



**Ex-Post Evaluation of INTERREG 2000-2006 Initiative Financed
by the Regional Development Fund (ERDF)**

TASK 5: IN-DEPTH ANALYSIS OF A REPRESENTATIVE SAMPLE OF PROGRAMMES

**PROGRAMME:
Baltic Sea Region INTERREG III B Neighbourhood Programme**

EVALUATION REPORT, elaborated by

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1 SUMMARY

This case study of the Baltic Sea Interreg III B programme is part of the ex-post evaluation of Interreg III for the funding period 2000 to 2006 and has been carried out by IfS Institut für Stadtforschung und Strukturpolitik, Berlin in the methodological framework provided by Panteia for the whole study. The fieldwork was carried out between July and September 2009.

The Baltic Sea Region INTERREG III B Neighbourhood Programme is specific as it covers strands A and B. Starting as a III B-programme, two III A-priorities have been incorporated after EU enlargement in 2004. Nonetheless, this case study report only covers the III B-part of the programme. Funds have been completely committed already in 2006. The timely implementation is suggesting that the supply of funds met demand. Despite the early commitment, the budget could not be spent completely, mainly for reasons of under spending of single projects and lack of time for new calls. N+2 was an issue although it didn't cause de-commitment. Late start of payment led to the delay and n+2-problems that could only be overcome through a joint effort of all partners involved.

The programme follows a broad and, as the interviewees put it, "bottom-up" approach. Content and concrete approaches are to be developed over time. So the programme was implemented in the framework of a broad and rather unfocused strategy. Although this does not fit with the ideal programming model, it seems suitable for a region, where even coming to an agreement of joint problems amongst the different countries involved is demanding.

As to results and effects, the indicators show a predominantly positive picture. But a number of shortcomings of this rather technical perspective need to be taken into account. Aspects like cooperation are difficult to translate into simple indicators, the innovative aspect of cooperation efforts, but also technical problems of data collection in a Lead Partner type of projects complicate or even hinder the use and application of indicators. All in all, a "traditional" indicator based approach for the definition of objectives and monitoring of implementation as well as evaluation seems to be of limited potential. To grasp mid term and long term effects, additional evaluation studies might be necessary. Of the five projects analysed in depth, all show common traits, although the intensity of joint planning and implementation differs. Some projects could rely on pre-existing partnership structures, others had to build partnerships while preparing the proposal. The experience of the Lead Partner and size of the partnership both affect cooperation. Progress in cooperation in terms of approximating expectations can be found in all projects. The geographical impact varies between sub-regions and the Baltic Sea Region as a whole. Continuation of cooperation depends on the maturity of the networks and the availability of funding.

The programme area is grouped around the Baltic Sea, which gives the central focus to the programme: issues of transport, environment, tourism etc. related to the Baltics are the backbone of the strategy. The programme management profits from the fact that there is a continuity in the management structures. The role of Managing Authority is the Investment Bank of the German Land of Schleswig Holstein, the secretariat has two offices, one in Rostock, one in Riga. The continuous

work of the structures facilitated a process of professionalization that has been highlighted during the interviews. Among the representatives from the Member States involved, a joint understanding of the purpose, aim and procedures (e.g. selection criteria) developed over time.

A few specific aspects are worth mentioning. The programme used a specific seed money facility to support project development. Although evidence is limited, there are some hints that it might be efficient to invest in the project preparation phase. Furthermore, the programme actors spent a lot of energy in achieving better cooperation with Russia and better coordination with PHARE and TACIS funds. There was a severe backlash in the cooperation with Russia in the new funding period. This is regrettable as a significant harmonization has been achieved. A third aspect is the development of a EU Strategy for the Baltic Sea Region. This might evolve into a strategic framework for different kinds of programmes active in the area and thus contribute toward achieving synergies.

All in all the Baltic Sea Region INTERREG III B Neighbourhood Programme meets the needs of the region. All funds could be committed early in the period. The implementation procedures show a steady progress and decision making is based more and more on evidence rather than on political discussion.



1 INTRODUCTION

1.1 BACKGROUND OF THE CASE STUDY

This case study is part of the ex post-evaluation of INTERREG in the funding period 2000 to 2006. A consortium under the leadership of Panteia is undertaking this evaluation. The overall methodology and approach has been outlined in the inception Report (Panteia 2009a). One task of this evaluation is the in-depth analysis of sixteen selected programmes (from the INTERREG strands A and B) in the form of programme case studies. The Institut für Stadtforschung und Strukturpolitik GmbH (IfS), Berlin has been asked to undertake the case study for the Baltic Sea INTERREG III B programme. IfS has not been involved in the evaluation work from the beginning but joined the team in July 2009. Due to this late start, IfS could not attend the briefing meeting held in Brussels at the beginning of July. The evaluation work documented in this report has been carried out from mid July to the beginning of September 2009. This report has been drafted by Dr. Oliver Schwab and Kristin Schwarze.

In the framework of the ex post evaluation, the in-depth analysis of selected programmes is one of the tasks. Some of the tasks are taken up and reflected in the case study (e.g. some financial indicators, the synthetic indicator or the typology of programmes).

1.2 RESEARCH INTEREST AND METHODOLOGY

The case study has been undertaken as part of the methodological framework given by the core evaluation team. Guidance has been provided in the form of Annex 5.1 of the Inception Report and in the form of the Pilot Evaluation report drafted for the Alpenrhein-Bodensee-Hochrhein programme. Both guidance documents are not completely coherent. Some questions raised in the Annex are not dealt with in the pilot evaluation report. Furthermore, the structure and form of presentation differ. This report follows the structure of the Pilot Evaluation Report, simultaneously trying to cover the questions raised in Annex 5.1 to the greatest extent possible.

According to Annex 5.1, the programme case studies shall take up and reflect a number of aspects from other tasks of the evaluation. This is for instance the case for certain financial indicators (like the Intensity Measure and the Gap Measure), for the typology of programmes developed and for the synthetic indicator. From the perspective of the specific programme, using some of these elements from other tasks of the ex post-evaluation causes complications in some aspects. For instance, it is difficult to compare one specific programme to a cluster consisting of only six programmes: certain aspects on cluster level are determined by the programme at hand – so that a comparison makes no sense (for the Baltic Sea Region INTERREG III B Neighbourhood Programme, this is the case for the financial analysis on the three digit level of intervention areas). If complications of this kind occurred, they have been highlighted in the text.

Another problematic issue is that the database provided by the core evaluation team based on the Commission database has proven to be partly incompatible to the data provided by the programme monitoring. The breakdown of expenditure to the three digit level of expenditure categories for instance tells completely different stories depending on what data source is being used. In our perception the use of the Commission database is questionable on that point. At least the incoherencies would need to be clarified before one relies on this data. In the framework of this case study, we were not able to clarify this as this requires more information on the origins of the Commission's data. We highlight the incompatibilities when they occur and discuss the possible consequences for (misleading) conclusions.

The case study is interested in providing a condensed, but comprehensive overview of the Baltic Sea Region INTERREG III B Neighbourhood Programme, its implementation processes, results, and success factors. The case study work rests on different sources:

- Desk Research: This consists of the analysis of the documents available. This includes programme documents (programme, supplement, annual reports), evaluation studies (mid-term, up date of the midterm, specific study on durability of projects), documents from the ex post-evaluation at EU level (inception and 1st interim report), reports and documents from projects, ESPON and other studies, web-resources (programme homepage including different presentations and analyses as well as a project database). In addition to reading and extracting information from the reports and texts, quantified analysis of financial data has been undertaken calculating some financial indicators given.
- Interviews: Based on the desk research, interviews have been undertaken. Four project Lead Partners have been interviewed by phone, one Lead Partner, several actors from the Joint Technical Secretariat (JTS)¹ and the Managing Authority have been interviewed face-to-face. The Interviews took place in August and at the beginning of September 2009.
- The case study work was undertaken in July to September 2009. This report was drafted beginning of September. A first draft was sent to the JTS staff for cross-checking to avoid misunderstanding and misinterpretation. On the basis of these comments, the revised version of the report was prepared by September, 22nd.

¹ In the funding period 2000 to 2006 the Secretariat was officially named "Joint Secretariat", since 2007, it is acting under the name of "Joint Technical Secretariat". As both notions refer to the same organisation, we use the term "Joint Technical Secretariat" in this report.

1.3 OUTLINE AND CHARACTERISTIC FEATURES OF THE PROGRAMME

The Baltic Sea Region INTERREG III B Neighbourhood Programme covers the Baltic Sea and circumjacent countries. The EU-enlargement in 2004 added new EU-members to the programme area. Since then, the EU-members Germany, Denmark, Sweden, Finland, Estonia, Latvia, Lithuania and Poland cooperate with the non-EU-countries of Norway, Russia and Belarus. With the Baltic at its centre, the programme is strongly affected by maritime issues. Nonetheless, the programme area also covers regions not immediately bordering the sea, for instance the whole of Poland, or the city of Berlin. So, the programme area is characterised by a wide variety of different types of regions, ranging from some of the most peripheral regions of Europe in the north of Scandinavia to some of the capital regions, it covers rural, coastal, metropolitan and other regions. The programme's working language is English.

The programme is managed by a Managing Authority (MA) located in the Public Investment Bank of the German Land of Schleswig-Holstein. The investment bank also acts as employer for the secretariat's staff. The MA is in Kiel, the secretariat currently has branches in Rostock and Riga. The programme's overall aim is "strengthening economic, social and spatial cohesion by promoting transnational economic relationships in order to reach an increased level of BSR integration and to form a region with sustainable growth prospects" (BSR 2005a: 77)

The total ERDF budget amounts to €121,356,356.76 (for III B-priorities). A specific characteristic of the programme is that two INTERREG III A-priorities have been included after EU enlargement 2004. Together with the III A-budget and TA, the programme has an ERDF budget of €147,574,268.76.

2 ANALYSIS SECTION – PART 1: CHARACTER OF THE PROGRAMME – WHAT HAS BEEN ACHIEVED

2.1 FINANCIAL ANALYSIS

2.1.1 IN-DEPTH ANALYSIS OF FINANCIAL IMPLEMENTATION

The Baltic Sea Region INTERREG III B Neighbourhood Programme comprises a total of 7 priorities. It is a particularity of this programme that not only III B, but also III A activities are covered. These cross-border components of the Baltic Sea Region INTERREG III B Neighbourhood Programme are ignored here. The analysis focuses on the 3 III B-priorities. So, from here on, the notion of “the Baltic Sea Region INTERREG III B Neighbourhood Programme” only refers to the III B-priorities.

The programme funds had been completely committed by the end of 2006 (Baltic Sea Region INTERREG III B Programme 2007: 38). By then a total of 129 projects had been selected and approved, although not all the selected projects have already been contracted.

Although the budget was already completely committed in 2006, the programme management struggled with serious risk of de-commitment in the following years. The annual reports 2006 and 2007 mention as reasons for this:

- Slow spending of projects
- Delay in centralised first level control

As a result, there was risk of de-commitment for some € 5-6 Million in 2006 and € 3-6 Million in 2007.

As a reaction to this, the Joint Secretariat developed an “Action Plan for Avoiding De-Commitment in 2006” (Baltic Sea Region INTERREG III B Programme – Joint Secretariat 2006a). The Plan comprised a bundle of different steps to be taken in order to avoid de-commitment. Based on a calculation of the risk, closer financial monitoring has been established. In addition to the monitoring established on programme level since the programme started, a careful financial monitoring on project level was introduced. This covers all projects. For those with delay, an early intervention is planned, for those performing well; an acceleration of spending is aimed for in order to compensate for delayed spending. The monitoring is accompanied by extensive advice and support activities, ranging from seminars to individual consultations. An additional informal progress report for the projects has been introduced. Besides the project level, the activities also aim to speed up first level control in those countries where this control is performed centrally. To prepare for the worst case, a procedure for de-commitment has been established and approved by the Monitoring Committee (Baltic Sea Region INTERREG III B Programme - Joint Secretariat 2006b).

As a result of this effort, de-commitment was avoided both in 2006 and 2007 (Baltic Sea Region INTERREG III B 2007: 40; 2008: 23). At the end of the funding period, only minor de-commitment occurred due to specific circumstances of spending in priority 4.

The only exception concerns the specific case of priority 4. In preparation of EU-enlargement additional budget has been allocated to the INTERREG programmes bordering accession countries. In the BSR programme this budget of some € 3 million was used to create priority 4. As these additional funds came as a “surprise” (interview with JTS) and at short notice, the budget was difficult to handle. Due to time pressure, the programme management didn't launch a specific call for this money, but used the budget of already approved projects². As the funds were planned for 2002 they had to be spent by the end of 2004. The actual payment only reached € 1,587,281.55 so that for priority 4 a de-commitment of € 1.4 million occurred. The financial plan of the programme complement has then been adjusted to the reduced spending.

Besides the specific case of priority 4, no de-commitment was necessary. The III B-priorities as a whole reached a spending of nearly 90% of the planned ERDF budget: € 107,665,312.01 have actually been spent which is 88.72% of the total budget. The 10% difference can be explained by under spending of the projects. As the actual amount only became visible in 2008, there was no possibility to avoid this. In this respect, it needs be considered that over-commitment was virtually impossible. On the one hand, over-commitment of ERDF funds is not allowed by the regulations. On the other hand, the Member States participating decided not to take the financial risk of over-committing the national funds. Given this situation, a certain under spending is hardly to be avoided in the end.

So, although the programme budget was already completely committed in 2006, the programme faced de-commitment risk later. The reason for under spending in the end is not to be found in the project preparation and selection processes in this case, it is rather the slow project implementation, problems with control procedures, and under spending of projects. This general pattern of financial implementation needs to be kept in mind when discussing some aspects of financial performance in more detail in the following parts of this chapter.

For the analysis of the financial performance of the programme different sources are available, allowing different perspectives on the programme. A general problem is that the data sources are not compatible:

- For the financial data on programme/priorities level, the Commission database is obviously not up to date with JTS figures. The data is coherent until 2007, but differs for 2008 with the JTS having higher figures. Obviously the last payment request sent to the Commission in October 2008 is not yet integrated in the Commission database. Furthermore, JTS data covers payments from autumn 2008/spring 2009. A number of payments – mainly final payments to projects being subject of second level audit – have been done in this period.
- For the three digit level perspective the difference is even more severe: here the categories are not compatible. JTS data covers far more categories than the Commission data.
- Another problem is that the JTS and Commission figures differ. Commission database reports certified expenditure of € 126,902,041.46, whilst JTS data for III B is € 107,665,312.01.

² Funds from the other three III B-priorities have been replaced by money from the priority 4 in order to implement these funds timely.

To us, it seems that Commission data includes the III A-priorities of the BSR-programme, whereas the JTS data does not. In addition, a minor difference might stem from the fact that the Commission's figures refer to an earlier date than JTS figures.

In the framework of this case study, we can not completely clarify these inconsistencies. The assumption is that the Commission database is not up to date with JTS figures and that there is a systematic problem with the three digit level figures. As we can't verify this, the only possibility is to highlight clearly the source of data that has been used in the different steps of the analysis and show the inconsistencies where they occur and seem relevant. For evaluative judgment we rely on JTS data where possible. Mainly on the three digit level, this seems to be more reliable.

The following table gives an overview of Sources for financial information that has been checked for this evaluation. The assessment mainly relies on the Commission's database and the JTS-data.

Table 2.1 *Overview of Sources for Financial Information*

	<i>Indicative Planning</i>	<i>Commitment</i>	<i>Actual expenditure</i>
Program/Priorities/measures	Programme Complement (latest version of 2006)	Commission database Financial data from the JTS (as of beginning of September 2009)	Commission database Financial data from the JTS (as of beginning of September 2009)
Three-digit level (fields of intervention)	Commission Database No data from the JTS available	Financial data from the JTS (as of beginning of September 2009)	Commission Database Financial data from the JTS (as of beginning of September 2009)

Source: Commission Database and JTS Data

Based on the financial data provided, the analysis of the financial implementation deals with different financial indicators.



2.1.1.1 COMPARISON BETWEEN PLAN (FROM THE LATEST VERSION OF THE PROGRAMME COMPLEMENT) AND THE TOTAL EXPENDITURE (AS OF BEGINNING OF SEPTEMBER 2009):

This analysis is based on the financial data provided by the JTS. The figures reflect the financial implementation at the beginning of September 2009. At that time the total expenditure including ERDF and national funds was nearly exactly 100%. The indicative financial plan foresees € 174.36 Million to be spent, the amount actually spent is € 175.33 Million .

Table 2.2 Comparison between plan and the total expenditure

	Plan			Expenditure			Expenditure/Plan		
	ERDF	National	TOTAL	ERDF	National	Total	ERDF	National	Total
Priority 1	32,34	13,86	46,20	27,88	16,32	44,20	86,2%	117,8%	95,7%
Measure 1.1	12,78	5,48	18,26	11,64	7,12	18,75	91,0%	129,9%	102,7%
Measure 1.2	10,94	4,69	15,63	9,29	4,46	13,75	85,0%	95,2%	88,0%
Measure 1.3	8,62	3,69	12,31	6,95	4,75	11,69	80,6%	128,5%	95,0%
Priority 2	66,40	28,46	94,86	59,10	40,70	99,80	89,0%	143,0%	105,2%
Measure 2.1	23,58	10,11	33,69	20,80	13,66	34,46	88,2%	135,1%	102,3%
Measure 2.2	26,19	11,22	37,41	23,06	15,88	38,95	88,1%	141,5%	104,1%
Measure 2.3	16,64	7,13	23,77	15,24	11,16	26,39	91,6%	156,5%	111,1%
Priority 3	21,04	9,30	30,34	17,51	10,86	28,38	83,2%	116,8%	93,5%
Measure 3.1	20,48	9,05	29,54	17,13	10,47	27,60	83,6%	115,7%	93,4%
Measure 3.2	0,56	0,25	0,81	0,39	0,39	0,77	69,2%	156,5%	95,9%
Priority 4	1,57	1,38	2,95	1,59	1,37	2,95	100,9%	98,9%	100,0%
Total	121,36	53,00	174,36	106,08	69,25	175,33	87,4%	130,7%	100,6%

Source: Joint Technical Secretariat of the Baltic Sea Region INTERREG III B Neighbourhood Programme, own calculation, the calculation is based on data from September 2009. According to the final statement of expenditure, the total amount of expenditure is slightly higher.

Within the programme, Priority 2 "Promotion of territorial structures supporting sustainable BSR development" shows the highest spending with € 99.80 Million compared to a plan of € 94.86 Million (105.2%). Within this priority, all three measures - Measure 2.1 "Promoting balanced polycentric settlement structures" – 2.2 "Creating sustainable communication links for improved spatial integration" and 2.3 "Enhancing good management of cultural and natural heritage and of natural resources" – achieve more than 100%.

In Priority 1 "Promotion of spatial development approaches and actions for specific territories and sectors" 95.7% of the planned budget of € 46.20 Million have been spent (€ 44.20 Million). Only Measure 1.1 "Supporting joint strategies and implementation actions for macro-regions" lies above the planned budget with 102.7%. The other two measures have a spending of 95.0% (1.3 "Strengthening integrated development of coastal zones, islands and other specific areas") and 88.0% respectively (1.2 "Promoting sustainable spatial development of specific sectors").

In Priority 3, a budget of € 30.34 Million was planned, but only € 28.38 Million could be spent by July 2008 (93.5%). The two measures of this priority are close to the average value: Measure 3.1

“Promotion of transnational institution and capacity building” with 93.4% and measure 3.2 “Bilateral maritime cooperation across the Baltic Sea” with 95.9%.

The special case of priority 4 has already been described. After adjustment of the financial plan, the total expenditure is planned to be exactly 100% .

Summing up, it can be stated that the programme shows good progress. Given the fact that over-commitment was virtually impossible, the total expenditure of some 100% is a success for programme management.

Looking at the composition of the money spent so far, it is striking that the share of national money is higher than in the financial plan – at the expense of EU-budget: Whilst only 87.4% of the ERDF money is spent, already 130.7% of the national money has been paid. But for a good reason: A reliable planning of public contribution in the III B-program was impossible. The reason behind this is that the co-financing rate of ERDF depends on the status of the region each project partner is based in. Partners from objective 1-regions can have a co-financing rate of 75% of EU-money, the others of 50%. As the composition of project partnerships – and thus the share of partners from objective 1-regions are unpredictable, a sound planning is impossible. Furthermore, the situation changed during the course of the funding period: in the beginning, the financial plan was based on a 50:50 relation³ .

After the accession of the new Member States, their co-financing of 75:25 needed to be integrated. Instead of calculating a share based on a number of difficult assumptions, the co-financing rate of the programme was set at 70:30. As this change was undertaken during the funding period, it is not surprising that the actual expenditure deviates from the planning.

2.1.1.2 3-DIGIT-LEVEL: COMPARISON BETWEEN BUDGET PLANNED AND CERTIFIED EXPENDITURE

To get a better impression of what is really going on in the programme and to achieve a certain comparability between the programmes, the evaluation makes use of the categorisation of the fields of intervention as foreseen in Art. 36 of the General Regulation (1260/1999) and defined in detail in Annex IV of the Implementation Regulation (438/2001). For the purposes of the analysis, the ratio between the certified expenditure and the financial plan from the programme complement is defined as absorption rate.

As the analysis on three digit level is built on different data (the Commission's database) than the previous analysis, amounts differ. The Commission database reports a decided amount of € 147.57 million . As this is nearly exactly the TOTAL ERDF budget of the Baltic Sea Region INTERREG III B Neighbourhood Programme, we assume that the database does not differentiate between the III B- and III A-priorities, or Technical Assistance of the BSR programme.

The FOLLOWING ANALYSIS of the COMMISSION DATA on 3-DIGIT-LEVEL thus REFERS TO THE WHOLE BSR-PROGRAMME including III A-PRIORITIES!

³ In fact, it was rather 52:48 due to the objective 1-status of the East German Bundesländer.

