achieving the objectives of this Priority proves to be challenging and may take longer than in the case of 'regular' priorities. A budgetary reduction of this specific priority of the programme at this stage could be counterproductive to the joint efforts to making it a success.

Priority 4 and its' budget fall under the shared responsibility of the 2 Seas and Channel programmes. This implies that all decisions regarding a possible modification of this budget require the approval from both programmes' authorities. This makes such a budget modification difficult and time consuming to process.

Option 2. Proportional reduction of the ERDF budgets of priorities 1,2 and 3

The impact (in %) of a possible reduction in the context of this N+2 decommitment on the budgets of Priorities 1,2 and 3 is relatively small, especially when the required amount is divided over several priorities. Compared to a reduction of Priority 4 budget, where the amount in question represents a considerable percentage.

In addition to this a budget reduction of any or all of these priorities is relatively easy to process, compared to a reduction of Priority 4 (see option 1).

There are several ways to split the decommitment amount over the three priorities (equal split, pro rata of OP budget, pro rata of committed ERDF, ...). Of these options a reduction pro rata of the original OP budget shares of the priorities involved results in the most balanced distribution of the reduction.

The budgetary consequences of this option on the remaining ERDF budget are indicated in table 14.

Table 14– Impact of decommitment on remaining ERDF amounts – option 2.				
	Share of OP budget (Prio. 1,2,3 only)	Share of €768 505 decommitment	Available ERDF after 7 th Call	Available after decommitment
Priority 1	40,75%	€313 166	€9.926.568	€9.613.402
Priority 2	28,25%	€217 103	€5.790.154	€5.573.051
Priority 3	31,00%	€238 236	€3.559.105	€3.320.869
Priority 4			€7.457.111	€7.457.111

Based on these observations we propose to choose Option 2 and deal with the N+2 decommitment by reducing the total amount of €768 505 from the budgets of Priorities 1, 2 and 3 pro rata of the original OP budget shares of these priorities.

In line with the requirements in the General Regulation for the Structural Funds (1083/2006), this decommitment will have to be processed by presenting a modified financing plan for the 2 Seas OP to the European Commission.

5.1.2. Future N+2 decommitments

In addition to the N+2 decommitment incurred after 2010, the possibility of further decommitments of ERDF funds exists at the end of consecutive years of the programme lifetime.

There is a real possibility that the entire ERDF budget of the programme, or at least of Priorities 1,2 and 3 will be fully committed after the 8th Call for Proposals by the end of 2011¹². However, projects may run into delays of their planned activities and forecast expenditures and experience shows that INTERREG projects often do not completely use up their ERDF grant.

For the purpose of this evaluation there was no detailed information available yet about the precise volume and characteristics of possible under spending or spending delays at project level. However, there are already strong indications that this is the case, possibly to a considerable volume. If this indeed is the case, it is probable that will result in further decommitment for at least part of the ERDF funds associated. An 'economic analysis' of the actual spending patterns and forecasts of all projects is conducted in parallel to this evaluation, that will produce the required information

In response to the possibility of new decommitments several complementary lines of action can be identified:

- The first line of action is prevention of N+2 decommitment. This requires a detailed overview of programme annual spending targets, projects original budget forecasts and actual spending patterns. Cross referencing this information will reveal the risk and possible volume of decommitment of the coming years. Based on this information targeted efforts could be made in cooperation with project actors, to create awareness of the need to meet spending targets over a certain year. And if possible, to speed up activities of expenditures to increase ERDF spending at programme level.
- If decommitment can not be avoided, a next step would be to use ERDF funds that flow back to the programme budget due to projects not meeting their spending targets. In the course of 2011 the first 2 Seas projects will be finalised. If these, and future finalised projects, did not use up their ERDF grants, the remainder of these grants can be freely used again by the programme.
- In addition to this an examination of the ERDF spending patterns and forecasts of ongoing projects may reveal ERDF amounts that will not be used by projects, for instance because they

¹² This was indeed the case after the 2 Seas Programme Steering Committee meeting of 22 and 23 November. Applications were approved to the extent that all remaining ERDF funding is fully committed in the Priorities 1,2 and 3.

already completed activities at lower costs than anticipated. In these cases, provisions could be made with the project to reduce ERDF funding in mutual agreement. The corresponding ERDF could be used again at programme level.

- A final additional option, if the previous actions do not result in a sufficient financial buffer, would be to reduce the ERDF grants of projects that have contributed to the decommitment by not meeting their spending forecasts. This option is possible, based on provisions in the standard Subsidy Contract for 2 Seas projects (Article 5).