According to the Commission database, the Baltic Sea Region INTERREG III B Neighbourhood Programme as a whole has an absorption rate of 85.99%. With this absorption rate, the Baltic Sea Region INTERREG III B Neighbourhood Programme ranks second among the 13 III B programmes. Only the Northern Periphery Programme has a slightly higher absorption rate (86,89%). The absorption rate of all III B-programmes is 78,21%, with the majority of programmes having a rate between 70 and 80 percent.

Breaking down the budget to the fields of intervention, the whole Baltic Sea Region INTERREG III B Neighbourhood Programme is strongly focused on a comparatively small number of only 16 fields of intervention. Only three of the 13 III B-programmes have a lower number of fields of intervention covered. Most of them have 20 to 30, and the North-West Programme covers 67 fields of intervention. These figures should not immediately be interpreted as reflecting a focused strategy. The figures can also be influenced by reporting, depending how detailed and differentiated the projects are attributed to the categories. But still the Baltic Sea Region INTERREG III B Neighbourhood Programme shows a clear profile in terms of content of the funding.

Of the overall programme expenditure (€ 126.902 Million), nearly 50% is focused on two intervention categories: "413 studies" with 34.52% of the budget and "170 Tourism" with 14.27% of the budget. Together with "310 Transport Infrastructure" (9.55%), "350 Planning and rehabilitation" (8.20%), "180 Research, technological development and innovation (RTDI)" and "160 Assisting SMEs and the craft sector" (6.82% each), these six fields of interventions cover more than 80% of the programme expenditure. Other relevant fields of intervention are: "320 Telecommunication infrastructure and information society" (6.00%), "411 Preparation, implementation, monitoring, publicity" (3.44%), 131⁴ (2.96%), "166 Services in support of the social economy (providing care for dependents, health and safety, cultural activities)" (2.52%), "332 Renewable sources of energy (solar power, wind power, hydro-electricity, biomass)" (2.42%). The five remaining categories have a share of less than one percent of the programme budget.

Comparing the Baltic Sea Region INTERREG III B Neighbourhood Programme with all the III B-Programmes underlines the specific profile: The share of expenditure for "350 Planning and rehabilitation" and 131 in the Baltic Sea Region INTERREG III B Neighbourhood Programme is more or less the same as the average. But the shares for "413 studies", "310 Transport Infrastructure", "180 Research, technological development and innovation (RTDI)", and "170 Tourism" are significantly higher. Mainly the emphasis on Studies, RTDI and Tourism is striking. For a III B-type programme, the importance of fields of intervention with fairly tangible results is a characteristic of the Baltic Sea Region INTERREG III B Neighbourhood Programme.

When comparing the Commissions Database with the JTS data some crucial differences appear. In contrast to the Commission data, the following table only covers the III B-priorities of the programme. The main differences are:

- The secretariat reports a by far greater number of different fields of intervention. Instead of 16 fields, 25 are covered. Our impression is that in the Commission database some fields are

⁴ The code "131" is not existing in Annex IV of regulation 438/2001 – and it is not included in the data reported by JTS. We have no idea of what code 131 from the Commission database is standing for.

aggregated, as some categories ending with "0" seem to summarize the more detailed information.

- According to the Secretariat data, the main focus of the programme is on 352 "Rehabilitation of Urban Areas" with some 30% of both the ERDF funds committed and payments. Next is 172 "non-physical investment (development and provision of tourist services, sporting, cultural and leisure activities, heritage)" with some 15%. The rest of the funding is rather dispersed with no field of intervention reaching more than 6%.
- This weighting of the fields of intervention differs significantly from the Commission's database. The JTS data fits better with the actual types of projects funded under III B.

Table 2.3 Financial implementation by fields of intervention

<i>Fields of intervention</i>	<i>Involved projects</i>	<i>ERDF funds committed</i>		<i>Sum of payments</i>	
12	4	1.392.369,00	1,2%	1169135,46	1,1%
16	1	298.500,00	0,2%	215130,89	0,2%
18	3	768.774,00	0,6%	700380,67	0,7%
162	1	206.141,00	0,2%	171742,63	0,2%
163	9	3.791.089,66	3,1%	3529372,93	3,3%
164	10	4.418.715,00	3,7%	4076236,88	3,8%
166	8	5.152.227,14	4,3%	4040038,36	3,8%
172	26	17.728.169,28	14,7%	16223612,64	15,1%
173	7	5.847.495,45	4,8%	5390827,31	5,0%
181	2	781.426,00	0,6%	716177,1	0,7%
182	2	1.886.905,00	1,6%	1667671,93	1,5%
183	2	685.749,00	0,6%	658441,88	0,6%
311	3	1.808.874,70	1,5%	1392424,27	1,3%
314	2	1.041.250,00	0,9%	973797,61	0,9%
315	4	3.403.972,92	2,8%	3129537,44	2,9%
316	7	5.208.723,73	4,3%	4467615,89	4,1%
318	9	6.869.066,45	5,7%	6517415,82	6,1%
319	8	5.786.822,42	4,8%	4985441,78	4,6%
321	3	1.974.862,50	1,6%	1897869,6	1,8%
323	1	954.612,00	0,8%	717773,02	0,7%
332	8	4.025.493,05	3,3%	3360965,73	3,1%
343	5	1.657.950,75	1,4%	1232278,7	1,1%
351	11	6.837.598,50	5,7%	6181709	5,7%
352	56	36.365.033,02	30,1%	32551328,79	30,2%
353	6	1.900.619,98	1,6%	1696390,2	1,6%
Total	198	120.792.440,55		107663316,5	

In the Commission data "Funds Committed" means commitment between the Commission and the programme. In this table "committed" is Commitment between the programme and the project.

Source: Joint Technical Secretariat of the Baltic Sea Region INTERREG III B Neighbourhood Programme, own calculation

2.1.1.3 3-DIGIT-LEVEL: INTENSITY-MEASURE AND GAP-MEASURE

There are serious inconsistencies between the Commission data and the JTS data on the three digit level. This raises doubts about the reliability of the database. All calculations on three digit level – including the following IM and GM calculation are thus made and interpreted with reserve.

To analyse the financial performance, two parameters have been calculated: The Intensity-Measure (IM) and the Gap-Measure (GM). Both compare the financial indicators of the given programme with financial indicators for a group of programmes. The Baltic Sea Region INTERREG III B Neighbourhood

Programme can be compared either with the whole of III B-Programmes or with the cluster as defined in the 1st Interim Report (Panteia et.al. 2009b: 266f.).

In the cluster analysis, the 13 INTERREG III B-programmes have been grouped according to a number of variables, amongst which the degree of overall accessibility, the degree of achievement of outputs and results and the financial performance are the most important. The Baltic Sea Region INTERREG III B Neighbourhood Programme is in one cluster together with the Canarias-Madeira-Acores-Programme and the Northern Periphery Programme. All the three have a comparatively low accessibility, with the Baltic Sea Region INTERREG III B Neighbourhood Programme ranking high in comparison. All three programmes achieved their objectives and have a financial performance of above average.

IM and GM are calculated on the level of intervention categories. IM compares the share of one intervention category within the given programme to the share of the same category for all programmes of the comparison group (either cluster or INTERREG-strand). GM compares the absorption rate of the programme to the absorption rate of the comparison group. For the III B-programme, the small number of programmes in the cluster causes a problem: For 14 of the 16 fields of intervention, the III B-programme Baltic Sea dominates or even determines the financial allocation on cluster level. In this situation, it makes no sense to compare the programme to the cluster. Therefore, we look at GM and IM comparing the Baltic Sea Region INTERREG III B Neighbourhood Programme to all III B-programmes.

The three fields of intervention where the Baltic Sea Region INTERREG III B Neighbourhood Programme spends a significantly higher share than the whole of III B-programmes are 160, 170, and 180, all with IM of 2.48 or higher. The progress in terms of spending (GM) is close to the average for these three fields of intervention.

Another five fields of intervention have a financial weight slightly above the average of the III B-programmes. 166, 310, 320, 332 and 413 have IM between 1.05 and 1.70. All the five are at least close to the average progress in spending (GM).

The remaining fields of intervention have a significantly lower financial weight in the Baltic Sea Region INTERREG III B Neighbourhood Programme, with IM of 0.51 or lower. But also here, the progress in spending is good and the GM is higher than 1.0 for most of these fields.

Table 2.4 Expenditure, absorption rate and comparison with INTERREG

Code	Area of Intervention	1. Plan	2. Expenditure	3. expenditure rate (3/2)	4. share of overall expenditure of the programme	Cluster		All III B	
						5. Intensity measure (IM)	6. Gap measure (GM)	7. Intensity measure (IM)	8. Gap measure (GM)
131.		4.407.640	3.758.065	85,3%	2,96	0,75	1,10	0,34	1,08
160.	Assisting SMEs and the craft sector	10.381.634	8.660.781	83,4%	6,82	0,92	0,99	2,48	0,99
163.	Business advisory services (information, business planning, consultancy services, marketing, management, design, internationalisation, exporting, environmental management, purchase of technology)	1.146.223	1.085.743	94,7%	0,86	0,78	1,04	0,29	1,23
164.	Shared business services (business estates, incubator units, stimulation, promotional services, networking, conferences, trade fairs)	627.219	561.940	89,6%	0,44	0,44	1,03	0,13	1,19
166.	Services in support of the social economy (providing care for dependents, health and safety, cultural activities)	3.780.421	3.196.125	84,5%	2,52	1,31	1,00	1,50	0,98
170.	Tourism	20.892.434	18.105.471	86,7%	14,27	1,19	1,00	2,87	1,00
180.	Research, technological development and innovation (RTDI)	10.381.634	8.660.781	83,4%	6,82	1,21	1,00	3,13	1,01
310.	Transport infrastructure	13.829.986	12.122.491	87,7%	9,55	1,20	1,02	1,32	1,06
320.	Telecommunications infrastructure and information society	8.641.479	7.610.017	88,1%	6,00	0,98	0,99	1,70	1,02
332.	Renewable sources of energy (solar power, wind power, hydro-electricity, biomass)	3.609.395	3.066.338	85,0%	2,42	1,31	1,00	1,05	1,06
340.	Environmental infrastructure (including water)	139.854	96.718	69,2%	0,08	1,31	1,00	0,10	1,32
350.	Planning and rehabilitation	11.790.675	10.402.353	88,2%	8,20	1,31	1,00	0,45	1,11
354.	Maintenance and restoration of the cultural heritage	534.732	539.676	100,9%	0,43	1,31	1,00	0,44	1,67
410.	Technical assistance and innovative actions (ERDF, ESF, EAGGF, FIGG)	1.116.187	856.490	76,7%	0,67	0,49	0,90	0,39	0,93
411.	Preparation, implementation, monitoring, publicity	6.843.948	4.371.028	63,9%	3,44	0,68	0,85	0,51	0,97
413.	Studies	49.450.809	43.808.026	88,6%	34,52	0,91	1,04	1,08	1,13
Total		147.574.269	126.902.041	86,0%					

Source: Data provided by Panteia on the basis of Commission databases, own calculation

2.1.2 DYNAMIC FINANCIAL ANALYSIS

The financial table in the programme Complement has been changed five times: three times in 2003 (January, May and September), in December 2004, and finally in March 2006. The balance of all these changes shows a significant increase of the overall budget with a growth of growing € 27.923 Million . Only the budget for measure 1.1 has been reduced. All the other measures received additional funds due to the programme changes.

The growth in overall budget is an effect of the programme change in 2004 with the integration of the new Member States. This led to additional funds allocated in the Baltic Sea Region INTERREG III B Neighbourhood Programme. The adoption of the programme included additional € 45 million ERDF funds, so after this change the whole programme comprised € 147 million ERDF.⁵ The re-programming on the occasion of EU-enlargement was the most serious change of the programme.

Table 2.5 *Financial allocation (Programme Complement) – variations during the programme implementation*

<i>Measure/Priority</i>	<i>Version from 27 Mai 2002</i>	<i>Version from 14. March 2006</i>	<i>Difference</i>
1.1	17.550.000,00	12.783.090,00	-4.766.910,00
1.2	5.850.000,00	10.937.562,00	5.087.562,00
1.3	5.850.000,00	8.616.414,00	2.766.414,00
1	29.250.000,00	32.337.066,00	3.087.066,00
2.1	19.484.000,00	23.581.350,00	4.097.350,00
2.2	19.484.000,00	26.186.299,00	6.702.299,00
2.3	9.742.000,00	16.635.926,00	6.893.926,00
2	48.710.000,00	66.403.575,00	17.693.575,00
3.1	13.900.000,00	20.483.560,00	6.583.560,00
3.2		559.415,00	559.415,00
3	13.900.000,00	21.042.975,00	7.142.975,00
TOTAL	91.860.000,00	119.783.616,00	27.923.616,00

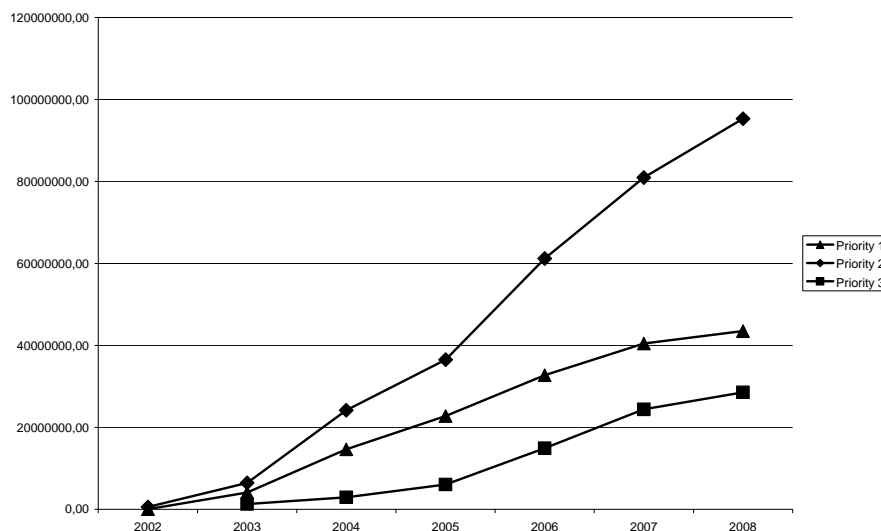
Source: Programme Complement, different versions, own calculation

The Baltic Sea Region INTERREG III B Neighbourhood Programme was approved in 2001. The projects of the 1st call were selected and approved on December 1st of the same year. So, the first expenditure could be certified in 2002 in priorities 1 and 2. After this slow beginning, the progress of financial implementation in 2003 was also slow. This reflects the progress in project approval and implementation: In 2002 no project in Priority 3 was approved and the selection of projects from the 3rd Call only took place in December 2003. So the first significant progress in expenditure is to be noted in 2004.

The graph shows also – at least for priority 2 and 3 – an acceleration of expenditure in 2006. This was mainly due to a larger number of new projects approved in 2004 and 2005. An additional factor is the effort to accelerate spending that has been started with the Secretariats “Action Plan for Avoiding De-Commitment in 2006”. Compared to 2005, the amount of certified expenditure more than doubled.

⁵ A smaller amount of additional funds was the specific budget for the preparation of accession with € 3 mio. Priority 4 was financed by these funds.

Figure 2.1 Certified expenditure by priority axes and year



Source: Data provided by Panteia on the basis of Commission databases, own calculation

The programme did not foresee any private money in the financial planning.

N+2 restrictions did not affect project selection at all. The programme managed to have the whole budget already committed in 2006. The n+2 issue became relevant later in the project life-cycle as some projects experienced delay in implementation and thus contributed to the risk of de-commitment. This led to the activities taken under the Action Plan for avoiding De-Commitment (above), partly related to the reporting and monitoring requirements. So n+2 affected project implementation, but not the selection process.

2.1.3 CONCLUSIONS

Over the funding period, there were only minor shifts in budget due to under spending. The reasons where identified early after facing de-commitment risk although the budget had been fully committed: delay of project work (+ under spending of projects) and delay in control work. The actual absorption rate is nearly the same for all priorities. The limited need for reprogramming and the equal level of absorption suggest that financial planning met the needs.

According to the Commission database, the programme is characterised by the categories 413 Studies (34,52% of programme expenditure), 170 Tourism (14,27), and 310 Transport infrastructure (9,55%). Whilst the focus on studies is not exceptional among III B-programmes, the BSR Programme shows a stronger focus on fields of intervention with rather tangible results (Tourism, R&D, and Assisting SMEs). Compared to all III B-programmes, the GM is close to the average for all measures, for most of them slightly above. The JTS data tells a different story: Here the categories 352 "Rehabilitation of Urban Areas" and 172 "non-physical investment" have the highest weight.

The lowest expenditure rate is in the field of environmental infrastructure. As it is not clear in how far this relates to the III A-priorities, we can't interpret that finding. A comparison with the cluster (consisting of only three programmes) cannot be interpreted reasonably. Compared to all III B-programmes, expenditure does not deviate strongly (GM between 0.9 and 1.67).

As the programme budget has already been completely committed in 2006 and the current expenditure is more or less the same for all measures, the budget seems to meet the demand. Although PHARE, TACIS (Neighbourhood) and Norway participated in the programme, there is only incomplete information available on the financial performance of the non EU-parts of the programme. Mainly information on the actual expenditure is missing.

All measures show more or less the same, rather linear trend in implementation over time. Although the programme achieved a complete commitment of its funds as early as 2006, the budget could not be spent completely. The reason for this is the combination of 1) the decision of the Commission and the Member States not to over-commit, 2) the under-spending of the single projects and 3) there was no time for the approval of additional projects in the end.

Although problematic throughout the funding period, n+2 did not cause actual de-commitment. The main reason for this n+2 problem at programme level is the late start of payment. Before starting actual payment, the programme needs to be drafted and approved, and the selection procedure with the first call needs to be organised. Only once the first projects have been approved can the actual payments start. As this delay is not reflected in the financial planning, we can talk about a concave curve starting in the first years of the financial planning. From the outset, the programme struggled with spending the money on time. The best solution to this problem was to prepare the regulations, programme and implementation processes as early as possible to allow the payments to start on time.

The experience of the last funding periods shows that this is hardly realistic, although the Commission aims for it every time. The next possibility to ease the problem is to allow for a more realistic financial planning, i.e. to start with the very small or even no budget in the first year and foresee the bulk of spending in the last years of the funding period. So far, this was not possible as the relative weight of the annual tranches was ruled by the Commission financial planning in the end. The third option to avoid critical development is to ease up on the n+2 rule. Mainly in the interviews, there were arguments that n+2 is not suitable for non-standard programmes. Especially III B-type interventions with an innovative and explorative character are not able to plan programme and project progress exactly in advance.

Additional aspects were raised in the interviews:

- There was a certain surprise as the JTS noticed that a payment request to the Commission was not awarded according to the – rather virtual – co-financing rate stated in the financial plan of the programme complement. As the co-financing rate can not be taken as the basis for planning and implementation, it is somewhat unrealistic to use this when deciding on payments.
- Another aspect relates to the control activities. The JTS staff mentioned that control results differ significantly between Member States. In some countries hardly any amount was declared ineligible, whilst in others this was more frequently the case. In general, there is an enormous effort for control, but lots of room for interpretation and no clear standards. This raises doubts whether the effort is justified.

2.2 EFFECTIVENESS ANALYSIS

During the mid-term evaluation, the evaluators face “some difficulties in decomposing the indicator system in the programme documents (CIP and PC) in order to identify the hierarchy and relations between different types and levels of indicators” (PLS Ramböll 2003: 35). The indicator system was presented in a rather fragmented way and the links between the different levels of strategy have not been clear. The mid-term evaluation proposes “hasty preparation” of the programme and the indicator system as explanation. Nonetheless, the mid-term evaluation concludes that the “actual build up structure is logical in the sense that it focuses on the relation between the overarching objective, the sub-objectives (horizontal actions/intervention areas) related to the strategic objective and the priorities/measures” (35). As to the quality of indicators, the mid-term evaluation states that they are merely input-indicators, because they typically describe a number of projects and financial aspects.

As a consequence, the indicator system has been revised after the mid-term evaluation following the suggestion to focus better on impact indicators. Anyhow, the structure is still somewhat unclear. Based on the Annual Report 2007 Data for the following indicators is available:

- Impact-Indicators at Priority and measure Level: For some of the impact-indicators defined in the Programme Complement, there is data available. This is the case for those “impact-indicators” counting project numbers. It needs to be emphasised that counting projects cannot be interpreted as “impact” in a strict sense, as the project number hardly covers more than a programme output, but that’s the label of the Programme Complement for these kind of indicators.
- Output-Indicators: A set of 14 output indicators for the III B priorities of the programme has been defined (see Baltic Sea INTERREG III B Neighbourhood Programme, Annex 3). For this set of indicators, no objectives have been quantified, but data is available from the Annual Report 2007.
- Quantified objectives at measure level: In addition, there is information available on those indicators with quantified objectives at measure level.
- Result/Impact-Indicators: For a selection of 7 general objectives, data on the achievement is available. There have no objectives been quantified.

The information available is of a comparatively basic quality: Data consists of counting project numbers or numbers of products on the one hand and assessment and information from the project managers on the other. Given a programme focusing strongly on cooperation and network effects, it is hardly possible to collect sound information relying only on the assessment of project managers. Furthermore, the indicator system is not structured very systematically, different types of indicators and the respective quantification of objectives do not always clearly relate to each other.

In contrast, there is no data available for other parts of the indicators system, mainly the “Programme implementation progress indicators”, the “Programme targets”, and the “Impact indicators” as defined in the Programme Complement.

The analysis on target achievement in the 1st interim report of the EU-wide ex-post evaluation only covers a small part of the information available (Panteia et.al. 2009b). It refers to the “quantified objectives at measure level”. The other data available is not taken into account in the 1st interim

report. By taking the additional information into account, we broaden the basis for the discussion of the programme effectiveness.

The interviewees from the JTS and the MA highlight that the definition of indicators and quantification of objectives is difficult. Mainly cooperation effects are difficult to grasp. To monitor a programme like the III B-Baltic, it is necessary not only to rely on quantifiable information. In this respect, it is good that DG Regio is not only focussed on quantified information. For the purposes of managing the programme, indicators are not so essential according to our interview partners. The dominant aim was to implement the priorities financially and to achieve complete expenditure. The interviewees highlighted four levels of management and monitoring:

- On a first level, the technical and financial implementation needs to be achieved. The main aim is a continuous flow of project applications with sufficient quality. N+2-rule is problematic, mainly when taking into account that even national budget rules allow for experimentation and flexibility.
- The second level is to generate and implement projects that have a real effect in their given context. The main objective is to achieve certain durability beyond the project funding phase. In this respect, there is a deficit in disseminating the promising results produced by many projects.
- The third level is the capitalisation⁶ of project results, in terms of tangible results. So far potential investors have not been involved sufficiently. The question of capitalisation is not restricted to one programme area, as similar issues are dealt with in other programme areas.
- The fourth level is the link between the programme and the overarching policies, for instance the link to the EU Strategy for the Baltic Sea Region.
- So, for the programme management, the indicator system and the quantification of objectives seems to be of limited importance. But on project level, the indicators have been used to assess the project progress.

2.2.1 PLANNED RESULTS, ACHIEVEMENT RATES AT MEASURE LEVEL AND TREND PATTERNS

In this section, we firstly present and discuss the available information on results.

"Impact indicators at priority and measure level"

As "impact indicator", an objective of 100 projects has been defined. All in all 129 projects have been approved, so that this objective has been outperformed.

The remaining targeted project numbers have been quantified on the basis of the assumption that 100 projects will be funded. Before discussing the results, these objectives need to be readjusted to the total of 129 projects.

⁶ "Capitalisation" is the term used by the interviewees. We are aware that capitalisation can be understood differently with a focus on dissemination and transfer of project results. Here the focus is on mobilising financial resources for Interreg-purposes.

Table 2.6 Quantified objective (number of projects)

	<i>Original objective (based on the assumption of 100 projects)</i>		<i>Adjusted objective (based on on a total of 129 projects)</i>	<i>Projects approved</i>	
Priority 1	26	14,4%	34	31	14,4%
Measure 1.1	12	6,7%	15	11	5,1%
Measure 1.2	6	3,3%	8	12	5,6%
Measure 1.3	8	4,4%	10	8	3,7%
Priority 2	54	30,0%	70	65	30,1%
Measure 2.1	22	12,2%	28	24	11,1%
Measure 2.2	20	11,1%	26	24	11,1%
Measure 2.3	12	6,7%	15	17	7,9%
Priority 3	20	11,1%	26	33	15,3%
Measure 3.1				26	12,0%
Measure 3.2				7	3,2%

Source: Joint Technical Secretariat of the Baltic Sea Region INTERREG III B Neighbourhood Programme, own calculation

Given the difficulties in estimating the distribution of projects ex-ante, the projects approved pretty much follow the pattern of the ex-ante quantification.

Output indicators

For the rest of the discussion of output and results, the information is based on 76 finalised projects that have already reported their results before the Annual Report 2007 was drafted in the first half of 2008.

The following output indicators are applied to count the products achieved by the projects. Each project can produce several products, so the number of products exceeds the number of projects by far. The fact that a product has been achieved can be interpreted as an indicator for a certain quality of cooperation in the project: The project partners have at least been able to establish a working process allowing for the production of something that can be understood as a "joint" product.⁷

Table 2.7 Output Indicators

<i>Outputs/measures</i>	<i>1.1</i>	<i>1.2</i>	<i>1.3</i>	<i>2.1</i>	<i>2.2</i>	<i>2.3</i>	<i>3.1</i>	<i>Total</i>	
1. Common spatial development visions	15	10	8	19	17	4	24	97	
2. Concrete development concepts and strategies	32	36	22	114	38	93	111	446	
3. Land-use and building plans based on transnational strategies	25	37	7	54	12	42	4	181	
4. Technical concepts and feasibility studies	79	60	4	60	39	60	68	370	
5. Economic expertise/ assessments and business plans	13	18	5	2530	30	22	157	2775	
6. Environmental impact assessment documents /Territorial impact assessment documents	16	20	33	43	19	19	160	310	
7. Promotion and marketing strategies	24	25	6	63	23	36	58	235	
8. New sustainable tourism products with transnational context	23	5	3	40	3	164	33	271	
9. Guidelines, manuals	28	20	14	35	18	83	1218	1416	
10. Learning programmes	9	9	8	25	8	61	131	251	
11. Training courses	number of courses	216	41	9	60	30	168	976	1500
	number of trainees	10517	1553	93	937	639	2016	2820	18575
12. Small-scale infrastructure investments	61	367	3	54	31	100	43	659	

⁷ The pure fact that a product is achieved doesn't tell the whole story about cooperation quality: A product might stem from a joint process or it might be elaborated by one partner and only be approved by the others. But nonetheless at least a minimum cooperation is a precondition for a joint product to be produced.

13. Individuals involved directly in project events (seminars, workshops, conferences, etc.)		39050	12683	7281	21962	4583	38309	60512	184380
14. Information products describing results	Websites	32	26	17	50	19	52	76	272
	Brochures	79	87	56	158	137	127	286	930
	TV and radio broadcasts, films	116	21	11	89	34	83	165	519
	Presentations and lectures	361	492	154	736	447	610	658	3458
15. Other		27	27	10	44	53	44	43	248

Source: Annual Report 2007, own calculation

These figures are based on information from the project Lead Partners. There is no additional information on the underlying definition of what shall be counted as a product. Thus, we face an uncertainty as to the quality of the products achieved. Without additional information, we can hardly assess the quality of the training courses delivered for instance, we don't even know what the training was exactly about. We discuss the outputs produced by the projects in four groups, each of which combines specific outputs.

A first group consists of fairly tangible outputs of the projects. The projects report an output of 659 small-scale infrastructure investments, more than half of it in Measure 1.2 "Promoting sustainable spatial development of specific sectors". The projects provided a total of 1.500 training courses. Nearly 1.000 of these courses have been prepared and delivered under Measure 3.1 "Promotion of transnational institution and capacity building". These courses had a total of 18.575 participants. It is striking that the high number of courses in measure 3.1 does not lead to a high number of participants (2.820). Most participants took part in the 216 courses organised under Measure 1.1 "Supporting joint strategies and implementation actions for macro-regions" (10.517). Another fairly concrete type is new sustainable tourism products. The projects produced 271 new tourist products. Nearly two thirds of these products have been elaborated in Measure 2.3 "Enhancing good management of cultural and natural heritage and of natural resources". Finally, a rather concrete "product" is the number of people directly involved in project events. The 76 projects involved 184.380 people. The highest share comes from Measure 3.1 followed by Measure 1.1 and Measure 2.3.

A second group of products is related to planning and strategy development. The production of 181 Land-use and building plans is an output of the programme. More than one third of them have been elaborated in Measure 2.1 "Promoting balanced polycentric settlement structures" (54). The same measure contributes the greatest share (114) to the production of a total of 446 "concrete development concepts and strategies". Nearly the same number (111) stems from Measure 3.1. The programme produced 310 environmental impact assessments/territorial impact assessments. Again, Measure 3.1 contributes more than half of these. As a rather abstract and "soft" product, 97 spatial development visions have been elaborated, 24 in Measure 3.1, 19 in Measure 2.1.

A third group of products consists of strategies not immediately linked to official planning processes. A first product of this kind is "technical concepts and feasibility studies". The programme so far leads to 370 of these concepts, 79 from Measure 1.1, 68 from Measure 3.1. Additionally 2.775 economic expertises and business plans have been produced, the majority of them (2.530) in Measure 2.1. Finally, 235 promotion and marketing strategies have been produced, 63 in Measure 2.1.

Finally, there is a group of products focussing on learning and information. The first product of this type is guidelines and manuals. Of the 1.416 products, 1.218 stem from Measure 3.1. 271 Learning programmes have been produced (Measure 3.1.: 131). Information products describing results can use different media. 272 Websites have been created (76 in Measure 3.1). 930 Brochures have been printed. 519 TV and radio broadcasts or films have been produced. And a total of 3.458 presentations and lectures have been given (736 from Measure 2.1).

Compared to the financial share, it is striking that Measure 3.1 contributes strongly to the products achieved. The comparatively low contribution of Measures 1.2 and 1.3 reflects the lower financial share. It is striking that Measure 2.2 with the highest financial share does not contribute more to the products. When comparing the products and the financial share, one has to keep in mind that the products might not completely reflect the product types funded by the programme. Or a lower number of products might be caused by characteristics of projects in a given field.

The study on outcomes of the programme investigated the use of products from different perspectives (COWI 2008). Firstly from the perspective of project actors, secondly from the perspective of other user groups. Finally, an analysis was undertaken of the reasons for no or limited use.

From the perspective of the project actors, two thirds of 108 actors participating in the survey claim that products have been incorporated in the organisation's tools or work processes (COWI 2008: 18). In terms of time, the share of partners making use of project's products increases significantly after the projects end: Before a project is finalised only 39 percent make use of products. There are also differences in the use between different types of products. The following products are often integrated into the organisations: training and curriculum, small scale investment (used in day-to-day work of the organisation), concepts and strategies, feasibility studies, environmental impact assessment, tourism products, and guidelines and manuals.

Besides project actors, other user groups are being identified (COWI 2008: 21). The 108 project actors mention the following as user groups: regional authorities (85), municipalities (85), public service (39), NGOs (45), business associations (62), SMEs others (50). According to this, the most important target group is public authorities of different levels, followed by business associations and enterprises. The high share of project actors mentioning business actors and SME as target group is somewhat surprising as these actors do not rank highly when it comes to assessing the impact on institutional development (see below, result/impact indicators). The public authorities are important users of concepts and strategies. The share of users integrating products in their tools/work processes is as high as among the project actors (63%).

The following are mentioned as a reason for no or limited use, lack of financial resources, limited involvement in project preparation, political and administrative barriers, and internationalisation and language issues (COWI 2008: 24).

Quantified objectives at measure level

The interviewees report difficulties in quantifying target values. Quantified objectives play no significant role in programme management. This is reflected by the pattern of target achievement:

- Some indicators – although quantified – can hardly be interpreted. The indicator for measure 1.3 is an example: “cooperation in specified areas” with a target value of “5” meaning that cooperation in at least 5 “area types” should be funded. It remains unclear, what “area type” is supposed to mean. The actual value for this indicator is then “4 in coastal areas”, obviously counting the project number in one specific type of area. Without further documentation, this information can hardly be interpreted. Why is the project number in only one “area type” being reported? What different “area types” are meant?
- Similarly, the definition of “at least 1 example solution” is a very cautious quantification, finally only relying on counting projects of a specific type. In most cases, this quantification was outperformed. But some of the fields where example solutions are targeted have not been covered adequately.
- There are some targets that have not been met (e.g. the number of strategic networks in measure 1.1). Others have been outperformed by far (e.g. the number of projects strengthening small and medium-sized cities in measure 2.1).
- On the level of measures, quantified targets are not weighted. So one can hardly establish an overall picture of the effectiveness. Is Measure 1.1 successful although only 2 instead of 5 strategic networks have been funded? Do the 14 instead of 10 “concrete concepts and strategies” outweigh this deficit?

All in all, we suggest not to take the quantification of objectives too seriously and to build intense interpretation on the effects they show. In any case, it should be taken into account that the figures in the table are only the reporting results from 76 of the 129 projects. So it might well be that achievement rates change significantly once all projects are included.

Table 2.8 Target achievement by end of 2007

	TARGET	TOTAL end of 2005	TOTAL end of 2006	TOTAL end of 2007
Measure 1.1				
Common spatial development visions	At least 5	4	4	4
Concrete concept and strategies	At least 10 spatial development approaches	14	14	14
Land use and building plans		24	24	24
Technical concepts and feasibility studies		51	51	51
Strategic Networks	At least 5	2	2	2
Measure 1.2				
Spatial development approaches (in sectors)	Approaches in 2- 4 sectors	4 feasibility study 1 Marinas network concept	4 feasibility study 1 Marinas network concept	
New tourism products	At least 7			
Thematic tourist routes	At least 3			
Measure 1.3				
Cooperation in specified areas	At least 5 areas types	2 in coastal zones	2 in coastal zones	4 in coastal areas
Measure 2.1				
Strengthening the major urban centres as engines for development through strategic cooperation, enhancing potentials in fields like service supply, R&D, logistics, communication and diminishing deficits in social segregation, nature degradation and pollution	At least 1		1	4
Supporting sustainable development of the settlement system through new solutions on urban-rural cooperation, regional networking between towns and surrounding areas, organisation of traffic, business areas, communication, land use development, nature protection etc	At least 1	3	4	5
Strengthening small and medium-sized cities and villages in rural and peripheral areas through networking and developing of specific economic	At least 1	20	21	25

	TARGET	TOTAL end of 2005	TOTAL end of 2006	TOTAL end of 2007
functions and ensuring adequate living conditions for rural areas through infrastructure solutions adapted to specific rural conditions, taking into consideration the different needs of women respective men				
Measure 2.2				
Supporting regional cohesion and development of polycentric settlement structure	At least 1 example solution	1		
Promoting interactions between urban and rural areas and improving accessibility of peripheral areas from all parts of the BSR	At least 1 example solution	1	7	7
Strengthening existing networks of regions, cities + other locations (e.g. harbours) through enhanced communication systems and logistic centres	At least 1 example solution	1	4	5
Combining the development of transport corridors with sustainable spatial/regional development	At least 1 example solution	1	6	8
Reducing traffic need on corridors and agglomerations already being highly loaded	At least 1 example solution		2	2
Contributing to the development of structurally weaker regions by different forms of information and communication technology	At least 1 example solution		1	1
Supporting extension of existing networks of SMEs and establishment of new networks of SMEs through improved communication systems	At least 1 example solution	1	1	1
Multi-modal pan-Baltic projects with east-west partnerships	1-2			2
Projects focusing on Motorways of the Sea	At least 1-2			
Projects laying ground for large investments (> EUR 10 million)	At least 3	1 (#20)	3 (#20, 30, 32)	3
Supporting regional cohesion and development of polycentric settlement structure	At least 1 example solution	1		
Measure 2.3				
Supporting regional cohesion and development of polycentric settlement structure	At least 1 example solution	1		
Promoting interactions between urban and rural areas and improving accessibility of peripheral areas from all parts of the BSR	At least 1 example solution	1	7	7
Strengthening existing networks of regions, cities + other locations (e.g. harbours) through enhanced communication systems and logistic centres	At least 1 example solution	1	4	5
Measure 3.1				
Number of transnational networks including regional and local authorities established to:	At least 20 up to 40	2	2	12
- develop of democracy and good governance at the local and regional administration				2
- promote of economic and social development		1	1	7
- promote of capacity building		1	1	3
- solve common challenges related to border-related issues				

Source: Annual Report 2007, own calculation

Result/Impact indicators

The annual report 2007 provides information on selected aspects based on data from the projects. This is an assessment of the project coordinators. The information is covering the following issues:

- a) Changing or developing institutions to improve their performance with regard to spatial development activities: The analysis distinguishes between the East and the West Baltic Sea Area. For the West Baltic Sea Area, more than two thirds of the projects have an impact on institutional development on local and regional level. For the Eastern part, the share is slightly lower. The difference between West and East might be explained by the fact that fewer projects cover the Eastern part of the Baltic. An impact on national level institutions is reported for nearly half of the projects both in the Western and Eastern part. The impact on enterprises and especially on SMEs is significantly lower: The majority of projects state no impact on institutional development in the private sector – only one third (West) or one quarter (East) of the projects state that they influence the institutional development of SMEs.

- b) Establishing, strengthening or enlarging cooperation and strategic networks for reaching consensus on development measures and creating synergies: Four-fifths of the projects contribute to networking in transnational, vertical and horizontal directions. These types of networking focus on public actors. The high share of networking effects in this field can be read as a good result of the programme. On the other hand, there is no information on the durability of these efforts. The involvement of the private sector is quite successful: More than two-thirds of the projects report effects in this respect. On the other hand, the networks are focused on public actors and enterprises: The involvement of the general public is only mentioned for nearly 50% of the projects.
- c) Enhancing pan-European/pan-Baltic framework concepts: This aspect highlights, the extent to which the projects have contributed toward enhancing existing macro-political concepts and strategies for the Baltic. The highest share of projects (slightly above 40%) is enhancing the VASAB Plus process. Nearly as many projects show a relation to the European Spatial Development perspective. 20% of the projects contribute to Baltic 21, and only some 9% to the Northern Dimension Policies.
- d) Contribution to spatial development policies: In order to impact policy development, more than 58% of the projects had – at least “to some extent” – set up political agreements for implementing or maintaining the project’s outputs or results. 56% of the projects said that they were changing or improving methods of spatial planning and managing spatial development. 46% helped to integrate a gender perspective, and only 25% were building new or improving existing legislation. Interpreting these results, one must take into account, that creating legislation is a complex process and can hardly be expected to be achieved by one single project.

The assessment of the project Lead Partner shows that they observe an impact beyond the immediate context of the project. The contribution to institutional development requires a longer lasting change of structures, the development of cooperation structures similarly focuses on enduring changes. Enhancing framework concepts helps to assess in how far projects are somehow linked to other macro-political cooperation structures in the Baltics, and impact on policies suggests that the projects aim at changing political practice.

The information collected from the project Lead Partners should not be over-interpreted. Finally the real effect of the projects in most of these cases lies beyond the sphere of influence of the project actors, or is to be implemented with a certain delay in time. So the information on these “indicators” should rather be seen as declaration of intent or outlook than as hard facts. Methodologically, data from “outside” the projects or data collected after the projects are finished would be required to assess effects beyond the scope of of the single projects.

As the Baltic Sea Region INTERREG III B Neighbourhood Programme is aimed at transnational cooperation mainly in the field of spatial planning and development, it is clear that the bulk of products achieved is concepts, strategies etc. This was already highlighted by the list of products discussed above. So the programme hardly produced tangible results.

A specific study on the use of products (COWI 2008) asked project organisations (project manager and others) from 65 of the 129 projects about their assessment of the importance of different products. From the perspective of the organisations involved, concrete development of concepts and

strategies (98%), guidelines and manuals (74%), and promotion and marketing strategies (70%) are the most important products.

It is clear that this assessment from the perspective of project organisations cannot illustrate all effects of the programme. In the case of Land-use and building plans for instance, it is clear that these plans are not immediately of use for project organisations. On the other hand, they might have a comparatively strong impact on regional development.

Table 2.9 Project Outcome - Assessment of importance for project organisations

Which of the following outcomes are very important for your organisation	Very important (%)	Not important (%)
Common spatial development visions	67	41
Concrete development concepts and strategies	98	10
Land-use and building plans based on transnational strategies	36	72
Technical concepts and feasibility studies	62	46
Economic expertise/assessments and business plans	60	48
Environmental Impact Assessment (IA) documents/Territorial IA documents	54	54
Promotion and marketing strategies	70	38
New sustainable tourism products with transnational context	45	63
Guidelines, manuals	74	34
Learning programmes	5	53
Training courses	58	50
Small-scale infrastructure investment	46	62

N=108 answers of project actors

Source: COWI 2008

In the update of the mid-term evaluation (PLS Ramböll 2005: 13), there was an effort to assess in how far projects led to "major investment". According to this assessment, more than 80% of the projects expect a "major investment" as a result of their activities. The evaluator in contrast only sees a probability to contribute to investment for 76 percent of the projects.

Table 2.10 Link to major investment

Is there any information in the project documentation, the questionnaire that points to the fact that this project will lead to/ be a strong reason for a major investment	Project (%)	Evaluator (%)
Yes, surely	29	0
Yes, probably	52	76
No, not at all	19	24
Not applicable	0	4 projects

N=21

Source: PLS Ramböll 2005

This analysis underlines the orientation that is already clear from the overall strategy: the production of tangible results is not at the core of the programme. Most products are strategies and concepts rather than tangible outcomes. In this sense, exchange and cooperation is mainly focused on the development of concepts and strategies, a process that is part of learning and joint development.

Assessment of effects from the interviews

From the perspective of the interviewees in the JTS, and with respect to the management work of the JTS, the target achievement was more important on the level of projects than on the programme level. Results from earlier experiences with target achievement on project level were used when drafting new calls for proposals. In general the management of projects was oriented towards targets, but targets are not be misunderstood as fixed: transnational cooperation projects inherently have a certain risk of change. Therefore, the definition of targets is a management instrument, not a fixed plan.

On project level, most projects achieved their targets and even produced unforeseen results. Those unforeseen results mainly relate to the establishment of cooperation structures, transfer of

information and mutual learning processes. Mainly smaller and not so experienced organisations could profit from these kind of effects.

From the perspective of the whole process, the creation of cooperation structures is the most important outcome. Formal and informal networks have been established contributing to an enhanced problem-solving capacity in the Baltics area. This mainly relates to fields, where transnational coordination is required to meet problems efficiently (environment, energy). The preparation and implementation of transport corridors across the Baltics was one of the most important results. This also helped in establishing links with the new EU Member States. The communication structures and networks in turn contributed to project development. Besides those areas, where cooperation and joint action is required, there is a second field of activity where action is taken locally, but can profit from exchange of experience. Health-care, Urban development or tourism are important fields in this respect. Mainly tourism was important in terms of quantity.

The aim to induce investment was not satisfactorily achieved, although the European Commission and Member States pressed for it. The interviewees are somewhat undecided on this issue. On the one hand they see that a stronger focus on investment would change the focus of the programme, as investment is physically located at one place, whilst the cooperation and exchange is built on equal partnership. This raises the question if investment is to be financed under the framework of the programme and from the programme budget. That is to say on the other hand, the link between cooperation and exchange and real investment could be strengthened. In this perception, INTERREG-type projects remain somewhat preparatory, but more closely linked to investment than they are currently. The general impression is that a closer link to investment can be achieved, but some additional effort in making use of the preparation work is needed. In the interviews the proposal was put forward to establish a joint agency of European Investment Bank and European Commission on European level to exploit the experience from B-type projects EU-wide and further develop promising approaches to real investment.