An important consideration regarding this option is that it requires a case by case decision on whether or not to reduce a projects' ERDF grant, as causes for spending delays and prospects for future expenditure can be very different. Moreover, it should be considered that even a partial reduction of a projects budget can endanger the viability of an entire project, and as such negatively affect the overall impact of the programme. For these reasons it is advisable to use this option only after having fully exploited the first two options above.

5.1.3. Optimising the use of the programme budget

Experience shows that projects supported by INTERREG programmes (or other grant schemes) often spend less than their granted budget. Possible causes for this include for instance: over-budgeting, delays, under-achievement or exchange-rate fluctuations.

The 'economic analysis' of the spending patterns and prospects of the ongoing 2 Seas projects, implemented in parallel to this stage of the programme evaluation will reveal the extent to which this is also the case in this programme. Initial findings show that a considerable under-spend is likely.

These un-used funds will eventually become available to be re-used by the programme. Several approaches can be considered for allocating these 'recycled' funds to support new projects.

a. Over-commitment of programme funds

The programme could anticipate on these funds becoming available again for re-use by over-committing. This implies granting programme funds to good-quality projects in excess of the remaining available ERDF allocations, with the expectation that the total stock of supported projects will not spend more than 100% of the programme budget. Especially in the final years of programme implementation this has the important advantage that projects have more time for implementation.

This approach has been used previously by many Structural Funds programmes (Objective 2, INTERREG). Over-commitment rates used vary, depending on the specific situation of each programme. Rates are typically in a range from a 5% to 10% of the programme budget.

To give an indication of the order of magnitude of the amounts involved, Table 15 lists the amounts of ERDF funding corresponding to these rates under the 2 Seas financing plan. Note that these figures are not presented as recommended amounts for over-commitment.

Table 15 – additional ERDF amounts that could be over-commitment (indicative only and based on original approved Programme budget)		
	5% over-commitment	10% over-commitment
Priority 1	€2.945.577	€5.891.154
Priority 2	€2.039.926	€4.079.853
Priority 3	€2.240.371	€4.480.742
Priority 4	€631.521	€1.263.043
TOTAL	€7.857.396	€15.714.792

Key points that must be taken into account when applying this approach:

Considering the diversity of projects results and potential target groups, the JTS proposed to explore the outline of a capitalisation process in a double perspective:

- one at programme level, with the assistance of external experts if needed;
- the other one in the different territories of 2 Seas area. For this purpose, a specific work plan is currently implemented by the network of territorial facilitators in the four countries. The evaluators do not interfere with these activities.

In the end, these two dynamics should contribute to the emergence of the programme distinctiveness. They should obviously complement each other.

In the following, an assessment will be made by the evaluators, firstly regarding the developed approach by the JTS with the aim of making it clearer. Secondly, benchmarks will be made against practices developed in other ETC areas. On this basis, operational modalities for the development of the different capitalisation actions will be suggested, especially thematic clusters. Finally, a description of practical modalities tested against a sample of approved 2 Seas projects which may be involved, in such a thematic cluster, will be made.

5.2.1. Assessment of the developed approach by the JTS concerning the typology of results which should be valorised and exploration of potential alternative groupings or different categories.

The JTS suggested in a working paper in August 2011 to classify expected projects' results into 4 categories, considering that they vary significantly in terms of quality and as regards their contribution for both demonstrating the distinctiveness of the current OP and for preparing the future programming period. In fact, in spite of a rigorous selection process, this diversity is the natural process deriving from the bottom-up approach in vigour for project generation (programme bodies have to select projects among those submitted, whatever their average quality) and considering the internal and external factors which often prevent the partnerships to comply with their initial ambitious plans.

The below matrix shows the key features of each category.

Table 16.

Categories of projects' results proposed by the JTS	Suggestions for category labelling for (external) communication purposes	Key features
Category 1: Good practices /champions	Category 1: Flagship projects / Champions	<ul style="list-style-type: none"> ▶ Projects with outstanding features in terms of partners, content-related and added-value for the area. They can be seen as examples and flagship projects. ▶ May be thematically isolated, meaning that the possibilities for aggregating several projects under one consistent group appears limited.
Category 2: Strategic projects	Category 2: Classical and/ or cluster projects labelled as strategic	<ul style="list-style-type: none"> ▶ Projects answering to the following criteria: <ul style="list-style-type: none"> ✓ to deal with a major thematic issue ✓ to generate impacts which are manifest in a large area ✓ to have a long term perspective and deliver tangible results ✓ to have a clear maritime dimension ✓ to involve key actors ✓ to ensure excellent communication <p><i>(drawn from the JTS note "Key info – Strategic projects" – 02.2011)</i></p> <ul style="list-style-type: none"> ▶ Unlike in other ETC OPs, these projects don't result from specific calls for proposals. Instead, a label will be given to 'classical' projects complying with these requirements.

In conclusion, these alternative approaches do not suggest any major change in the approach developed by the JTS, but could complement the operational developments of some categories.

5.2.2. Determination of valuable actions which could be supported for each category of results in order to promote the area's achievements.

In this sub-section, the following points are addressed:

- benchmarking against other ETC programmes which proved to have developed valuable practices according to the knowledge of the evaluators, also considering a wider list of ETC programmes ;
- determination of the pros and cons of each of the capitalisation or valorisation approaches, with potential risks or limits which should be kept in mind.

Considering the four categories of projects' results previously identified, a benchmarking against other ETC programmes has been undertaken in order to identify valuable practices. It provides a large view of the different types of valorisation tools implemented by running OPs. These tools and valorisation approaches have different objectives, targeted groups and are supported by different communication tools (website, publications, videos, etc.).

The table 17 below classifies these elements per category of projects' results.

Table 17.

Valuable practices in terms of capitalisation and valorisation identified in other ETC programmes	Relevance for each categories of projects' results				Comments about: Pros / cons & Risks / limitations
	Category 1.	Category 2.	Category 3.	Category 4.	
<p>INTERREG IVC * brochure highlighting one 'champion' project per country * nomination of 2 projects for a "Regio star" award (<i>list of main selection criteria – 1- innovative character of the project; 2- impact (or expected impact) of the project in terms of initial objectives; 3- Expected sustainability of the project; 4- project's results in enhancing local, regional and interregional partnerships</i>)</p>	++	/	/	+	Great visibility at EU level of outstanding projects Choices to be made by programme bodies only for a very limited set of projects
<p>INTERREG IVC "Thematic programme capitalisation" (IVC): the results of projects working on the same topic will be analysed with the help of an expert in this field. Topical publications and events will share the conclusions of this analysis. An online 'good practice database' will be a one-stop shop for getting details on the different practices identified. In each selected topic, the knowledge will be benchmarked, and validated by an expert, with the contextual elements that make them 'ready to use' by the policy-makers.</p>	/	+	+	++	-strong added value of outputs for public authorities - deliverables not very ambitious considering the strong involvement of human resources
<p>INTERREG IVB MED. Capitalisation plan with thematic poles The initiative of capitalisation by thematic poles aims - To encourage the creation of added value for the projects and the Programme, by developing synergies between projects. - To ensure the dissemination and the transferability of project results both beyond the partnership and after the end of the Programme. It is a three steps process: 1) Analysis phase and implementation of joint activities. 2) Dissemination phase and 3) Mainstreaming (Creation of a capitalisation activity market place) Plan for a possible specific call for projects according to capitalisation results.</p>	/	+	+	++	- deployment in several steps over a long period (between 3 and 4 years) not applicable in the current context of 2 seas OP - logic of thematic poles very close to thematic clusters

<p>INTERREG IVB NWE "Strategic Initiatives": 5 thematic areas identified as strategically important for NWE (transport and logistics chains, production and consumption of energy from renewable sources, developing capacity for innovation and knowledge based economy, challenges posed by demographic change and immigration and adaptation to the spatial impacts of climate change) and 3 types of projects (bottom-up projects, top-down projects and clusters) composed this experimental approach ended in 2011 for bottom-up and top-down projects with 5 projects approved: WEASTFLOWS, KARIM, EnAlgae, ARBOR, CODE24.</p> <p>These initiatives brought together regional, local, national and EU experts and other stakeholders and received an early and tailored-made support from the Programme. They received and will continue receiving a wider exposure in the Programme's communication activities.</p>	/	+	+	++	<p>-implies allocating the "strategic project" label directly upon approval of an application</p> <p>-integrated way of work</p> <p>-high potential for results of high quality</p> <p>-not suitable for 2 Seas, since no new projects will be approved after Call 8</p>
<p>INTERREG IVC and INTERREG IVB Central Europe - "final conference for projects" = day of communication by the partnership for explaining projects results, follow-up actions, etc.</p>	+	+	+	+	<p>-gives a good visibility to projects partners even if profile and size of participating public are usually rather limited</p> <p>-may be not really relevant for some projects</p>
<p>INTERREG IVA France-Wallonie-Flanders - "global results of programme": web page dedicated to results of all approved projects classified by fields (economic development and innovation, employment and training, tourism, culture, health, environment, etc.).</p>	/	+	++	++	<p>-aggregation and classification of information which have a deeper impact on public in general rather than for stakeholders or the ETC community</p>
<p>INTERREG IVA France-Wallonie-Flanders "operational extract brochure": edit by the programme, this annual document highlights global results of the programme (using financial, qualitative and quantitative elements, and focus on strategic or outstanding projects classified by priority).</p>	+	++	+	+	<p>-might constitute a key document for ETC programme, especially if focused on qualitative aspects</p> <p>-document only focused on quantitative aspects and on financial implementation</p>
<p>INTERREG IVB South-west Europe "Videos" Videos available online on projects identified as remarkable.</p>	++	/	/	+	<p>- even if the process is valuable, one should make sure that only successful projects are emphasized</p>
<p>INTERREG IVA Upper Rhine "What do they become?" Sections of newsletters call "what do they become" focusing on approved and realised projects and their lives after the end of ERDF intervention.</p>	/	/	/	/	<p>-shows the leverage effect of the OP and the lasting effects of supported projects supported.</p> <p>-not really applicable in the context of 2 Seas area since it is only the first generation of projects</p>