2.2.2 REVIEWING THE PROGRAMMING QUALITY AND THE PROGRAMME RELEVANCE ON THE BASIS OF THE RESULTS ACHIEVED

The Baltic Sea Region INTERREG III B Neighbourhood Programme had chosen a broad and open approach from the outset. The strategy was meant to establish an enabling framework rather than a "to the point"-strategy. On the one hand, the Commission at that time did not ask for strong focus. On the other hand the programme was established "bottom-up", which means that finally it is the applicants who should decide how they fill the strategic framework. This was at the expense of concretion. Another factor it was the expectation of EU-enlargement to draft a rather general programme. Although the ex-ante evaluation made a proposal for a more focused approach, this was illustrative in showing that there are potential alternatives. The Member States chose the broad approach also with a view to the comparatively small budget of then € 100 million to maintain flexibility.

In the course of the funding period, a focus on "maritime policy" developed. The Baltic Sea as such became focus of the programme. This reflects the EC's idea of a maritime policy articulated in the green paper published in 2006. Maritime policy in this sense is understood as the framework giving orientation to the different departmental policies. The Baltic Sea region is a model region for maritime

policy. In content, the main emphasis is on transport/logistics, environment, tourism, coastal zone management and spatial planning.

Therefore, it needs to be emphasised that the programme was meant to build a strategic frame, enabling a wide range of activities and not to formulate concrete targets to be achieved by top-down management.

Although the Baltic Sea Region INTERREG III B Neighbourhood Programme has been changed significantly by integrating the new III A-priorities after EU-enlargement in 2004, this did not affect the III B-parts of the programming documents: SWOT and strategy for the III B-priorities remained unchanged.

An analysis of the strategy has been part of both the ex-ante and mid-term evaluation. The update of the mid-term evaluation is focused on an assessment of the effectiveness and does not deal with an analysis of the strategy. Although the ex-ante and mid-term evaluation was undertaken before the programme was adapted to enlargement, the findings are still valid as the III B-parts of the programme did not change significantly.

The mid term-evaluation findings concerning the SWOT are somewhat ambivalent:

- The elaboration and presentation of the SWOT is assessed to be suboptimal. The so called Joint Programming Committee, consisting of representatives from the Baltic Sea Region Nations elaborated the SWOT. It was criticised by the ex-ante evaluation as being too broad and unfocused. As ex-ante, elaboration of the SWOT and the strategy were undertaken in parallel, the ex-ante evaluator presented an alternative, more focused proposal for the SWOT. Nonetheless, the original version was maintained.
- The mid-term evaluation identifies some new developments not reflected in the SWOT. The economic growth rates of the Baltics or the enlargement process as such are mentioned as examples. "However, looking at the SWOT today, it is an overall finding that the above evolutions are not seen as major changes in the socio-economic situation and therefore do not represent significantly new developments that would alter the continued relevance of the SWOT" (PLS Ramböll 2003: 22).
- The conclusion of the mid-term evaluation is finally that a "light revision of the SWOT could be argued" (23), but taking into account the limited relevance for the elaboration of the strategy, "it is the belief of the evaluator that such a revision of the SWOT would not lead to any major changes in the programme and therefore would not prove interesting at the current stage of the programme" (23).

So, there are deficits in the content as well as in the process of elaboration, but exactly for the reason of limited relevance for programming, the mid-term evaluation suggests to not change the SWOT.

In the next step, the mid-term evaluation analyses the link between SWOT and strategy, as well as the consistency of the strategy:

- Induced by the ex-ante evaluation, an additional "overarching strategic objective" has been introduced into the programme. In the view of the mid term-evaluation, this "adds focus to the whole set of general objectives through its explicit reference to disparities between different territories" (PLS Ramböll 2003: 25).
- As to the link between SWOT and strategy, the mid-term evaluation finds the rationale for the objectives in the SWOT, but: "On the other hand it could be argued to be 'impossible' for the

objectives not to stem from the preceding SWOT analysis, considering the comprehensive and broad nature of the analysis of strengths, weaknesses, opportunities and threats in the region" (25).

- The mid-term evaluation interviewed the ex-ante evaluator: He described the role of the SWOT in the programming process as limited. "National priorities and special needs tend to overtake the discussion when it came to defining measures. Finally, the time frame meant that the SWOT and the Community Initiative Programme (CIP) were parallel in process, not a sequence leading from SWOT to CIP." (PLS Ramböll 2003: 22)
- The mid-term evaluation finds some aspects of the SWOT not to be reflected adequately in the programme's strategy. The aspects are the high economic dynamic, the existing business clusters and advanced industries, and the well developed maritime transport system. As the evaluator sees potential comparative advantages here, he finds that these points should have been reflected better in the strategy.

Finally, the mid-term evaluation concludes that the chosen approach for the definition of the strategy was unfocused and inefficient: It is unfocused because it is hard to deduce clear orientation on where the budget can be used most efficiently from a broad definition of objectives. It is inefficient because the SWOT process had partly been ignored and overruled by national preferences. So, the development of the strategy and selection of measures is obviously mainly driven by national preferences, and not systematically deduced from the analysis of the situation, problem identification, etc.

All in all, the mid-term evaluation expresses a rather critical view on the SWOT analysis and the programming process. The general tenor of the evaluation is summarised as "sufficient". The assessment is somewhat difficult in this case, as it depends on the ideal model of a strategic programme. If the programme approach can only be a strategy that needs to be actively managed and implemented in a top-down manner, the general assessment of the programming quality would shift to "poor". If one accepts that a programme can be understood as strategic orientation and establish a framework that is to be filled later "bottom-up" by project promoters, we see the programme quality as sufficient.

The complaint of having an Operational Programme which is not clearly rooted in a sound analysis and is rather open and flexible is not unique. It is a common problem occurring when discussing Structural Funds Programmes, and mainly those for cross-border and transnational cooperation. Two dichotomies help to assess this problem:

- Strategy-driven vs. interest-driven: The ideal model expressed in SF-regulations and documents assumes that programming is done in a sequence of steps: Analysing the situation – identifying Strengths, Weaknesses, Threats and Opportunities, deducing objectives, defining priorities and measures. In contrast, programming and "strategy development" are often undertaken differently: For example in the Baltic Sea Region INTERREG III B Neighbourhood Programme, SWOT analysis and strategy development run in parallel (thus in fact precluding a systematic influence of the one on the other), and strategy is then geared to national preferences and not analytical findings. Strategy development in the case of the Baltic Sea Region INTERREG III B Neighbourhood Programme is negotiation rather than analysis. Two aspects need to be taken into account before judging this finding: firstly, we are dealing with a transnational programme, so

every partner brings his own perception and interpretation of the situation, problems and planned activities to the programming process. And in the case of the BSR programme (or any other III B or C programme), the “actor” is finally a nation state, not an individual. To accomplish a strategy development like in the ideal model requires the nation states to leave their preferences out when engaging into strategy development. An expectation that is not very realistic. Another aspect is, that nation states bring different policy styles and cultures with them: In a country like Germany, public policies are in general not very strongly evidence based, but rather the result of negotiation. This is a different approach than the political culture in Finland, where evidence based policy-making became more and more important during the basic reform process of the past ten years or so.

- Focused-approach vs. open-approach: The further expectation of the ideal approach is to have a focused strategy guiding the later implementation. Here again we find a tension between the ideal model and the real BSR strategy. BSR strategy is characterised by the effort of defining a rather general strategic frame – without containing the room to manoeuvre too much. Although the idea of having a clear focus and then being able to monitor and control progress of implementation is appealing, here again we have to take into account serious reasons to deviate from the ideal model. A first aspect is that the BSR programme (again – like any other III B- or III C-programme) does not fund a standard type of project. Lessons learned from previous INTERREG-evaluations, but also from ESF-activities like the Community initiatives Employment and Equal tell us that cross border or transnational cooperation projects are risky. It is the cooperation itself that causes a certain risk: project partners might be difficult to find, they bring different preferences with them, they might not be used to cooperating internationally, they might face restrictions from different national systems, etc. Cooperation projects carry a certain risk. Beyond that, INTERREG III B-projects often accede fields where no previous projects have been undertaken. Cooperation is tested here for the first time. So, projects of the III B-programme carry a certain risk, and a higher risk than most standard projects. This can be a reason for keeping the strategy slightly open.

The points discussed here are not meant to say that it is good to dispense with strategic programming. We rather suggest that the kind of strategy we find in the BSR programme reflects the specifics of this cooperation area and the maturity of cooperation in the Baltics. Partners should aim at becoming more analytical and more strategic in their strategies – but it might take some time to approximate the ideal model of a SF-programme.

Results in the light of the strategy

Analysing the results achieved (see 3.2.1) in the light of the quality level of the initial programming is somewhat difficult. From the analysis of the strategy, it is clear that the objectives and priorities were not meant to be strongly focused. The Baltic Sea Region INTERREG III B Neighbourhood Programme rather followed an approach of defining a broader strategic frame for improving and intensifying transnational cooperation in the Baltics. On the other hand, the information available on “results” is mainly focused on output level. Information on result and impact is scarce. Taking this into account, one can hardly expect to find strategy and results coupled tightly – the programme’s strategy is a rather loose framework in which the results have been developed.

The findings of 3.2.1 concerning target achievement is that most of the targets have nearly been achieved. Compared to other III B programmes target achievement rates are high for the Baltics programme.⁸ This suggests that the broad strategic approach did not hinder achievement of – merely output-level – targets. In general, there is no indication that strategy hindered implementation in the sense that target areas were not adequate.

On the other hand, the question is, if a more focused strategy would be able to perform better. Being contra-factual, the question is hard to answer. There are some hints that strategy development could be focused better on the specific situation and needs of the Baltics, thereby raising awareness of concrete problems and inducing the search for solutions. It might well be that the focus of strategy is an issue to be developed over time – and reflects the maturity of a cooperation setting.

For the Baltic Sea Region INTERREG III B Neighbourhood Programme, the strategy rather, provides a frame in which projects can develop in different directions and are not necessarily aligned to exactly the same objective. This role of the strategy is in contrast to a strategy giving a strict direction and functioning more as guardrail. So, in the case of the Baltic Sea Region INTERREG III B Neighbourhood Programme, the strategic frame was broad enough not to hinder project development.

Quality of the indicator system

Being merely confined to activity and output level, the situation of the indicator system is certainly not satisfactory from a theoretical point of view. Furthermore, the indicator system can be criticised for not being coherent and systematic enough (see 3.2). This makes it somewhat difficult to draw clear conclusions from the indicator data on the relevance of the achieved goals in the light of the strategy:

- The somewhat unclear structure of the indicator systems makes it difficult to establish a clear link between indicators and the programme strategy.
- Information on achievement of strategic results and outcome is limited to output level.

Mainly the aspect of establishing the link between indicator system and strategy more systematically is justified criticism. The mid-term evaluation – coming to the same conclusion – explains the finding with a hasty and parallel development of indicators and strategy. This can be improved comparatively easily. In fact the new Baltic Sea Region INTERREG III B Neighbourhood Programme (2007-2013) provides a clear definition of the relevant categories and presents a more coherent system.

The second aspect of indicating not only output, but also result and impact level – if possible – is more demanding. In this respect, there is no significant progress between the Baltic Sea Region INTERREG III B Neighbourhood Programme and the programme 2007-2013. Still the focus is on counting project numbers and project outputs.

The discussion of the quality of an indicator system throws us back to the question of what the system is meant to indicate. In this case: What are the objectives of the Baltic Sea Region INTERREG III B Neighbourhood Programme? A view to the strategic level of the programme shows that the strategic objective is “Strengthening economic, social and spatial cohesion by promoting transnational economic relationships in order to reach an increased level of BSR integration and to form a region

⁸ Comparing target achievement across programmes theoretically requires comparison of the quality of target definitions (e.g. output vs. impact targets).

with sustainable growth prospects" (Baltic Sea Region INTERREG III B Neighbourhood Programme 2005a: 77).

This general objective is broken down to five strategic objectives:

1. Expanding the BSR economy and strengthening its position in the global economy.
2. Promoting territorial balance by supporting weak points and building on strong points.
3. Facilitating efficient utilisation of limited resources.
4. Forming a sustainable part of Europe.
5. Enhancing cooperation with neighbouring countries.

It is worthwhile to recall the three III B-priorities of the programme at this point:

1. Promotion of spatial development approaches and actions for specific territories and sectors.
2. Promotion of territorial structures supporting sustainable BSR development.
3. Transnational and bilateral institution and capacity building in the BSR.

This short look at the programme strategy shows that the causal model of the intervention expressed by the programme's hierarchy of objectives and the priorities is somewhat holey:

- The strategic objective of the programme is "expanding the economy", but the very activities to do this are limited to "promotion of spatial development approaches". It is clear that spatial development is only one factor amongst others contributing to economic growth. And it is disputable if spatial development is amongst the most important ones. In any case, the spatial development approaches developed in the programme's activities need to be applied in order to be able to have effects on the economy. And even if they have: economic development of the BSR can hardly be attributed to III B-programme action.
- Priority 2 is supporting the promotion of territorial structures supporting sustainable development, but the strategic objective is to "form a sustainable part of Europe". So, in addition to the structures being established, they need to work efficiently and need to show an impact. The development of the structures as such is not sufficient for the achievement of the strategic objective.

In both cases, there is an enormous distance between the priorities and the strategic objectives – and the programme does not explain in how far programme activities can causally affect aspects of the strategic objectives and under which conditions. So – it might not only be a problem of indicator definition, when the indicator system appears to be somewhat incomplete, but also reflect gaps and frictions within the programme's strategy, or at least in the underlying causal model.

As a starting point of an indicator system, the systematic collection of information on different project types funded is reasonable. To continue from there with the collection of information on concrete products is also well justified. The question is, in how far this information covers the relevant aspects of the programme and if the indicator system can be further developed in direction of result and impact.

- Cooperation effects: This is at the very core of the programme strategy. The programme aims to achieve its objectives via cooperation. But cooperation effects are difficult to grasp with indicators. There are no standard measures for cooperation intensity and network learning

effects. Pure structural information on number of partners etc. cannot replace information on the quality of cooperation. So, an essential aspect of the causal model of III B-interventions is hardly to be grasped.

- In addition, III B-projects often have innovative aspects: They aim at producing approaches not available so far and they are doing it in network structures. In this respect, they are reminiscent of R&D-network projects. Innovation as such is also difficult to deal with in indicator systems, as the physical result can hardly be identified in advance. At most, the programme can identify problems or thematic areas, where innovative solutions should be aimed at.
- Transnational cooperation: The very essence of transnational cooperation is often not to produce physical output (infrastructure, investment, etc.), but to provide common solutions (strategies, approaches) or to enhance problem solving capacities by providing new/better cooperation structures. These aspects of III B-type projects are hard to grasp with indicators.

To sum up, the indicator system shows deficits when compared to an ideal model. Partly, this deficit has its origin in a somewhat pitted causal model in the programme strategy. But also general challenges in picturing output, result and impact of transnational cooperation need to be taken into account. All in all, there is certainly some room to improve the indicator system, mainly concerning the system and structure, but one needs to be careful not to produce meaningless information in an overambitious system. There are a number of theoretical questions to be solved before cooperation effects and innovation can be adequately covered by comparatively simple indicators.

2.2.3 THE LEVEL OF COMPLEXITY AND EXPERIMENTATION ACHIEVED BY COOPERATION

The programme is designed to allow for the “bottom-up” development of project ideas. It gives room for the development of innovations. The interviewees claim that in a way each project is innovative as it undertakes to develop cooperation in a field where no such structures existed before. The whole programme can be said to be based on innovation and experimentation.

The complexity of the programme and the projects stems from the participation of several Member States. Both programme and project managers need to coordinate a cooperation process among various actors with different national backgrounds. We know from earlier experiences and evaluations that there is an inherent risk of failure in project structures of this kind.

Another specific aspect is that the real impact of activities of this type only becomes tangible after a project is finished: When the approaches are taken up elsewhere, or the preparation work leads to investment, or durable coordination structures and processes are established, or single actors transfer and use the knowledge they acquired the innovative products of the project led to real effects. Again the evidence available (for instance from the European Social Fund - ESF Community Initiatives and other research on transnational cooperation) suggests that this valorisation and dissemination needs to be worked on. To be able to use them elsewhere beyond the project context, project results need to be generalised and attached to problems existing somewhere else. In a sense, it is a process of translating the project results to a different context. And the distribution of the knowledge acquired needs to be managed actively. The project needs a “marketing strategy”.

This reasoning has already partly been taken up by the Baltic Sea Region INTERREG III B Neighbourhood Programme. For instance, the projects of the funding period 2007 – 2013 are required to submit a communication plan. In the light of the experiences in similar project and programme settings, some more effort could be spent – either on programme or European level – to generalise and disseminate results from INTERREG projects and programmes.

2.2.4 CONCLUSIONS

The programme follows a broad and as the interviewees put it “bottom-up” approach. This means that the content is not to be determined beforehand, but evolves over time. As a result, the strategy is comparatively broad and unfocused. There is a certain gap between the main objective (of economic growth) and the different activities as the causal relationship is not made explicit. In line with the overall approach to programming, the SWOT was criticised for being only weakly focussed. But this was done deliberately. Other justifications for a broad strategic approach were discussed. The most important argument is that even problem definition is difficult in a setting where a number of Member States bring their priorities together and try to establish one common strategy. It is realistic to assume a mixture of bargaining and evidence based reasoning in this situation.

It is striking that there are two perspectives on results and effects. From a more technical point of view, indicator data – and mainly those indicators with quantified objectives – can be seen to indicate immediately the success of the programme. If this is taken seriously, the programme shows a mixed, but predominantly positive result. But there are a number of issues highlighting the shortcomings of this simple and technical perspective:

- Definition of indicators is difficult. Some of the essential aspects of INTERREG (e.g. progress in cooperation) can hardly be condensed in simple and quantifiable indicators.
- The model of effect of INTERREG B-type projects furthermore implies that some effects (impact on cooperation structures, impact on policy development, investment) only appear after the funding phase of a project has ended. This is demanding in terms of data collection as this information cannot only be collected from the project actors (due to their limited perspective and knowledge of processes to happen in other institutional settings).
- An inherent risk characterises the programme. Or to put it another way: III B-type interventions are to a certain degree experimental and innovative. They try to establish cooperation in fields where nothing existed beforehand. There is no guarantee to achieve the results in this case. Furthermore, network cooperation as such has a certain risk of failing – the more so, if it is an international cooperation. This makes both the definition of indicators and the definition of quantified objectives difficult.
- The problem of data collection needs to be solved in a setting where projects consist of one Lead Partner and several partners. It is natural that views and assessments differ in these settings. Different national/regional background contributes to this. So it is problematic, if one relies on the assessment by one single actor from a project.

All in all, in the view of the evaluator, this implies an objective limitation for a “traditional” indicator based approach to define objectives as well as monitoring in case of an INTERREG III B-programme. A combination of quantified and qualitative information seems more suitable. The collection of information on products as well as a certain categorisation of projects according to their content

might be a good starting point. The appraisal of projects' target achievements and results – most likely qualitative – might be a second component.

And finally there is a certain need to show the results in a mid-term and long-term perspective. This needs not only to look at the programme activities, but also at covering processes in policy development, institutional development in the Baltics – and the impulses eventually given by the programme. This most likely requires specific evaluation studies to be undertaken. Whilst the first two components are already covered to a certain degree, the third is still missing

With this background, the evidence – from the data, but also from the assessment of the different studies undertaken and the interviewees – suggests that most projects were successful and that the programme as a whole has a certain impact in institutional development, development of durable cooperation structures and policy development.

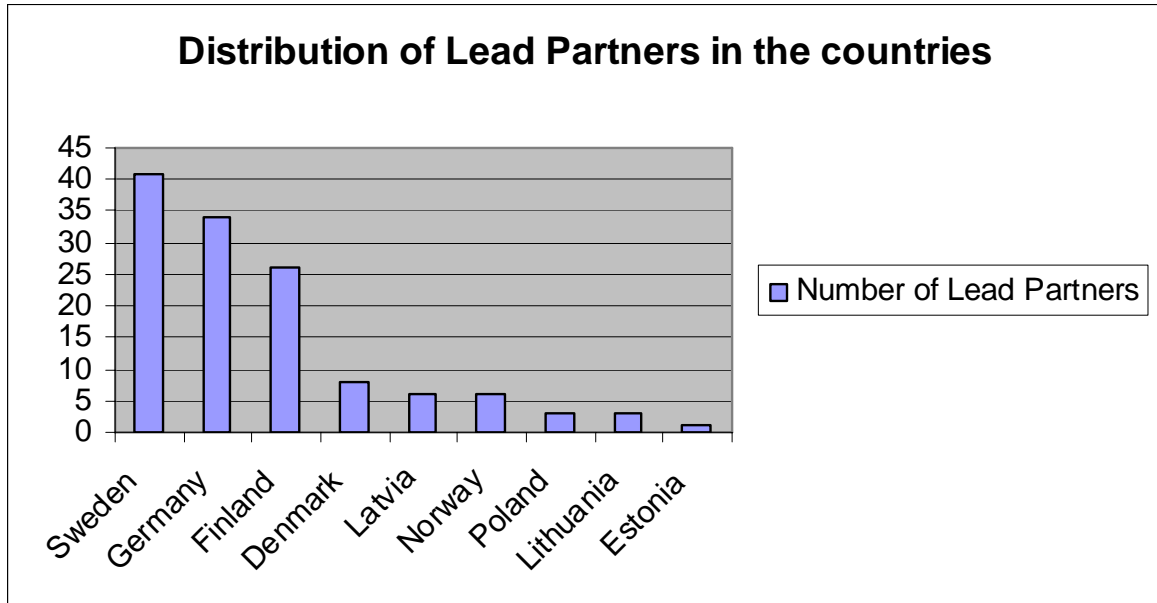
2.3 EVALUATION AT PROJECT LEVEL

In this chapter a further in-depth evaluation at project level will be carried out. In the Baltic Sea Region INTERREG III B Neighbourhood Programme a total of 129 projects have been funded.

The distribution of projects and the degree of networking

With regard to the national distribution of the Lead Partners you can see that most of the projects have been managed by a partner from Sweden (41) followed by projects with a German (34) or Finnish Lead partner (26). In comparison to that only a small part of the projects (altogether 14) had a Lead Partner from one of the E-BSR (Estonia, Latvia, Lithuania, Poland as well as Belarus and Russia).

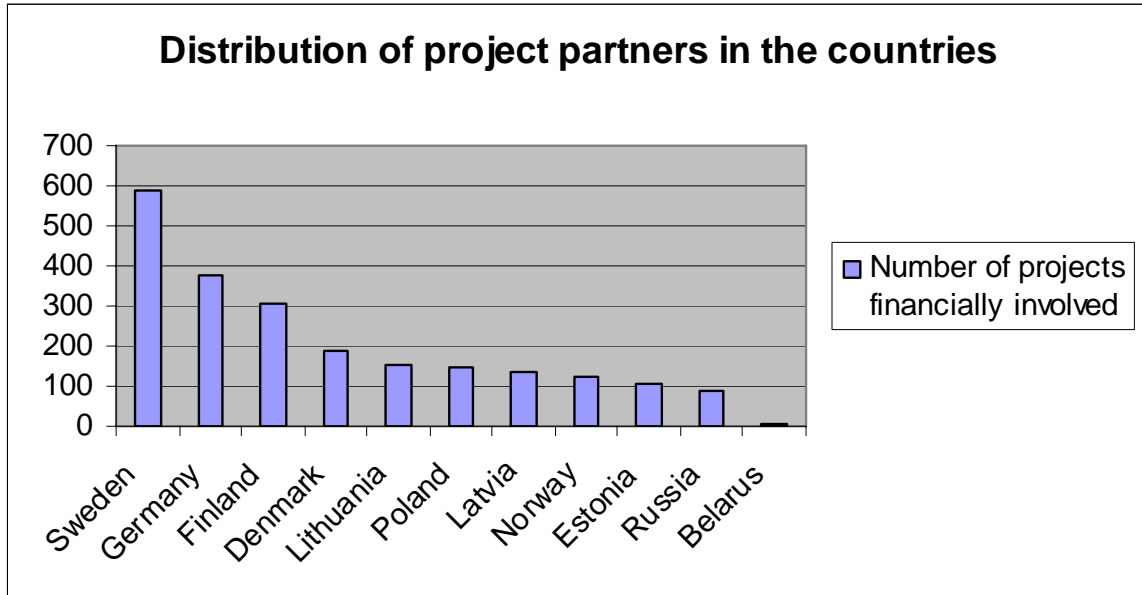
Figure 2.2 *Distribution of Lead Partners in the Countries*



Source: Data provided by Panteia, based on Commission databases, own calculation

In the 129 projects a total number of 2.213 partners was financially involved in one of the projects. The spatial distribution of the partners shows that more than one third of the project partners came from Sweden (589) followed by projects partners from Germany (376) and Finland (304). From the E-BSR 635 partners have been financially involved in one of the projects. The smaller number of financially involved partners of the E-BSR countries can be explained with the structure of the funding programmes. The eastern countries Latvia, Poland, Lithuania and Estonia have been EU acceding countries in the beginning of INTERREG III. Before the enlargement of the EU in 2004 they had to apply for PHARE funding to participate in BSR cooperation. In some cases they didn't get funding by PHARE and had been supported by their project partners. For Russia and Belarus there was the possibility to apply for TACIS funding. In general it can be said that for the E-BSR it was more difficult to participate financially and there were a lot of partners who have been involved in the cooperation but who have not been financially involved.

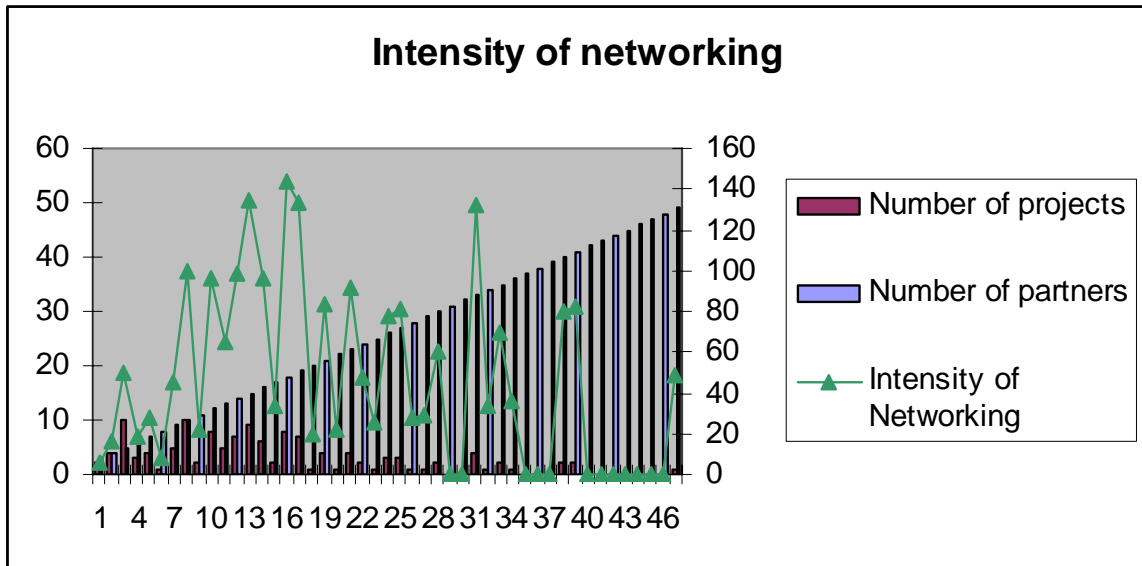
Figure 2.3 *Distribution of Project Partners in the Countries*



Source: Data provided by Panteia, based on Commission databases, own calculation

Overall the BSR programme has supported projects ranging from 3 to 49 partners financially involved. The most projects (87) had between 5 and 19 partners. Here the intensity of networking (number of projects * number of project partners) has been very high. The highest intensity of networking can be found for 8 funded projects with 18 partners where the intensity of partnerships is 144.

Figure 2.4 *Intensity of Networking*



Source: Data provided by Panteia, based on Commission databases, own calculation

The selection of projects for in-depth analysis

The pre-selection of projects for a further in-depth analysis has been made with the support of the BSR INTERREG III B JTS.

For the selection the following criteria have been taken into consideration:

- INTERREG III B Priority Topics of the Commission Communication
- Intensity of cooperation
- Level of sophistication / experimentation achieved
- Financial volume of the project
- Size of the project partnership
- Approval time of the project
- Types of outputs / results achieved

The pre-selection involved the following projects:

Table 2.11 Overview of projects taken into consideration in the pre-selection phase

INTERREG III B Priority Topic (Communication)	Pre-selection of projects
Elaborating operational spatial development strategies on a transnational scale, including cooperation among cities and between urban and rural areas, with a view to promoting polycentric and sustainable development.	1. Seagull-DevERB 2. BalticEHealth (Improving Life in Rural Areas of the Baltic Sea Region by eHealth Services) 3. ScanBalt Campus (a European model case for transnational and transectoral institution building in education, research and development) 4. MA+ Metropolitan Areas+ (Network of Regional Systems of metropolises in the Baltic Sea Region - Strengthening of Competitiveness by Sustainable Development) 5. HEPRO (Focus on health and social well-being in the Baltic Sea Region)
Promoting efficient and sustainable transport systems and improved access to the information society.	6. Baltic Gateway (Integrating the Seaways of the Southern Baltic Sea into the PanEuropean Transport System)
Promoting the environment and the good management of cultural heritage and of natural resources, in particular water resources.	7. ESCOBALT (Integrated Coastal Zone Development in the Baltic Sea Region) 8. TRABANT (Transnational River Basin Districts on the Eastern Side of the Baltic Sea Network) 9. CONVERNET (Development of a Conversion Network in the Baltic Sea Region)
Specific Priorities: Promoting integration between maritime regions, and of insular regions, each through a specific priority with an appropriate financial allocation. Promoting the integrated cooperation of the outermost regions.	10. BaltCoast (Integrated Coastal Zone Development in the Baltic Sea Region)

For the final selection of five projects we looked through available project documents and information about the project on the internet. Another important point was the availability of the Lead Partners for interviews. Finally the following projects were selected:

1. Seagull-DevERB
2. ScanBalt Campus
3. TRABANT
4. CONVERNET
5. BaltCoast

The in-depth evaluation of the projects involved two methodological components:

- Analysis of relevant documents (i.e. the final reports of the projects).
- Interview of project (lead) partners and of BSR programme secretary (by telephone and in one case face-to-face, see list of interviewees). For the project TRABANT a face-to-face interview was carried out on August 25th, 2009.

2.3.1 PROJECT STUDY 1: SEAGULL-DEVERB

General Project Information

The framework of the project Seagull-DevERB is the Euroregion Baltic (ERB) which has been established in 1998 as a political long-term cooperation between different Baltic Sea regions. Member regions are Kronoberg, Kalmar and Blekinge Counties in Sweden, the Regional Municipality of Bornholm in Denmark, the Kurzeme Planning Region in Latvia, Klaipeda County in Lithuania, Kaliningrad Region of The Russian Federation, and the Pomeranian and Warmia-Masurian Regions in Poland. The main target of the Seagull project was to develop and politically decide on a Joint Development Programme (JDP) for the region to deepen and concretise the long-term cooperation between the ERB member regions.

The JDP should, for example, facilitate pre-feasibility studies and implementation activities concerning important investments for sustainable development, economic growth and cohesion.

General project information of Seagull-DevERB	
Duration of the project	20.08.2002 - 19.11.2005
Approximate total project budget	€ 3.223.905,00
ERDF funding	€ 1.300.440,00
Number of partners	34 partners from 6 countries

Selection process

The project was selected in application round 2 in May 2002.

With the creation of the ERB the member regions wanted to intensify their cooperation in all fields of society. The objectives were to create sustainable, economic, social and environmental development in the ERB on the one hand and to foster transnational cooperation - including network building, knowledge transfer and competitive bench-marketing - on the other hand. In the Executive Board of the ERB was a discussion how to concretise the cooperation for a long time. For this purpose, the seagull project has been developed (cf. interview with project leader). Main targets of the project were to clarify the content of the cooperation and to develop a joint programme that would contribute to the cohesion in the southeast Baltic Sea Region, utilising the increasing economic potential in the region while at the same time taking social, environmental and cultural sustainability into consideration. The development of the project took about one year's preparation.

Partnership and sustainability

The project has been, to a large extent, a genuine common action and contributes to a greater density of common actions. In the Executive Board of ERB which developed the project all member regions were represented. Thus all partners took part in the discussions and have been involved in the development and implementation of the project which has been strengthening the cooperation between the ERB partners in different fields. But it has to be said that overall, the implementation process of the project has been dominated by Swedish and Danish partners. The reasons for that can be seen in the domination of Swedish partners in the partnership (24 of the 34 project partners and the lead partner came from Sweden) and in the fact that the Swedish and Danish partners had more resources for and experiences with transnational cooperation. Especially Poland, Latvia and Lithuania were in a more difficult situation. At the time when the project started they had to prepare themselves for joining the EU and therefore had many other things to handle. Furthermore it was not easy to get the co-financing for the non-EU partners. For Latvia and Poland small PHARE financed projects could be managed and Russia got some funding by TACIS but for Lithuania the proposals for

PHARE funding were rejected. In this country only a small project has been financed by funds from the Nordic Council of Ministers. To enable the Eastern countries to participate, some of the travel and accommodation costs have been also financed by INTERREG budget and more than 50% of all Seagull-DevERB meetings have been located in Latvia, Lithuania, the Kaliningrad Region or Poland in order to make it easier for the Eastern partners to participate. Therefore it can be concluded that the non-EU partners have actively taken part in the project implementation but to a smaller extent than the Swedish and Danish partners.

The size of the partnership has been appraised by the project leader as adequate for addressing and tackling major needs and problems prevailing in the partner areas. Only the problems with getting the financing for the non-EU partners made it more difficult to coordinate the sources of funding. This would probably have been easier in a smaller project.

The lead partner principle has been applied in the project and was in general convenient for the lead partner. The lead partner, the regional council in Kalmar, has been in charge of the financial and administrative tasks of the project. Sub-contracts have been signed between the lead partner and the other project partners. The main advantage of the centralised management has been good control of the implementation and the budget. A disadvantage was the domination of Swedish but also Danish partners in the implementation process.

The needs assessment for this project was done in the Executive Board of the ERB and performed jointly to a large extent. Also the project goals / objectives were discussed between all project partners and were generally homogeneous. The Joint Development Programme (JDP) is a comprehensive more strategic document which involves only some examples for concrete implementation and has to be concretised in the individual regions.

The main result of the project is the JDP which is a concrete, strategic development concept for ERB and which has finally been approved by the ERB Council. The strategy of the JDP specifies four focus areas for the development until 2015:

1. A competitive business environment,
2. An improved transport infrastructure,
3. A strong social dimension, and
4. A sustainable environmental and end energy policy.

In the JDP Action Programme eight different projects / activities within these four focus areas are specified, for example the establishment of an Academy on Rural Development, a Tourism Development Group and Forums for Water and Energy. Now the JDP has to be implemented in the different member regions of ERB. The implementation will be supported by follow-up projects like Seagull II, BEE and RED (INTERREG III B), transport infrastructure projects (national public funds) and new INTERREG programmes (strand A and B). For example, parts of the JDP have been included in the INTERREG IV A South Baltic Cross-border Cooperation Programme 2007-2013.

Beyond that the process of developing and working out the JDP has given new ideas and input for the spatial development activities in the ERB member regions. In Kalmar County the JDP has already been a framework document for the new Regional Development Programme of the Regional Council.

Therefore it can be said that the Seagull project had effects on regional political and administrative processes. There has also been some improvement of political and administrative processes in the Eastern partner regions. Through the Seagull project they learned about modern principles and models of spatial and regional planning, water management planning and triple helix cooperation ideas in order to promote the development of innovative environments for the private sector, cluster cooperation and tools and methods for rural development. So there has been some organisational learning from the cooperation especially for the eastern partners who learned to build up their human and organisational resources.

The wider population has not been involved in the project but the population has been informed about the project in the involved cities.

Overall the project partners were very satisfied with the project and they continued their cooperation in Seagull II and in general in the ERB. Through the cooperation in the project the "win-win-situation" has become more apparent for the partners. Only the Kurzeme Planning Region in Latvia has resigned its membership in the ERB because after joining the EU it no longer had the capacity to take an active role in the ERB.

INTERREG co-financing has been very important for concretising the ERB cooperation through the development of the JDP. But as the ERB network already existed before the project, the cooperation can easily be continued without INTERREG co-financing. Nevertheless the follow up projects like seagull II are necessary for promoting the implementation of the JDP. The financial contribution from INTERREG was sufficient but as described before there were some difficulties in obtaining the additional PHARE and TACIS funding for the Eastern partners.

With regard to the assessment of INTERREG as a funding tool and of the project application and selection procedure the lead partner doesn't see deficiencies in the framework or procedures. One general problem concerning all INTERREG projects and transnational cooperation is language problems which hinder some partners from taking a more active role or which make cooperation more complicated. Therefore the project leader made the proposition to provide language training for supporting transnational cooperation.

Learning and indirect effects

The consciousness of common challenges and development perspectives has been enhanced through the project because the partners had to discuss the existing problems and potentials in their regions for developing a common strategy and action plan. The ERB board met around six times a year and there have been additional working group meetings where the partners discussed the common challenges and development perspectives in different fields. Furthermore the strategy part of the JDP also contains discussion of methodology with impact on all member regions. Thus there was an ongoing transfer of know-how and experiences between the partners.

Also the inter-cultural understanding among the partners has been encouraged through the project. The transnational cooperation always helped to learn more about the other cultures and there have been specific seminars about inter-cultural learning, organised by the ERB cooperation.

The implementation of the JDP is now long-term. Some project partners and, as described before, particularly the eastern partners have already increased their respective capacities to better be able to tackle major needs and problems prevailing in their areas but it is an ongoing learning process and it needs a longer time to be able to achieve real improvements in the political processes.

Stakeholders "outside" the immediate project partnership generate beneficial effects in terms of individual and organisational learning only in some ways. As the project leader reported, some other project actors contacted him and asked him about the construction of the project and the JDP. There has also been an exchange with other INTERREG projects. Beyond that the project results have been presented at several conferences and there is the possibility to access information about the project results and the JDP on the website of the project.

2.3.2 PROJECT STUDY 2: CONVERNET

General Project Information

The main target of CONVERNET was the creation of a conversion-network with a focus on the Baltic Sea Region. On the one hand the project partners wanted to obtain more information about the situation of conversion in the Baltic Sea Region and on the other hand they wanted to initiate a transnational exchange of experiences between local, regional and national actors in the field of converting former military bases to civilian uses in the Baltic Sea Region.

General project information of Convernet	
Duration of the project	17.04.2003 - 16.03.2005
Approximate total project budget	€ 391.754,38
ERDF funding	€ 262.357,55
Number of partners	21 partners from 8 countries

Selection process

The project was selected in application round 3 December 2002.

The project already received Seed financing for the preparation of the application. The idea for the CONVERNET-project came from the lead partner - the Brandenburg Ministry for Economics - in the Conversion Summer 2001. Main topic of this Conversion Summer was the opening of new markets for the conversion industry in Brandenburg. The region Brandenburg already had a lot of experiences with conversion policy and a powerful conversion industry. In this context the idea of the lead partner was to strengthen the cooperation with East Europe for developing the market in the conversion industry in the Baltic Sea Region. The network should facilitate the flow of information and the exchange of know-how between the partners, define and document best practices, aid the partners in solving conversion-related problems and help the partners formulate a coherent conversion policy.

There were already some contacts with partners in East Europe which could be used to build up the partnership. At the beginning of the project, a common state of knowledge about conversion in the Baltic Sea region didn't exist and a joint diagnosis of shared problems and development potentials like a SWOT analysis hadn't been made. But one of the main targets of the project was to get more information about conversion problems and potentials in the Baltic Sea Region.

Partnership and sustainability

The project was developed to a large extent by the lead partner and project partners in Brandenburg. But when the partnership was created the work packages have been further developed together with all project partners and there was a common implementation of the project. Therefore CONVERNET

can be described as a partly joint project with genuine common actions. But the lead partner also described that there had been an imbalance between the partners. For example the Swedish partners had a great advantage because of their language skills and their experiences compared to the Eastern partners. So all project partners have participated in the implementation but under different pre-conditions.

The lead partner principle has been applied to the project. The management system of the project was divided into three levels. The overall project management was carried out by the Lead Partner who assured the overall project co-ordination and the elaboration of common products. For every work package there was one responsible partner. For local activities like small scale investments or local marketing measures the project partners themselves were responsible. Therefore part of the products were centrally managed and other parts like the work packages and local activities were decentralised which sometimes made it more complicated. According to the lead partner the nature and the size of the partnership was adequate for the project.

The expectations regarding the project among the partners were to a large extent homogeneous. Sometimes there was diversity in interests because some involved cities had unrealistic or too high expectations. In these cases the partners discussed the problem and tried to come to a common understanding.

The main results of the project have been the creation of a transnational conversion network with a mutual exchange of experiences on conversion in the Baltic Sea Region, the development of a Conversion Handbook and a Regional Action Plan for Conversion in the Baltic Sea Region, the establishment of a newsletter and a website with a forum concerning conversion topics. Furthermore approximately € 90.000 has been spent on small scale investments into infrastructural measures like the information boards and a hiking path at the Order island, refurbishment measures at Fort Gorgast, an information centre at Farösund as well as refurbishment of destroyed parts of barrack buildings in Vaasa which wouldn't have been invested without INTERREG funding. These investments upgrade facilities at former military sites and provide infrastructure necessary for a better accessibility for visitors and investors.

Through the cooperation of the project the attention to conversion issues was enhanced in the Baltic Sea Region. In some cases there has been an influence on national, regional or local political and administrative processes. For example in the region Mecklenburg-Western Pomerania the guidelines for conversion have been influenced by the project. In Russia there has been an activation of ministries interested in conversion.

Another impact of the project was that additional need for cooperation could be identified, giving some input to the development of the INTERREG III B projects "Baltic Culture and Tourism Route Fortresses" and "ReMiDo" (Sustainable reintegration of post-soviet military residential areas as a challenge and opportunity for regional development).

In 2007 the Brandenburg Ministry for Economics and the business association "Kompetenzzentrum für Konversion und Kampfmittelräumung (KOMZET)" organised a Conversion Day in Brussels where the results of CONVERNET and recommendations for a pan-European conversion-network and for the implementation of conversion guidelines in the Baltic Sea Region were presented. Also some countries

which have not been part of the CONVERNET-project, like Romania, participated in this event and have been very interested in the results of the project.

The wider population has not been directly involved in the project. But the local community benefited from some activities, for example when housing space or space for civil use was created, and there were some press conferences and media coverage in the participating cities or regions. Furthermore some of the work package activities were about public participation issues which have been demonstrated exemplarily by the "bumble-bee concept" of the City of Vaasa (Finland).

The business sector has not been directly involved either. But some public-private project developers participated in the project, like the Vasallen AB (Sweden), Brandenburgische Boden GmbH (Germany) and the Privum SA (Czech Republic). They could participate in the exchange of knowledge concerning conversion. Beyond that the businesses have been informed through publications and there has been some exchange of experiences and information.

The project partners are satisfied with CONVERNET and some of them wanted to continue the cooperation. For other partners there was no need for further cooperation because their local topic was sufficiently dealt with. But there were also some new potential partners who have been interested in cooperation like regions or cities from Belarus or universities. Therefore the lead partner prepared an application for a follow-up project but the project has not been approved by the BSR Programme Secretary.