Focus on clustering activities developed in other cooperation areas:

Among the different purposes of capitalisation, thematic capitalisation through clustering of related and relevant individual actors appears as an essential approach for at least two reasons:

- 1) projects' beneficiaries can exchange their views on achieved results and can consequently develop more strategic projects in the future;
- 2) aggregated results and lessons at a larger scale allow better assessing to what extent approved projects contributed to the achievement of individual programmes' objectives and more generally to Cohesion Policy objectives.

This approach was originally developed by networking programmes (such as URBACT and more recently INTERACT) and later on by specific ETC programmes, mainly at transnational level. However,

	<p><i>staff) will form more than half of a typical cluster project budget.</i></p> <p><i>Alternatively, the regular co-financing principles could be applied. This means that a 50% grant rate would be used for all budget lines, both staff and out-of pocket costs (Option 2). This might be more straight forward to work with from the experienced 2 Seas partners point of view. However, this approach may unnecessarily restrict the ambitions of partners regarding the outputs of the cluster.</i></p> <p><i>In any case, an intrinsic motivation to contribute to, or even lead a cluster would be required from all cluster participants. Therefore it is not recommended to work with a 100% co-financing rate for all eligible budget lines, but rather to require at least some form of material contribution to the cluster projects from the partners involved.</i></p>
<p>Duration</p>	<p><i>Provided the action plan and the expected deliverables are well defined during the generation stage of the cluster (which could last from 3 to 6 months), the implementation stage could last from 6 to 12 months.</i></p> <p><i>In both stages, participants should be reminded that they are in a short term process for the delivery of outputs.</i></p>
<p>Support, guidance at OP level</p>	<p><i>Options to be envisaged: guidelines for the implementation stage; cluster facilitator; one referent person within the JTS (for instance a project officer or a territorial facilitator), indication for the selection process of external experts, etc.</i></p>

Estimation of the number of clusters which could be implemented over the next years

Even if financial resources may become very scarce after the programming process related to the 8th call for proposals, at least two financing sources could be contemplated for the development of projects clustering:

- Technical assistance (TA) for activities totally financed by this budget line (at least till mid-2012).
- under spending of projects already co-financed through the Priorities 1-4 (starting (mid-)2012)

Reasonably, **up to four clusters** could be envisaged before the end of this programming period.

It is suggested to select one relevant topic under each of the three thematic priorities of the EU 2020 strategy, plus one topic closely linked to the maritime dimension and the IMP. Ideally, the selected topics should be in line with the orientations provided in the EU 2020 strategy about smart, sustainable and inclusive growth.

It would be wise to launch one of them as soon as possible and to draw lessons from the first steps of its development before generalising the approach to the others.

5.2.4. Test of the practical modalities against a sample of approved 2 Seas projects which may be involved in a thematic cluster

Purpose

Clustering activities among existing 2 Seas projects will require a considerable effort of the partner organisations the get involved in a cluster. The success of clustering depends on the capacity and willingness of the select group of key partners and actors in the area to get involved and dedicate staff and financial resources.

This can only be achieved if the set-up of clusters provides considerable added value for both the programme and the cluster participants / cluster leaders. For this reason it is essential to get in

Roadmap for the implementation of thematic clusters as of 2012

The following guidelines rest on both the proposal from the evaluators and the opinions from relevant key actors.