For this reason there is still some contact between the partners and the forum on the website still exists but the cooperation is now more bilateral and there are no regular meetings anymore.

The financial contribution from INTERREG has been altogether sufficient but some of the project partners had additional need for investments. There was no additional partner funding beyond the level of co-financing formally required.

There has been some organisational learning from the cooperation. In the case of the lead partner the learning process concerned the structure of the project management process. In the beginning of the project there have been some problems with the decentralised implementation structure which led to the understanding that clear responsibilities are very important for the organisational and financial structure of a transnational project.

INTERREG as a funding tool and the perception of the project application and selection procedure were an adequate framework for the lead partner. He only mentioned that the bureaucratic complexity should not further rise.

Learning and indirect effects

The project CONVERNET has enhanced the consciousness of conversion as a European challenge which was one of the main targets of the project. The project partners have been very interested in getting more information about the conversion processes in other countries and there has been an exchange of Know-how between the regions. In the cooperation of the project different political levels (national, regional and local) and different sectors (municipalities and project developer) were involved. Therefore the vertical and the horizontal exchange of knowledge could be enhanced.

It can be also said that there has been organisational learning processes in the participating regions. Some of the regions were able to increase their respective capacities to better be able to tackle major needs concerning conversion and problems prevailing in their areas. For example Sweden was new in this area and learnt a lot from the other regions. They have been especially interested in financing questions. In the lead partner region there have not been great impacts on political or administrative processes because they already had a lot of experiences with conversion at the beginning of the project. But they got an impression of the conversion processes in other countries of the Baltic Sea Region which gave them also some helpful suggestions for their own work.

In Germany, the CONVERNET project had also some influence on the legislation. Because according to the lead partner CONVERNET brought forward the initiative for a Federal law on demilitarisation and the removal of contaminations of military origin. Furthermore CONVERNET partners concluded the "Signal of Stavenhagen" which demands concerted action at Federal and International level which has been forwarded by a Member of the European Parliament to the European Commission.

2.3.3 PROJECT STUDY 3: BALTCOAST

General Project Information

BaltCoast was initiated within the frame of VASAB ("Vision and Strategies around the Baltic Sea"). The intention of the project was to establish a pilot initiative for the support of Integrated Coastal Zone Management (ICZM) and development in the Baltic Sea Region. The main targets were to test procedures on how to use the strengths of spatial planning for the implementation of ICZM and the integration of the cross-sector coordination of offshore development in the ICZM processes. Lead partner of the project was the Ministry for Labour, Building and Regional Development of Mecklenburg-Western Pomerania. Beside partners from Germany partners from Denmark, Latvia, Poland, Estonia, Sweden and Finland were involved in the cooperation.

General project information of BaltCoast	
Duration of the project	01.07.2002-30.09.2005
Approximate total project budget	€ 3.259.089,00
ERDF funding	€ 1.687.844,50
Number of partners	25 partners from 7 countries

Selection process

The project was selected in application round 2 in May 2002.

The project partners were already connected through the activities of VASAB and several projects in the nineties concerning Integrated Coastal Zone Management with a main focus on the Baltic countries. Because of rising use conflicts between economic and social development and environmental protection in coastal areas and increasingly on the sea side there was a need for the development of an integrated coastal zone development strategy. This aim has been picked up by the "Wismar declaration on transnational spatial planning and development of the BSR until 2010" which had been passed by the 5th Conference of Ministers responsible for spatial planning and development in the Baltic Sea region countries.

An assessment of problems and development potentials does not have to be done anymore because it was already available through the existing co-operations. For the reason that especially the

development of offshore areas and accompanying usage conflicts couldn't be solved by one nation on its own it was also clear that there was a need for a transnational cooperation.

The lead partner developed the project application in cooperation with the project partners. The Joint Technical Secretariat of the programme gave advice on the project proposal. The first application wasn't successful. But after a revision of the application the project has been adopted in the second try by the Steering Committee.

Partnership and sustainability

The project can be described to a large extent as a truly joint project with genuine common actions. There was a joint development and implementation of the project and some of the activities have been financed jointly. Furthermore the lead partner organised a joint project secretary for assistance which has been financed by all partners. The lead partner principle has been applied under the project, but for the lead partner it was very important that all partners actively participated in the project. Thus one of the partners was the responsible leader for every work package and there were some sub-projects which fell under the responsibility of the partners.

According to the lead partner the nature and the size of the partnership was adequate for addressing and tackling major needs and problems prevailing in the partner areas. There was only a problem with combining the INTERREG funding with the funding programmes for non-EU partners like PHARE, TACIS or CARDS. Of the non-EU partners only Estonia received funding for carrying out an individual sub-project. The other Eastern partners, Poland and Latvia, failed to secure the necessary funding for their sub-projects. Therefore three of the thematic working packages were combined into one working package and the financing ERDF project partners agreed to fund experts from the E-BSR to prepare a study for their respective countries on this issue. In this situation it was problematic for the implementation that budget changes could only be introduced once and not between work packages. The overall expectations of the project partners regarding the project goals and objectives were homogeneous but at the local level there were, to some extent, big differences in the preconditions of the regions. Therefore the local sub-activities within the project have been, in part, quite different. For example the Western countries which had already a lot of experience with spatial planning could work more professionally and build on their experiences whereas the accession countries had firstly to create the basic principles.

The main results of the project were the "Recommendations on the role of Spatial Planning in ICZM and Sea Use Planning" which have been presented at the 6th VASAB Ministerial Conference in Gdansk on 19th September 2005 and in the Baltic 21 Network. Recommendations were, for example, that there should be an introduction of spatial planning in intensively used maritime areas, an introduction of tools and methods for spatial coordination of offshore uses as well as an improvement of the transnational discussion and concertation process. Furthermore BaltCoast has strengthened the role of spatial planning within ICZM and has produced best practice cases by preparing spatially differentiated plans for the area of Greifswalder Bodden and the Wismar Bay in Germany as well as an integrated coastal plan for Kalmar County in Sweden. Before the BaltCoast project spatial planning in Sweden, Germany and Finland had been concentrated to land areas. Through the project some new approaches concerning planning within the maritime 12 sm zone of the coast have been initiated. For example Mecklenburg-Western Pomerania declared the 12 sm zone as a new and independent planning region. Therefore it can be concluded that the project had also some impacts on policy and administrative processes in the Baltic Sea Region.

Some of the plans which were developed in sub-projects have already been realised. For example there has been a construction of Offshore wind power stations and in Putbus investment projects of new integrated spatial plans have been implemented.

The wider population living in the project partner areas has been involved in some of the sub-projects. For example in the case of the pilot project "Greifswalder Bodden" there was a conflict between touristic utilisation and environmental requirements. For settling the dispute between different local actors a broad co-ordination has been initiated involving sea users like sailors or anglers. In the end a voluntary agreement with recommendations for utilisation was generated. In the agreement different sea zones for utilisation have been defined.

The business sector has not been directly involved in the cooperation of the project but can also benefit from the results. For example spatial planning processes on the sea side are also relevant for offshore investors. Furthermore in some sub-projects potential investors have been integrated into the project work.

Overall the project partners are satisfied with the project. Only the non-EU partners couldn't achieve all their intentions because of the funding problems with PHARE. The project cooperation itself has not been continued without INTERREG funding. But the project results will be further developed in the frame of VASAB and there is still some bilateral exchange between the project partners. Furthermore there are follow up projects like the INTERREG III B CADSES project PlanCoast in which the German and Polish partners are also involved. PlanCoast dealt with the introduction of Sea-Use-Planning and strengthening the role of spatial planning within ICZM in the Baltic Sea, Adriatic Sea and Black Sea Regions.

The financial contribution from INTERREG was sufficient. As indicated before, it was only problematic for the project implementation that budget changes could only be introduced once and not between work packages. Beyond that the lead partner considered that the principle of refunding can be a big problem for small-sized partners.

Concerning the assessment of INTERREG as a funding tool the lead partner observed that the application and implementation procedures are very complex and that therefore a project application only makes sense when there is a real transnational problem which has to be solved in cooperation. Furthermore the mass of guidelines can overburden local actors.

Learning and indirect effects

The project has enhanced the awareness of spatial planning within ICZM as a common challenge and perspective across borders. The results have also been picked up by the European Commission where spatial planning on the sea side became an important topic.

Through the cooperation, the project partners learned new approaches with regard to the management and planning of sea and coast. For example the management of conflicts between economic activities and nature protection in sensitive lagoon/wetland areas or between urban expansion and environmental protection in coastal areas could be enhanced through new conflict management techniques. For the offshore areas a joint study has been prepared analysing current and future uses and resulting conflicts and current spatial planning procedures.

There has also been a sense of organisational learning from the cooperation concerning the funding procedures of INTERREG which have been described as very complex by the project leader. According to the lead partner this is an ongoing learning process where knowledge can be improved with every project.

The BaltCoast recommendations have been also brought forward in the framework of Baltic 21 network. In 2004 BaltCoast was already awarded the statue of a Baltic 21 Lighthouse Project which denote projects "designed to demonstrate sustainable development in action".

The results of BaltCoast have been presented at different conferences and on websites of transnational organisations (Baltic21 / VASAB etc.). Thereby also actors who have not been involved in the BaltCoast cooperation can benefit from the project.

2.3.4 PROJECT STUDY 4: TRABANT - TRANSNATIONAL RIVER BASIN DISTRICTS ON THE EASTERN SIDE OF THE BALTIC SEA NETWORK

General Project Information

The intention of the TRABANT cooperation was to initiate transborder cooperation in the field of river basin management planning especially between EU and non-EU partners. Further targets were to evaluate, compare and test the different tools and methods which have been used in the partner regions and to improve the planning processes through a linkage with spatial planning.

General project information of ScanBalt Campus	
Duration of the project	11.07.2005 - 10.01.2008
Approximate total project budget	€ 1.572.007,00
ERDF funding	€ 739.117,75
Number of partners	16 partners from 7 countries

Selection process

The project was selected in application round 7 in June 2005.

The idea for the project arose at a time when a lot of activities concerning river basin districts' management came up. In 2000, the European Union presented the Water Framework Directive (WFD) which had to be implemented by each member state step-by-step before 2009. The implementation of the WFD required systematic and activated procedures and analysis of river basin management. In the Common Implementation Strategy (CIS), established in 2001, the Member States created a wide cooperation for defining common goals. But in order to develop jointly and systematically river basin management, much cooperation on local level has been needed. It was important for the implementation to consider the characteristics of water management in neighbourhood countries, also in countries outside the EU like Russia or Belarus, which also influence the water protection in the Baltic Sea Region. For this reason different partners who had already been in contact decided to prepare a common application for this project involving EU and non EU partners. The project partners were representatives of national or regional authorities in the implementation of the WFD or organisations working with water protection. After the second try the application was accepted by the Programme. The partners had already met during the application process to discuss the targets of the project and to prepare the application. For the involvement of non EU-partners an application for TACIS funding was prepared.

Partnership and sustainability

The project can be described as a, to a large extent, joint project with genuine common actions. There was no joint staffing but there was a joint development, implementation and reporting of the project. Some of the activities were developed and financed together. Other activities were the responsibility of one of different partners who were work package leaders. For the overall coordination a Co-ordination Group (CG) has been established. The group involved the work package leaders as well as representatives of the partners and met twice a year. During these meetings the strategic level of the project was discussed and decided upon.

The lead partner principle has been applied. For the lead partner the size and nature of the partnership was adequate. For the project it was very important to have partners from Russia and Belarus because a lot of river basin districts are located in a boundary region of one EU partner and one of these two countries. Therefore it was very helpful that one TACIS project with the Russian and Belarusian partners has been approved and additional funding could be acquired. The TACIS project started in 2006 and ended half a year later than the INTERREG project. The additional management of the TACIS project was also performed by the lead partner. Thus the lead partner had to manage two separate programmes which implicated a lot of increasing requirements.

In the partnership of the project there was a lot of discussion about the targets and the content of the project. After the approval of the project the project plan for the application was jointly deepened. All partners were interested in the project but there were differences between the resources and the preconditions of each partner. Cooperation in the project was good, but varying conditions in different countries created challenges for the development of methods and tools in water management. Especially in the border areas to Russia and Belarus an exchange about the terms and comparison of conditions and practises enhanced the basis for common transboundary activities. This kind of cooperation with Russian and Belarusian partners at local level has been very important according to the lead partner. Because of an individual project it is difficult to notice impacts, but knowledge exchange was enhanced, and also the Russian and Belarusian partners got to know the tools and methods of the European partners which probably has effects in the long-term.

The project had a high degree of complexity and of experimentation. The main achievements of the project were surveys on methodologies on status assessment and monitoring and on pressures in the context of water management. Overall 11 country-specific studies in the Baltic Sea Region and 5 case studies concerning the implementation of the WFD or water management planning in general were carried out. Furthermore 2 pilot and demonstration studies in public participation - one involving a training programme for water managers and one using a simulation game - were carried out. At the end of the project the partners compiled common recommendations 1) for general interaction in transboundary river basins, 2) for river basin analyses, status assessment and monitoring and 3) for specific items of river basin management, especially public participation.

The results have been presented and discussed at several seminars and conferences. There have also been conferences in Kaliningrad, Minsk and St Petersburg which have been enabled through the

additional TACIS funding. Beyond that the project results have been published in two final reports including:

- Surveys of river basin management planning including links to spatial planning,
- Methods of public participation,
- River Basin Analyses and Management,
- Methods of status assessment and monitoring.

These reports and further information about the project have been also published on the website of the project.

In the context of the project it is very difficult to say something about effects on political and administrative processes. In the European countries there were a lot of other activities concerning water management in addition to this project. In the non-European countries, Russia and Belarus, the situation is based on their own principles and procedures. But in the European countries the project might influence some local or regional processes concerning river basin management, and for Russian and Belarusian procedures active comparison and cooperation has created information to be used in applying water management, which in the Russian Federation is in a wider framework based on federal rules.

The wider population has been involved in the work phases in some of the pilot projects. For example one of the pilot and demonstration studies included a simulation game for school children. Beyond this there have been events with local actors in some of the partner regions and information about the project in the media.

Enterprises have not been directly involved in the project either, but the water management procedures and assessment tools will also have some effects on the business management.

The project partners were satisfied with the project and wanted to prepare an application for a follow-up project. For the EU-partners the main benefit was that they had the possibility to create results that support the implementation of the WFD and develop the water management in general which was and is a joint transnational issue. For the non-EU partners a benefit of the project was that they had the possibility to compare the water management tools and methods with other European countries which could help them to further develop their own approaches. Therefore all partners learned about transboundary issues and about practices in the neighbouring countries.

The project did not directly include regional or local investments. After the end of INTERREG and TACIS funding the partnership has not further institutionalised its cooperation until now. But there is still a contact between the project partners and the intention to prepare an application for a follow-up project.

The financial contribution from INTERREG was sufficient but a hindrance was that some of the partners didn't use their whole budget and there couldn't be made changes in the allocation of the budget. As described before the project had applied for additional funding through TACIS beyond the level of co-financing formally required.

With INTERREG as a funding tool there have not been big difficulties. Because of the additional TACIS funding programme the partners had a lot of reporting tasks. To deal with two different programmes could be more fluently facilitated if there were to be a harmonisation of the management and reporting requirements.

Sometimes a hindrance in the cooperation was language problems of some of the partners or stakeholders. Especially the Eastern and the Russian stakeholders had some difficulties with speaking English. Therefore supporting language courses could be helpful for transnational cooperation.

Learning and indirect effects

The project enhanced the awareness of common challenges and perspectives across borders especially between EU and non-EU countries. According to the lead partner the project activities happened at a time that was suitable for a change in terms of transboundary cooperation. The cooperation has also widened the inter-cultural understanding among the partners because between some of the neighbouring nations transboundary cooperation have not been developed so much before.

As described before, there has been a significant exchange of know-how which led to an increase of knowledge and capacities concerning water management particularly in the non-EU countries. But again, especially for the EU countries it is very difficult to say something about the impact of the project because of many other activities around the implementation of the WFD.

There have been also to other INTERREG projects dealing with the WFD: the INTERREG III B project WATERSKETCH and the follow-up project WATERPRAXIS which is still in progress. Lead partner is also the Finnish Environment Institute and there was some exchange between the actors.

The results of TRABANT have been discussed during several meetings where also stakeholders "outside" the immediate project partnership participated. For disseminating the project results also outside the EU, the final report has been published Russian in addition to English.

2.3.5 PROJECT STUDY 5: SCANBALT CAMPUS

General Project Information

The ScanBalt Campus project was initiated to create a collaboration between universities, research centres, companies and hospitals in the field of Biotechnology and Life Sciences in the Baltic Sea Region. The main target of the project was to deliver a framework for joint activities within ScanBalt Bioregion in knowledge formation and innovation.

<i>General project information of ScanBalt Campus</i>	
Duration of the project	10.03.2005 - 09.06.2007
Approximate total project budget	€ 849.137,00
ERDF funding	€ 462.405,00
Norwegian contribution	€ 4.650,00
Number of partners	31 partners from 10 countries

Selection process

The project was selected in application round 7 in June 2005.

The idea for the project arose in the framework of the umbrella co-ordination ScanBalt which is a Life Science and Biotechnology network with partners from eleven North European countries. The chairmanship of ScanBalt had the vision of a Scandinavian Baltic Campus that should be realised with this project. The preparation of the project application has been developed together with partners from Sweden, Denmark, Estonia, Germany and Poland who were also already in contact with further partners. The common understanding of the partners was that they had to cooperate for excellence and to create the potential for global competitiveness.

Partnership and sustainability

The project can be described to a large extent as a joint project with genuine common actions. So there was a joint development and implementation of the project. In the beginning common guidelines were compiled and a ScanBalt Campus Board was established. The guidelines specified that in every Knowledge Network of the project a minimum of 3 countries and 5 partners had to be presented. Overall 8 Knowledge Networks were created were been led by one of the partners:

- 1) Molecular Diagnostics coordinated by University of Gdansk / Medical University of Gdansk, Poland.
- 2) Regenerative Medicine, University of Rostock and BioCon Valley, Germany.
- 3) Environmental Biotechnology, GMV, Centre for environment and sustainability at Chalmers University of Technology and University of Gothenburg, Sweden.
- 4) Informational Biology, Åbo Akademi University, Finland.
- 5) Process Analytical Technology (PAT), Linköping University, Sweden.
- 6) Intellectual Property and Bio-entrepreneurship Chalmers University, Göteborg, Sweden.
- 7) Baltic Entrepreneurship Training, Baltic Entrepreneurship Centre, Rostock, Germany.
- 8) Education and training of leaders for the life science industry of the future Copenhagen Business School, Denmark.

The administrative structure of the project consisted of a two-dimensional matrix where different thematic knowledge fields constitute one dimension and different actors the other. Therefore it was possible that one partner could participate in more than one network. Every network had to be approved by the Baltic Board. Important selection criteria were that the network should have a European dimension and that the activities should be based on win-win situations for the involved partners. Besides the networks some pilot projects were developed which deal with additional aspects that are integrated in several networks, like "intellectual property and entrepreneurship".

To support the project with new ideas a ScanBalt Academy has been established. In the Academy several distinguished Life Scientists from academia, industry and government have been involved. The main target was to ensure the quality of research, education and projects within the ScanBalt BioRegion.

The lead partner principle has been applied to the project. For the financial management a decentralised system was implemented. Thus the project partners made their own financial reports. Especially in the beginning, the project leader had problems to get the audited reports on time from the partners. The size of the partnership involving 31 partners was very big. This large size made the management of the project difficult sometimes and led to high audit costs. Some partners have been very active but others haven't been active in the same way because they didn't understand the principal idea of cooperation. Therefore the lead partner would prefer a smaller size of partnership with bigger individual budgets in a future project.

The expectations of the project partners have been to a large extent homogeneous. There was the joint idea to put the Bologna process into practice within a large network. The main result of the project was an enlarged cooperation between universities and companies in the Baltic Sea BioRegion. This cooperation demonstrates a model for a trans-national and trans-sectoral organisation, based on education, research and development. In the context of the cooperation structures for shared curricula have been developed and common master programmes have been planned. Furthermore a common media tool has been set up for disseminating news from Baltic Sea institutions.

The wider population has not been involved in the project but besides the original project partners students of the participating universities have also been involved. In cooperation with the Young European Biotech Network (YEBN) and the "Biotechnologische Studenteninitiative (bSt) e.V." a ScanBalt Campus student council has been initiated. The aim of the student council was to become an adviser to the ScanBalt Campus, promoting mobility and raising funds.

Overall the project stakeholders have been very satisfied with the project because through the project a first cooperation between universities and the business sector has been established. There was also the wish to continue the cooperation in a follow-up project. But the application for a follow-up project has not been approved. Therefore it was not possible to further develop the project for a broader involvement of students cooperation and education processes.

The cooperation of ScanBalt Campus has the potential to be continued without INTERREG funding. Some of the Knowledge Networks still exist and in the framework of the overall network ScanBalt the partners can continue their cooperation. Furthermore a ScanBalt Campus office has been established at university of Rostock in 2007. Therefore there has been also some kind of institutionalisation of the project. But the partnership has not anymore the binding structure like before. Therefore a follow-up project would be needed.

According to the project leader the financial contribution from INTERREG was sufficient. But a problem for the project implementation was that the budget could not be reallocated between different work packages. As described before some of the partners have not been so active as others. For this reason there was a need to reallocate the money to the more active partners. However this was not possible.

Beyond the level of co-financing formally required, additional funding has been triggered by Nordisk Innovation Centre (NICE). For example the project "Lignin as raw material for chemicals" has been initiated by the Environmental Biotechnology Knowledge Network and has received separate funding from NICE. Beyond that the ScanBalt Campus office at the University of Rostock receives funding from the region Mecklenburg-Western Pomerania, yearly € 200.000 until 2010.

An added value in the sense of organisational learning from the cooperation was the definition of a shared curricula for Bologna. More than 50 workshops and a number of programmes were planned. In this context all partner organisations could learn by participating.

With regard to the assessment of INTERREG as a funding tool the lead partner remarked that the application and reporting system was extremely complicated. Furthermore a more flexible budget system would be favoured.

Learning and indirect effects

The awareness of common challenges and perspectives across borders has been enhanced through the exchange in the cooperation. The contacts between the partners increased and knowledge and know how has been exchanged especially through the joint development of a shared curricula.

Furthermore the project encouraged inter-cultural understanding among the partners. For example for the Polish partners it was not so common to cooperate with German partners before. For this reason the project also helped to remove prejudices.

It is very difficult to draw a conclusion whether the project partners were able to increase their respective capacities for better tackling major needs and problems prevailing in their areas. It can definitely said that most of the partners benefited from the cooperation but further examination would be needed to concretise in what extend the partners could increase their capacities.

Stakeholders "outside" the immediate project partnership could also benefit from the project results through participating in conferences or workshops and through taking information from the website of the project.

2.3.6 CONCLUSION

1 Analysis of the project with respect to the components of the synthetic indicator

Concerning the components of the synthetic indicators it can be concluded that all five reviewed projects have been common actions. But there have been differences in the emphasis of joint planning and implementation actions. In some cases the partnership already existed in the framework of an overall network which facilitates common preparation and implementation processes from the very start (e.g. Seagull-DevERB). In other cases the lead partner prepared the application for the most part while he was looking for project partners (e.g. CONVERNET).

After the project approval there were differences in the participation of project partners depending on resources, language skills, experiences with EU funding and prospects of the partners. In most cases it was very difficult to combine INTERREG with other partnership programmes like TACIS or PHARE and to get funding for the non-EU partners. The partnership approach (lead partner principle) has been applied in all cases.

Among the projects there were diverse levels of complexity and experimentation. Projects with more partners (like ScanBalt Campus) or projects that combined the INTERREG funding with other programmes (like TRABANT) had a higher degree of complexity. The level of experimentation was high in those projects which pioneered new project ideas and concepts (e.g. BaltCoast).

The geographical impact of the projects varies between the level of the whole BSR region (e.g. in the case of ScanBalt Campus) and a special focus at a sub-region (e.g. the Euroregion Baltic in the case of Seagull-DevERB). In all cases there was communication about needs assessment and a shared diagnosis. In some cases there were different expectations of the partners at the beginning of the partnership. But in most cases there has been an approximation of the expectations and interests during the project.

2. Analysis of project durability and sustainability

In all cases most of the project partners have been interested in continuing the cooperation. In cases where the partnership has been embedded in an overall network or framework (e.g. in the cases of ScanBalt Campus or BaltCoast) the continuation of the cooperation is more easily feasible. But also if there is already an overall network a follow up project funding can strengthen the further cooperation (e.g. in the case of Seagull). In the cases where no overall network exists it is not easy to continue the cooperation without follow-up project (e.g. CONVERNET or TRABANT). But the results of the projects have been disseminated in all cases and therefore will have various impacts also after the end of INTERREG funding.

3. Feedback examination

The projects partners have altogether been satisfied with the nature of the programme, but the application and management procedures have been defined as very complex. But in most cases there were big problems with combining the INTERREG funding with partnership programmes for non-EU partners. Another problem was that some partners had difficulties with language and understanding which hindered equal participation.

4. Analysis of individual and organisational learning and indirect effects

In all cases there was some form of individual and organisational learning on different levels especially through the exchange of experiences and know-how. In the case of BaltCoast new planning and management approaches and methods have been tested and transferred. Another kind of organisational learning can be seen in learning effects concerning the management and implementation of EU funded projects which has been confirmed by all project leaders.

2.4 CHARACTER OF THE PROGRAMME, ITS CONSTITUTING FEATURES, AND FACTORS OF BARRIER AND COOPERATION

Characteristics of the Baltic Sea Region INTERREG III B Neighbourhood Programme Area can be drawn from the analysis of the data collected in the ESPON project.

A first characteristic is the urban-rural typology. This indicator consists of two components. The first is urban influence – measured either by the population density or the existence of functional urban areas (EU-level). The second is human intervention, indicated by above average share of artificial surfaces, agricultural use and residual land. In the Programme fact sheet, the whole Baltic Sea Region INTERREG III B Neighbourhood Programme is labelled as a “high urban influence – high human intervention” area.

The following table underlines that the simple classification of the whole programme as rather urban – as it is given in the programme fact-sheet provided by the core team - is somewhat misleading. Although the highest share of NUTS 3 areas falls into this category (29.6%), the majority of NUTS-3 areas has only “low urban influence” (54.3%). Amongst these, the areas with “low urban influence, medium human intervention” (22.8%) and “low urban influence, low human intervention” (22.3%) are the most important ones.

Table 2.12 *Nuts 3-regions of the programme area by urban-rural type*

Urban-rural Type	No. of NUTS 3 – areas in the Baltic Sea Region INTERREG III B Neighbourhood Programme	Share of NUTS 3-areas in the Baltic Sea Region INTERREG III B Neighbourhood Programme
High urban influence, high human intervention	61	29,6%
High urban influence, medium human intervention	12	5,8%
High urban influence, low human intervention	2	1,0%
Low urban influence, high human intervention	19	9,2%
Low urban influence, medium human intervention	47	22,8%
Low Urban influence, low human intervention	46	22,3%
n.e.	19	9,2%
TOTAL	206	

Source: ESPON, Project Indicators, www.espon.eu

What is intuitively clear when looking at a map of the Baltic Sea Region, is reflected in these figures. The region is characterised by a spectrum of different areas. On the one hand, a number of national capital regions is covered (Berlin, Warsaw, Helsinki, Stockholm, Oslo, Riga, Tallin, Vilnius), and also a number of other urban areas are covered (e.g. Hamburg, Poznan, Wroclaw, Gdansk). Besides these urban areas mainly to be found in the south of the Baltics and in the coastal zone, we find the remote regions in the north of Finland, Sweden and Norway with extremely low population density. But also parts of Poland, Estonia, Latvia and Lithuania as well as parts of (Eastern) Germany show only low urban influence. All in all, the Baltic region is predominantly rural when looking at the majority of NUTS 3 regions. But rather than characterising the whole region by one label, it is the mix between metropolitan regions and some of the most remote parts of Europe that describes the region properly.

The essential common feature is that all countries border on the Baltics. It is a maritime region, and the situation is strongly influenced by that. The Baltic Sea is nowadays not only an important transport corridor, ecological resource, and tourist attraction, it has also formed the history and tradition of the region. Historical legacy of different kinds is woven between the partner countries involved: old medieval rivalries between countries adjoining the Baltics, the joint tradition of commerce expressed by the Hanse alliance, migration of German people to the East, a number of wars, etc. All this is part of the basis on which the current cooperation is built.

The Baltic Sea and the position in the European periphery contribute to a difficult accessibility of the most part of the Baltic Sea Region. Only one NUTS 3 area is very central. Half of the programme's NUTS 3 regions are peripheral.

Table 2.13 *Nuts 3-regions of the programme area by Multimodal Accessibility Potential*

Multimodal accessibility potential	No. of NUTS 3 – areas in the Baltic Sea Region INTERREG III B Neighbourhood Programme	Share of NUTS 3-areas in the Baltic Sea Region INTERREG III B Neighbourhood Programme
Very central	1	0,5%
Central	18	8,7%
Intermediate	66	32,0%
Peripheral	103	50,0%
Very Peripheral	18	8,7%
TOTAL	206	

Source: ESPON, Project Indicators, www.espon.eu

Given this broad variation of different types of regions covered by the Baltic Sea Region INTERREG III B Neighbourhood Programme, there are huge differences in nearly all socio-economic indicators (GDP, income, etc.).

A joint basis and point of reference lies in the rich and changeable history of the Baltic area. A number of historic references can be made. Some are rather positive, others might be harmful, but all establish links across the Baltics. A few keywords might be enough to recall some of these: the famous tradition of the "Hanse", a trade alliance spanning nearly entire the Baltics; the changeful history with ongoing disputes and fights about territories or even war, for instance the Nordic Wars from 16th to 18th Century; the difficult relation to Russia. Some of the Baltic States were part of the Soviet Union; the relation between Poland and both Germany and Russia that was under stress repeatedly over the centuries. All this only highlights the long and interwoven tradition. Some of the joint heritage shows up in the projects, for instance the project dealing with Brick Gothic. In any case, history is an underlying factor for cooperation. All efforts are being built on this ground.

The most decisive context factor influencing the Baltic Sea Region INTERREG III B Neighbourhood Programme is the fact that the Baltic Sea is the centre of the area. It is macro-region with maritime profile, and maritime issues form the backbone of the activities both at programme and project level. In content, issues related to transport became important in implementing the programme. Compared to this, other factors like settlement structure play a minor role. The programme profits from a longer tradition of cooperation – and mainly from the fact that core actors (MA, JTS) remain more or less the same over time.

The ex-post-evaluation assesses the different programmes by a so called "synthetic indicator" (see Panteia et. al. 2009a and 2009b). This indicator is calculated on the basis of 18 single indicators clustered in six components. The data has been collected by a web survey amongst the programme managers. The position of the Baltic Sea Region INTERREG III B Neighbourhood Programme in these groups of indicators is as follows:

- Component one denotes the extent of cooperation tradition at the beginning of the programming period. it builds on 1) the number of years a cooperation (not further specified!) exists in the area 2) the legal instruments that can be applied for cooperation 3) a general assessment of the institutional quality of the cooperation. The Baltic Sea Region INTERREG III B Neighbourhood Programme ranks below the average of all (A, B and C) INTERREG programmes. Only one B-programme (North-West) ranks higher. In our perception the three indicators of this component are not independent: at least it seems implausible to assume that the degree of institutionalisation is completely independent of the time period the cooperation is working.
- Component two relates to INTERREG programming. It asks 1) how challenges were identified and 2) how the programme reacted to them. The BSR programme is above average in this case, again, only the North-West programme ranks higher. The values are somewhat contradictory to the assessment of the mid-term evaluation.
- Component three relates to programme management in terms of 1) composition of the MC 2) the overall management structure and 3) rules and agreements of cooperation. Here the BSR programme is slightly beyond average. North West is again the highest ranking B-programme. With a view to the actual procedures, the focus on the monitoring committee seems unsuitable for the BSR programme – here the JTS and SC gained more importance in day-to-day work.

- Component four relates to project characteristics, like the regional coverage in terms of lead partner origin, or characteristics of the projects. Here the BSR programme ranks 1st of all programmes.
- Component five combines different indicators to measure the share of real joint projects. Here again BSR is number 1 of all projects.
- Component six summarises effects on different cooperation related issues. Again BSR is 1st of all INTERREG programmes.

We resign an in-depth discussion of the quality of indicators and the method to calculate the aggregate at that point. For the BSR programme, the history, programming and programme management seem to be comparatively weak – in relation to all INTERREG programmes. But it needs be kept in mind that only one, maximum two III B-programmes perform better in this respect. The strength of the BSR programme lies in the characteristics and quality of projects and in the quality of results.

Given these findings, it is no wonder, the BSR programme performs second best among the III B-programmes (only North West ranking higher) and reaches 6th rank of all INTERREG projects when calculating a “real rate” over all the components.

3 ANALYSIS SECTION – PART 2: THE OVERALL PERFORMANCE – MAJOR IMPACT IN TERMS OF UTILITY AND VALUE ADDED – HOW HAVE ACHIEVEMENTS BEEN

3.1 EVALUATION OF THE POLICY COHERENCE OF THE PROGRAMME

The Baltic Sea Region INTERREG III B Neighbourhood Programme is unique. Since 2004, it combines III B- and III A-priorities. So, there is, in any case, a close link between the two strands in the management and implementation: the Managing Authority and the Monitoring Committee are responsible for the whole programme. Within this framework, separate Steering Committees have been set up for the III B-priorities and the two III A-priorities, mainly approving project proposals. As to ESPON, these analytical activities had nearly no impact on the programme implementation. Neither the JTS nor other actors contributed to ESPON, nor were ESPON-results used for programme delivery. The impression of the interview partners is that ESPON mainly serves purposes of the Commission.

Compared to ESPON, the impact of INTERACT was much more important. The networking done under the framework of INTERACT proved to be useful for programme management and implementation. Later on, INTERACT focused more and more on studies. This was problematic, as the studies often came too late to be helpful in solving problems. Those activities did not meet the requirements. BSR JTS staff feels to be comparatively advanced compared to other programmes, so they were asked for their experiences in many cases. The feeling is that more was invested than obtained. In general the exchange of experiences is useful and should be continued (even though Germany is not contributing financially due to an internal disagreement on Länder level). Ideally, INTERACT could form a kind of “memory” for the experience collected in implementing INTERREG programmes.

Whereas the programme was prepared from the outset to include the new EU Member States after accession, the management of the cooperation with Russia and Belarus proved to be difficult. Although of high political importance, the coordination of the procedures with TACIS was very demanding. The fact that INTERREG, on the one hand and TACIS on the other, fall under responsibilities of different General Directorates at the Commission made the coordination even more difficult. Although working hard to overcome these obstacles, it took until 2005 to launch a first joint call. But still, Russian or Belarusian project partners needed to organise their own funding. Even if they succeeded, the timing between INTERREG and TACIS remained difficult. Really integrated projects were impossible to organise in this setting. All Interviewees at programme level underlined that the situation has dramatically worsened during the current funding period. Mainly with Russia, there is hardly any contact. This is very regrettable as especially the contact with Russia is of enormous strategic importance for the Baltics.

As to coordination with other programmes – either structural funds or others – the Annual Reports mainly describe a delineation to avoid double financing. In relation to other Structural Funds programmes, this is achieved by the requirement of having partners from at least three countries

involved. In relation to the national implementation of Structural Funds Programmes, INTERREG is seen as a “supplement”. Also in relation to other INTERREG-programmes, the focus is on delineation. Although the Baltic Sea Region INTERREG III B Neighbourhood Programme partly overlaps with other programmes, there is no particular risk of double funding due to differences in selection criteria (Baltic Sea Region INTERREG III B Neighbourhood Programme 2007: 66, 2008: 50). In addition, a certain coordination is achieved via the Members of the Steering Committee. Some of them take also part in the Steering Committee meetings of other programme areas. So over the funding period 2000 to 2006 there was no active coordination with other programmes – this task was left to the national representatives.

In the Baltics, there is a network of different cooperation structures. For instance, the Council of the Baltic Sea States brings together the Ministers for Foreign Affairs plus a member of the European Commission. Whilst the Council is focused on guidance and coordination among the participating states in different policies, the Baltic Development Forum is a cooperation structure for decision makers from different fields, mainly from business, media and research as well as public authorities. Although their working methods differ, these networks have established platforms for exchange and for agenda setting for the Baltics. The interviewees of the BSR programme complain of a neglect or even ignorance of these high level networks in relation to the results and effects of INTERREG-funding. Results and effects of INTERREG are not noticed – although they might contribute or even implement the more general declaration of intent developed in these networking structures. Interviewees went so far as to say they were “horrified” by the ignorance on the side of high level officials acting in these rather political structures.

An additional component for the policy context in the Baltic Sea Area is the EU Strategy for the Baltic Sea Region. This is a unique effort to establish a regional strategy covering the whole of the Baltics. As comprehensive strategic approach, the Strategy is meant to give an orientation for different policies. The BSR JTS has actively contributed to the strategy process. The BSR actors expect the strategy to function as a joint landmark not only for the transnational cooperation, but also for the objective 1 and 2 programmes of the region. So the EU Strategy for the Baltic Sea Region is expected to improve not only the link between the EU-programmes in the area, but also enhance visibility of the achievements in other networks, like the Baltic Development Forum or the Council of the Baltic Sea.

A number of publicity activities have been carried out both on programme level and project level. On the programme level, the website was the most important instrument, but also brochures and newsletters have been used. There was a specific seminar in 2005 to train project managers and communication officers. The Baltic Sea region conferences are held regularly. In addition to the activities at programme level, also at project level, PR-measures have been undertaken. Talking about results of these activities, it is difficult to assess the outcome from the perspective of the broad public. The main focus is on reaching (potential) applicants. It can be said that the programme is well known amongst the relevant actors. The projects are required to produce a communication plan in the new funding period.

3.2 ANALYSIS OF THE INTRINSIC PERFORMANCE OF THE PROGRAMME

Before discussing the two major process chains – project selection and programme management – we shortly draft the overall structure of the programme management.

The general layout of the management system follows the provisions of the regulations: A Managing Authority (MA) as legal body for the Programme Management, responsible for the efficiency and correctness of management and implementation. The same organisation acting as MA also fulfils the function of the Paying Authority (PA): The Investitionsbank Schleswig-Holstein. This is distinct to other programmes: MA is not a public authority, but a (public) bank.

A Joint Secretariat assists the whole management structure (MA, PA, MC, SC). The main office is in Rostock (Germany), with branches first in Karlskrona (Sweden), and later in Riga (Latvia). The structure as well as the division of labour between the branches changed over time.

The Monitoring Committee (MC) supervises the entire programme, including III B- and III A-Priorities. It consists of representatives from the Member States involved, the Non-Member-States participating, plus one representative of the Aland Islands (this is a Finnish province with strong autonomous rights). The members mainly represent those authorities responsible for planning and regional development issues. In most countries with significant competencies on local and/or regional level, representatives from the lower tiers of government also participate.

Whilst there was a joint structure for the whole programme so far, it now splits up on the level of the Steering Committee (SC). There are three SCs, one for the III B-priorities and one for each of the III A-priorities. The members of the SC shall not be members of the MC (to avoid conflict of interest). Nonetheless, it is more or less the same organisations participating in both Committees.

A specific organisational feature is the creation of so called “sub-committees” to the SC organised on national level. The main aim was to allow a better involvement of both regional and local authorities and economic and social partners. By doing so, they also prevent the overlap between programmes involving actors familiar with different programmes. These sub-committees have an advisory status. The following table gives an overview of the general structure implementing the BSR programme.

Table 2.14 Programme implementation structure – overview

Body	Description / Members
Managing Authority	Investitionsbank Schleswig-Holstein (Investment Bank of the German Land Schleswig-Holstein)
Paying Authority	Investitionsbank Schleswig-Holstein (Investment Bank of the German Land Schleswig-Holstein)
Joint Secretariat	In Rostock (Germany), with branches in Karlskrona (Sweden) Riga (Latvia)
Monitoring Committee	Aland (Government Departement of Trade and Industry) Belarus (Institute for Regional and Urban Planning of Belarus) Denmark (Ministry of Environment, National Agency for Enterprise and Construction) Estonia (Ministry of Interior, Association of Municipalities, representatives from the regions) Finland (Ministry of Employment and Economy, Ministry of Environment, Association of Local and Regional Authorities) Germany (Federal Ministry of Economics and Technology, Länder Ministries from Mecklenburg-Vorpommern and Schleswig-Holstein) Latvia (Ministry of Regional Development and Local Governments, representative from the regions) Lithuania (Ministry of Interior) Norway (Ministry of Local Government and Regional Development) Poland (Ministry for Regional Development, Representative from the Regions)

	Russia (Ministry of Economic Development and Trade, Oblast Government Leningrad) Sweden (Association of Local Authorities, Ministry of Enterprise, Energy and Communications, National Board of Housing, Building and Planning)q
Steering Committee	Åland (Departement of Trade and Industry) Belarus (National Co-ordinating unit Belarus for the TACIS programme) Denmark (Ministry of Environment, National Agency for Enterprise and Construction, Danish regions) Estonia (Ministry of Interior) Finland (Ministry of Employment and Economy, Ministry of Environment, Regional Council of Central Finland) Germany (Federal Ministry of Transport, Building and Urban Development, Länder Ministries from Mecklenburg-Vorpommern and Schleswig-Holstein) Latvia (Ministry of Regional Development and Local Governments, representative from the regions) Lithuania (Ministry of Environment, Ministry of Interior) Norway (Ministry of Local Government, County network) Poland (Implementing authority for European Programmes, representatives from the regions) Russia (Ministry of Economic Development and Trade, Regional representatives) Sweden (Ministry of Enterprise, Energy and Communication, representative from the region)
National Subcommittees	Denmark Finland Germany Latvia Lithuania Norway Poland Russia Sweden

Source Programme documents, own compilation

3.2.1 Project selection and management, programme management

Project generation and application

The project work started with the first call approving six projects in December 2001. Altogether nine Calls were launched. In general two calls per year have been published. In 2003 only one call was organised due to the preparation work for the integration of the new EU-members in 2004. Calls were open for all applicants. No budget was assigned for a specific call in advance, nor were national quota planned. From a total of 369 applications, 129 projects were selected.

Table 2.15 Project application rounds – overview

Call nr and date	Applications received	Projects approved
1 st December 01	39	6
2 nd May 02	60	21
3 rd December 02	37	16
4 th June 03	19	6
5 th June 04	39	19
6 th December 04	32	15
7 th June 05	46	17
8 th December 05	64	20
9 th December 06	33	9
TOTAL	369	129

Source: Programme Annual Reports

The calls have mainly been disseminated through existing networking and contact structures. The secretariat has collected contact information of a PanBaltic organisations network: a list of organisations that were earlier active in transnational activities. Most of the applicants come from this pool. Assistance to potential applicants was provided from the Karlskrona branch of the JTS. Project ideas are collected in a formalised process: the project idea forms are submitted and assessed by the Consulting group from the JTS. They give feedback to the potential applicants and provide ideas to improve the project. There were several supportive activities in the project generation phase. A database with project ideas was established. Using this tool, an organisation can look for potential partners from other countries. Partnership forums to match actors with complementary interests have

been organised.⁹ But in general, project generation was not problematic. Only in the field of transport, was there a shortage of ideas. Specific workshops have been organised in reaction to this.

A specific approach to support project development was introduced in 2001: the seed money facility. This facility aims at complementing project development. Mainly innovative approaches, complex themes and new corporation structures can obtain support. Thus seed money can serve different purposes: lower the threshold to enter III B-Funding for actors with promising ideas or motivate actors to better develop their ideas before application. Specific selection criteria have been defined for the seed money facility.

Responsibility has been delegated to the JTS for this facility, which means that the decision could be taken in the JTS. Seven rounds of calls for seed money applications have been launched, the first in 2002, the last in 2005. During our interviews, we were informed that a total of 93 were selected, of which 85 were implemented. 72 of them have been financed from ERDF, 13 from other sources (Norwegian funds or Interreg IIC interest income). According to the annual report 2007 € 563,621 ERDF was paid to 72 projects". Finally 43 of the seed money projects led to approved and funded INTERREG III B-projects. Compared to the total of 129 III B-projects this is more than one third of the regular III B-projects that is prepared with assistance of the seed money facility.

There is little additional evidence on the effect of the seed money. In the up-date of the mid-term evaluation, only 2 projects receiving seed money have been part of the sample of projects. Both stated that Seed capital "helped generate a better quality project and eventually a more effective project". But the evaluation resigns to draw more general conclusions from that narrow basis.

Project assessment

Once a formal application was submitted, the JTS organised the preparation of the selection in the SC. Three sets of selection criteria were used: a) the technical eligibility criteria, b) the quality assessment criteria to establish a general judgement on the project quality and c) priority criteria informing about the main focus of the project. Firstly, a technical assessment of the eligibility is undertaken by the JTS – the criteria comprise the legal status of the lead partner, the participation of a sufficient number of partners, financial contributions from a sufficient number of partners and a correctly filled out application form.

Once an application has passed the technical assessment, an expert quality assessment is undertaken involving external experts. The criteria cover the three dimensions of "project and partnership", "budget and finances", "management and promotion". Normally, each application is assessed by 6 external experts. If their final assessment differs, an "evaluation meeting" at the JTS is arranged to reach a unanimous vote. This meeting will take up to one week discussing all the proposals.

Based on the work of the experts, JTS provides comprehensive strategic assessment as the basis for the SC decision.

⁹ According to the update of the midterm evaluation 10 of 27 projects asked took part in these partner search seminars. 4 of these 10 projects stated that the seminar "helped to establish a better and more effective project", 6 said that this was not the case.

The mid-term evaluation highlights the following strengths of the project assessment: Whether the overall logic with criteria for the three components is suitable. Whether the number of criteria is comparatively low. And whether the procedure is transparent on a technical level. On the other hand, the criteria are rather general to cover all projects and not specific to a single measure. There is no clear procedure on how to balance the different groups of criteria against each other. Clear indicators are not used in the application form.

The assessment from the interviews undertaken mainly highlights inefficiency in the process caused by the massive effort necessary to organise the expert assessment.

Project selection

On the basis of the preparation by the secretariat, the SC took the final decision on the projects. The decision was taken unanimously. A ranking of project proposals was not prepared. Similarly, a scoring system was not applied. Interviewees claimed that these methods only lead to an illusion of objectivity. So the SC discussed every single proposal with an unpredictable course of the sessions. According to the interviews, Member State representatives were careful not to restrict their freedom to choose applications.

A certain tension occurred between SC members and their assessment on the one hand, and the JTS preparation on the other hand. Several reasons contributed to this: Firstly, SC members in some cases had additional information on the project, whilst the JTS was limited to the information in the application form. Secondly, the SC members sometimes tended to assess projects differently, from the perspective of their organisations or domestic policy to JTS who assessed them from the perspective of the programme. So, SC discussion was controversial and occasionally, the work of the JTS was questioned. Interviewees stated that this kind of dispute decreased over time and the selection became more and more geared to objective criteria.

It was left to the SC members how many projects they approved in one session.

Project implementation

Once a proposal was approved by the SC, JTS prepared the contract. This is a standard procedure that did not require additional negotiation with the Lead Partner.

The implementation of projects is assisted by the JTS through quality seminars. These workshops bring project actors together and provide advice on different aspects of project management.¹⁰ According to the interviewees, the project actors appreciated this opportunity to meet with other actors.

Ongoing monitoring for single projects relied on a bi-annual reporting system. The reports to be submitted consisted of a financial part plus an activity report. The Lead Partners collected information from the single project partners, arranged the material and submitted the report.

¹⁰ Of the 27 projects asked in the update of the mid-term evaluation, 13 answered the question whether the quality seminars helped to develop and manage the project more efficiently. 3 said "very much so", 5 "to a certain degree", and another 5 "not really".

Activity reports were then checked by the JTS and compared to the original work plan. Deviations might certainly occur, but they were mentioned and explained in the report. If activity reports proved incomplete or insufficient, clarification was requested. In single cases, the lead partner was invited to the JTS for a meeting. Interviewees highlight that a large part of clarifications in fact related to questions of how to interpret the objectives stated in the application or the activities to be undertaken. Payment to the project was delayed until open points were clarified.

The financial part of the reports is even more difficult to establish: national data needs to be audited before the partner can submit the information to the Lead Partner. The bi-annual report needs to comprise all relevant data of the reporting period. No payment claims are possible for this period once the report has been submitted.

The Lead Partners officially have a two months deadline to submit the report. In practice, it was more often three months. If the report is of good quality, payments can be made after one to two months. If there are serious questions, a delay of up to six months might occur.

Problems, lessons learned and consequences

A number of problems occurred during the funding period in relation to the project selection procedures. As a consequence, several changes were introduced:

- To reduce disputes in the SC on the quality of the preparation by the JTS, an effort was made to ask for more objective and verifiable information in the application form. The Form was revised and developed in order to achieve this. The aim was to complement longer text describing project objectives and/or activities through concrete and standardised information. This tendency continued in the new funding period.
- During the funding period, the Secretariat was reorganised. When establishing the new branch in Riga, the question was raised whether three JTS branches were needed. As a result, the Karlskrona office closed. This led to a reorganisation of work. Before closure, Karlskrona was responsible for project generation and pre-application support. Only if a project proposal was approved, did the Rostock secretariat take over to manage implementation. Closing down the Karlskrona secretariat, each project was treated by a single person in the secretariat throughout the whole life-cycle (from application to the final report).
- Expert assessment was felt to be too complex. It was costly and time consuming. Evaluation meetings were necessary to adjust the different votes. Interviewees described the different perspectives of experts causing lengthy processes of coordination. The view of the experts was rather from a specific functional background and/or national/regional context so that the specifics of a programme covering the whole Baltic area was not reflected adequately. As a consequence of the discontent with the experts' procedure, this process element was abolished in the new funding period. Assessment of project proposals is now done by JTS staff. Internally, the staff advising projects and the people assessing them are strictly separated.
- The interviewees from the JTS mention a certain tension between the logic of financial management and the expectation of the (national) SC members: from the view of financial management, it would be wise to commit as much funds as possible as early as possible. Due to the inevitable delay in programme start, only a fast commitment helps to avoid n+2

problems. On the side of the SC members, there is a tendency to preserve flexibility in order to be able to approve proposals later in the funding period. Another factor in the course of the funding period was that a narrower financial margin leads to more intense discussions in the SC – and more restrictive interpretation of the selection criteria.

- Another factor affecting project delivery is a certain shortage of auditors certifying project partners expenditure. Mainly in those countries organising 1st level control centrally, a shortage occurs from time to time when auditors are not only busy with III B-projects, but also with other programmes. Furthermore, it was not possible to predict the number of project actors stemming from one specific country so that ex-ante calculation of the need was difficult. The shortage of auditors was one of the factors contributing to the n+2 problems of the programme.

Programme management

The programme implementation structure is somewhat specific, as the actual distribution of responsibilities within the structure prescribed by the regulation is somewhat special.

The function of the MA is delegated to the Investment bank of Schleswig-Holstein. It is somewhat special that MA functions are not located in a public authority. This affects the overall philosophy of programme management. It allows for management on the basis of the full costs. On the one hand, this is an advantage as it allows for transparency, on the other hand, it is not possible to “hide” costs somewhere – everything will appear eventually. But all in all, it has proven effective for managing the programme from the Bank. Managing and Paying Authority: In practice, the role of the Investmentbank as MA and PA is reduced to establishing the legal framework. The daily business is undertaken by the Secretariat. The Investmentbank hosts and employs the Secretariat staff. Within the Investmentbank, a clear division between the functions of MA and PA is organised. The mid-term evaluation highlights that in practice the MA/PA depends on the performance of the Secretariat.

The JTS works in a specific structure with branches in Rostock and Karlskrona Riga respectively. It was a purely political decision. This is true both for the Karlskrona and the Rostock location. In the case of Karlskrona there was a certain competition between Sweden and Germany, in case of Rostock, it was due to German reasons that the separation between MA (in Kiel) and JTS (in Rostock) occurred. Compared to Karlskrona, which was an arbitrary decision, the Riga branch was chosen deliberately to be close to the regions where the III A-priorities were to be implemented.

The division of labour between Karlskrona and Rostock was firstly organised in such a manner that Karlskrona was responsible for project generation and Rostock for implementation, monitoring and reporting. The mid-term evaluation reports that the secretariat works well (see PLS Ramböll 2003: 57ff.). At the time of the mid-term evaluation, the Secretariat was working in a dual structure (Rostock and Karlskrona). This division of the secretariat functions evolved through building on existing structures. Interviewees of the mid-term evaluation highlighted that this division was a result of political bargaining in the beginning. Doubts have been raised concerning the cost-effectiveness of this solution. In the mid-term evaluation there was an analysis of the secretariat’s work. Comparing the Baltic and the North Sea Secretariat, the profile of the BSR secretariat focuses on project development and creation instead of preparation of meetings. Except for a delay in payment there is

no critical assessment from the side of the project applicants. All in all the mid-term evaluation sees no reason to change the secretariat structure.

With the integration of the New Member States, the Secretariat has been reorganised. The closing of the Karlkrona secretariat and the opening of the Riga office were used to reorganise the work in such a way that all III B-related issues are now handled from Rostock and there is one person responsible for the whole project life cycle. The interviewees agree in their assessment that the JTS works effectively and efficiently. The young, motivated and mainly international team, an open atmosphere and a professional management are responsible for this. In addition the technical solutions for a good work have been established and are now working.

The role of the SC in project selection has been discussed in the previous section. In the mid-term evaluation, the SC is reported as performing well in general. A certain reservation needs to be made due to limited time. Often it is not possible to go into details in project selection. There is also a certain tension between the technical assessment presented by the JTS and the actual decision-making. Mainly in the beginning of the funding period, there was a tendency to press for "political" projects, irrespective of the concrete assessment.

It was not planned that the MC would act operationally. The idea was to make a separation between SC and MC and thus to implement kind of checks-and-balances between the two. A certain distance from the daily business was intended. The mid-term evaluation describes a rather limited role of the Monitoring Committee: "in relation to the full and proper functioning of the Monitoring Committee the members are, for various structural reasons (unclear responsibilities, reduced incentive, busyness, complexity of tasks) unable to implement their advisory function to the fullest degree possible – and to the degree ideally desirable from the point of view of having a strong partnership" (PLS Ramböll 2003: 65). The first aspect is that the MC only meets once a year. MC members shall not be members of the SC, therefore they are rather distant from the project business. Most of the ongoing tasks are covered either by the JTS, the SC or the MA. "As a result of these different factors, members cannot – or do not – always participate as regularly and actively in the MC meetings as ideally possible" (64). A specific additional aspect is that the MC obviously did not form an open and tolerant culture. "Furthermore, a feeling of being afraid of appearing 'unprofessional' if asking basic question has somehow hampered discussions" (64). This has mainly been related to Members from the New EU-Member States. Finally, it seems to depend for the most part on the individual and his or her situation. The MC as such seems to be somewhat distant to the programme management and implementation. Meanwhile the functions of SC and MC have been merged for the new funding period. According to the interviews, this was possible on the basis of the qualification and experiences achieved.

3.2.2 CONCLUSIONS

Within the framework of the programme, formal cooperation beyond project activities is limited. There are a number of political and administrative cooperation activities, but so far no specific legal basis for project work.

Given the overall understanding of how the programme is to be managed, the monitoring and evaluation system meets the requirements. Especially evaluation is appreciated, as it forces people to think about more general questions beyond day-to-day business. The joint management wasn't the bottleneck for n+2-problems. It was 1) the delay in programme start and 2) under spending at project level. But it was not the programme management that is responsible for this.

According to the logic of the programme, a "bottom-up" driven project generation is as such need oriented. This can be a suitable position for a programme with strong experimental aspects. The main effect in terms of community added value is the establishment of a cooperation network that can form the basis for joint problem solving and mutual learning.

At the programme level, there is continuity of cooperation. This is one of the most important success factors. The core structure (MA and JTS) could evolve over time.

3.2.3 EVALUATION OF SUSTAINABILITY AND DURABILITY

At the programme level, the 2000 to 2006 programme underwent a significant change by incorporating the new EU-Member States in 2004. As this was planned from the outset, it didn't damage the programme. What was more difficult to establish was cooperation with the non-EU-members Russia and Belarus. Problems occurred when trying to coordinate INTERREG funds with TACIS funding. This is reminiscent of the problems experienced earlier during the interface between INTERREG and PHARE: procedures differ, and even if project ideas are developed jointly, it is hardly possible to achieve joint financing from the two different sources each of which has specific requirements and procedures. In the case of the BSR programme, the political relevance of cooperation mainly with Russia added to these rather administrative difficulties. In any case, the coordination improved over time and ended in joint Calls. Unfortunately, this could not be continued in the new funding period, which is a backlash in cooperation across the Baltics. Besides this, the cooperation in the BSR area follows a path of steady evolution from the INTERREG IIC funding 1994-99 until the current funding period.

In terms of management structures, the stability of the basic setting – MA and JTS – facilitated continuous learning and development. In terms of strategy, the programme developed and became more and more focussed. The development of a joint problem definition and the focus of funding on these perceived problems is one of the red files of the history of cooperation in the Baltics. An underlying trend of the development is the effort to increase the impact of cooperation funded by INTERREG. This is expressed by, on the one hand, the attempt to establish a closer link between funding from INTERREG and real investment, and on the other hand the closer link to the broader macro-political strategies, mainly the EU strategy for the Baltic Sea Region. The continuation of these efforts to capitalise the results of mutual learning, exchange of information and joint planning is promising and might be a model for a more integrated political strategy of macro-regional development in Europe.

As to durability at project level, we can use the findings of a specific study carried out to gather information on the use of outcomes (COWI 2008). Based on information from 108 actors from 65 III B-projects, the use of outcomes has been analysed. 63% of these actors say, that outcomes have

been "integrated in the organisation's tools/work process", another 31% identified a use for "specific purposes, and only 7% of the actors saw only limited use. The outcomes used for limited or specific purposes are mainly training courses, feasibility studies, concepts and strategies, and economic expertise and business plans. Those outcomes integrated in the organisation consists of training and curriculum development, small scale investment, concepts and strategies, feasibility studies, environmental impact assessment, tourism products, and guidelines and manuals. The most important user groups are municipalities and regional authorities, and associations. The following have been mentioned as reasons for limited use: lack of financing, limited involvement in project preparation and needs assessment, political/administrative barriers (e.g. lack of commitment), and internationalisation and language issues. As a consequence, the main recommendations to improve use focus on the project preparation and management. Mainly an early involvement of potential target users is mentioned. All in all the assessment of the main evaluation criteria (utility and durability) is positive.

The assessment of durability has been undertaken at a time when none of the projects has been finished for longer than 3 years. Durability is mainly assessed from the perspective of the project organisation. At the programme level, an additional perspective – namely the contribution to policy development - needs to be taken into account. There is no systematic information available on this aspect. Our interviewees, mainly from the MA highlight a significant potential, but a lack of visibility in this respect.

An evaluation of sustainability in the strict sense – balanced economic, ecologic and social development - is not available. As there is a strong focus on intangible outcomes (studies, plans, strategies, etc.) the assessment is difficult, so that we can hardly make a guess on this aspect.

All in all, the following assessment of the value added in the different dimension can be given. The main basis for this judgment are the interviews undertaken, the data from the programme, and the evaluation reports:

- Political value added: The programme contributed toward establishing cooperation structures and thus enhancing the problem solving capacity in the programme area. Over time the programme activities became better focused on the real problems of the BSR. The link to policy development could be stronger. There is a lack of visibility which needs to be overcome. The EU strategy for the BSR is an opportunity to give different political activities in the Baltics a joint orientation and thus potentially enhances the impact of the INTERREG-activities.
- Institutional value added: The BSR cooperation over time helped to improve cooperation within a PanBaltic network of organisations. This forms a pool from which projects are generated and more formal cooperation structures are developed.
- Socio-economic added value: The effects in terms of socio-economic parameters is difficult to assess. Most of the projects do not immediately produce this type of effect. In how far they indirectly lead to changes in this respect is hard to answer as there is no systematic information on this.
- Socio-cultural added value: The loose network of PanBaltic organisations and the development of cooperation links helped to improve exchange of knowledge. The common historical reference that can be made to different aspects of the BSR supports this development.

As one might expect from the type of projects funded under INTERREG III B, the main value added lies in the institutional field and as a consequence to a limited degree political value added. The exchange of information that goes along with transnational cooperation also leads to socio-cultural value added. In comparison to the dimensions mentioned, the socio-economic added value is more indirect – and thus harder to grasp.

The BSR programme management is trying to better link the programme and its results to real investment and policy impact – thus the value added might be improved during the current funding period.

3.3 RESULTS AND CONCLUSION IN THE LIGHT OF INTERREG III B

Reading the findings on the Baltic Sea Region INTERREG III B Neighbourhood Programme from the perspective of the Community initiative and assessing them from this perspective, a number of central issues and lessons arise. Please note that the following is the assessment of IfS and does not necessarily reflect the view of the interviewees at programme and project level:

- It is clear that the programming and strategy development does not fully cope with an ideal of programme development that leads step by step from analysis to implementation. Instead, a broader approach is chosen, where the programme is understood as enabling a framework rather than providing indicative guidance. In our perception, a fairly open approach is suitable for a situation, where a clear definition of a joint problem can hardly be achieved from the outset. The process of cooperation in a macro-region like the Baltics is not only implementing a strategy – it is simultaneously working on a joint perception of problems and weaknesses. To establish a joint perspective among the partners involved requires time and learning. Thus the (broad) strategy reflected in the programme seems to be justified.
- As to implementation structures, the overall impression is that a professional management of cooperation has evolved over time. There is evidence from the interviews suggesting that programme management and project selection became more and more factual rather than political. In this respect the continuity of the core structure (MA, JTS) is a benefit. A certain reservation needs to be made as we could only contact and interview actors from the core programme management (JTS, MA) – the perception of national representatives might well not be fully consistent with the views expressed by our interview partners.
- The BSR Programme is unique as it combines III B- and III A-priorities. Although this evaluation focused on the III B-priorities, we found no indication that the integration and management of the III A-parts after EU-enlargement in 2004 led to serious confusion or problems. This achievement deserves a specific reference.
- The demand for support of cooperation activities is obviously given. The project faced no problems in commitment of funds. The existing network structures and communication links collected in earlier years are the basis for full and smooth implementation. For a programme of this kind it is noteworthy that project generation didn't cause any problems.
- The seed money facility is a specific instrument to support project generation. It deserves a closer look – and perhaps even broader use in other regions.
- N+2-rule is cumbersome for the programme implementation. To abandon these rules and thus take a certain pressure from implementing structures does not seem advisable to us. A number of

factors contribute to n+2 becoming a problem. To combine n+2-rule and a financial planning that is unrealistic from the beginning (due to late programme start) causes difficulties that are not necessary. Perhaps some more reflection is needed on how the justified need for coordination between the financial planning at EU-level and the actual spending in the programmes can be solved. Simultaneously, N+2-conform implementation is affected by the time needed for first level control. Finally, the willingness of the Member States to manage funds in a more n+2-friendly way, i.e. by approving more projects earlier in the programming period, can also contribute to ease the problem in achieving implementation that is in conformation with n+2.

- A backlash was experienced concerning the cooperation with Russia. This is regrettable as this partner is strategically extremely important. Political efforts to ease the blockade at this point could be helpful.
- A promising and new component for transnational cooperation might develop by integrating the programme activities with other funding and policies under the framework of the EU Strategy for the Baltic Sea Region. If the joint strategy can be a landmark for national policies, this might offer new possibilities to link different activities and thus to make the funding of transnational cooperation more effective. The process should be carefully accompanied and evaluated to draw potential lessons for further development of transnational cooperation at EU level.



ANNEX 1 LIST OF INTERVIEWEES

- Mr Dirk Reitemeier, Ministry for Economic Affairs of Brandenburg (Germany), project leader of CONVERNET, August 13th, 2009, telephone.
- Mr Rolf A Karlson, Urban and Regional Planning and Land Surveying, Kalmar (Sweden), project leader of Seagull-DevERB, August 14th, 2009, telephone.
- Ms. Susan Toben, Ministry for Labour, Building and Regional Development of Mecklenburg-Vorpommern (Germany), project leader of BALTCOAST, August 20th, 2009, telephone.
- Dr Katarina Gårdfeldt, Centre for Environment and Sustainability, Göteborg (Sweden), project leader of ScanBalt Campus, August 24th, 2009 telephone.
- Ms. Ansa Pilke, Finnish Environment Institute, Helsinki (Finland), project leader of TRABANT, August 25th, 2009, face-to-face.
- Mr Thomas Weber, Ms Susanne Scherrer, Ms. Ute Neumann, BSR Joint Technical Secretariat, Ms. Scharrer, Managing Authority, September 3rd, 2009, face-to face
- Ms Susanne Scherrer, Ms Dr. Eeva Rantama, Ms. Ute Neumann, BSR Programme Joint Technical Secretary, Investment bank Schleswig-Holstein, September 4th, 2009, face-to-face.
- Mr Dr. Klaus Rave, Ms Scharrer, Managing Authority, September 7th, 2009, face-to-face.

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