Cluster generation

Top-down approach in the first steps of designing the outline of the cluster and identifying relevant projects and organisations => strong involvement of programme bodies (notably JTS and territorial facilitators).

Cluster size and scope

Take on board a large group of projects/participants - between 5 and 10 and ideally 7 to 8. Projects from other overlapping areas are welcome, as well as relevant INTERREG III projects.

Profile of cluster's participants

Mix of academic, public authorities and business representatives, coming mainly from ETC projects but also additional external competencies. They should all have relevant operational knowledge AND a vision on the theme.

Profile of cluster' leader or coordinator

3 options: 1/ an external expert (academic or consultant); 2/ a network specialised on the issue; 3/ a JTS representative.

Duration

Generation stage: 3 to 6 months

Implementation stage: 6 to 12 months (up to 18 months in duly justified cases)

Type of activities / Eligible expenditure

Type of activities: They should be focused on the aggregation of existing outputs and their valorisation on the outside.

Eligible expenditure:

- ✓ Preparatory stage: one meeting between the organisations, travel costs, external expertise,
- ✓ Implementation stage : meetings between the organisations, travel costs, external expertise+ events, publication document,
- ✓ Staff costs of cluster participants:

In principle, the ERDF subsidy would benefit to the cluster leader. Only this participant would receive this extra co-funding for the steering and management of the cluster and for technical expertise and would bear the overall responsibility for the cluster activities.

Budget size

Between €50.000 and €150.000 (exceptionally up to €200.000) for one cluster depending on several criteria such as: the number of involved projects/competencies, the intensity of collaborative activities, the duration and planned deliverables, etc.

NB: Alternatively, if the JTS would take up the process and administrative side of cluster leadership (with a cluster partner acting a content leader), this could reduce the staff time and costs that should be budgeted for cluster coordination.

Co-financing rate

Co-financing rate should amount to 80% or even 90%.

Support, guidance at Programme level

Necessity to take on board the JTS, either as the cluster leader or a driving force within the steering group.

15. The set of physical indicators, especially result indicators, does not prove to be appropriate enough for the programme monitoring. Target values were overestimated and appear to be out of reach considering the partnership size and financial characteristics of approved projects.

→ General conclusions

16. In general terms, the programming process results have delivered fairly well against the Operational Programme after less than three years. Programme bodies have developed the appropriate measures (notably cooperation fairs, territorial facilitators) to facilitate the emergence of good quality projects.

6.2. Key recommendations

→ Recommendations that require modifications to the Operational Programme

1. In response to institutional changes in the UK, in particular the expected closure of Regional Development Agencies, a modification of the Operational Programme is required. Concretely this is the case for the parts describing the composition of the programme Committees (Section 5.4 of the OP).
2. To process the N+2 decommitment of approximately € 750.000 over the programme's 2010 annual budget, it is proposed to reduce this amount from the budgets of Priorities 1, 2 and 3 on a pro rata basis according to the original OP budget shares of these priorities. In line with the requirements in the General Regulation for the Structural Funds (1083/2006), this decommitment will have to be processed by presenting a modified financing plan or the 2 Seas Operational Programme (sections 6.2 and 6.3 of the OP).
3. The set of physical indicators should be revised in a twofold perspective: in the definition of some output and result indicators and in the target value that was assigned to each of them.
4. The types of projects foreseen in the OP should be slightly revised in order to reflect the reality of what can be used for project generation against the 2 Seas area characteristics and needs, as well as the development of joint activities between existing projects. Concretely, it means as a minimum deleting the category of framework projects associated with micro-projects.

→ Recommendations for adaptations in programme implementation

5. To maximise the impact of the programme in the final years and with the remaining resources available, it is advised to adopt a thematic focus within the existing wider scope of the programme. The recent EU policy frameworks EU 2020 and Integrated Maritime Policy provide a good basis for this, in combination with present policy priorities of the 2 Seas Member States (see conclusion 9).

These thematic preferences and policy orientations could be brought together in the following thematic focus areas for the 2 Seas programme:

- *Smart growth of the 2 Seas area* - support to local and regional economic recovery and support to innovation.
- *Sustainable growth of the 2 Seas area* –boosting the low carbon economy.
- *Inclusive growth in the 2 Seas area* - creating jobs, improving employment.
- *Maritime challenges and opportunities of the 2 Seas* – including coastal erosion, port strategies, transport and logistics, integrated maritime governance.

This thematic preference should not exclude action on other topics fitting the OP Priorities. Rather it should be an indication of the desired focus in the remaining programme lifetime. Actions to achieve this desired focus could be:

