



Ex-Post Evaluation of the INTERREG III Community Initiative (funded by the ERDF)

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

PROGRAMME: INTERREG IIIA Priority South Programme (Latvia – Lithuania – Belarus)

EVALUATION REPORT, elaborated by

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Executive summary

The INTERREG IIIA Neighbourhood Cross-border Cooperation Priority Latvia–Lithuania–Belarus (South) was integrated into the wider Baltic Sea Region INTERREG IIIB Neighbourhood Programme in 2004. The Priority South IIIA programme was incorporated as a new priority, Priority 6, into the existing Programme Complement of the Baltic Sea Region INTERREG IIIB programme.

Aims and objectives

The objectives of the INTERREG IIIA Priority South Programme were to: *'Utilise cross-border co-operation potential so as to facilitate socio-economic development in the cross-border co-operation territory.'* The specific objectives of the Priority South Programme were to:

- Support co-operation among various levels of society in order to create new contacts, co-operation networks and future joint ventures, projects and strategies;
- Eliminating physical obstacles to cross-border co-operation and to facilitate the joint improvement of infrastructure located on both sides of the borders;

Financial allocation and performance

The INTERREG IIIA Priority South Programme was financed through the ERDF with €10.4m of funding available in the 2004-06 period, supplemented by public and private co-financing. The programme budget was very small compared with many other Interreg programmes. The EU intervention rate was 75%. The remaining 25% was contributed through national co-financing (public, private). There was further finance available through the TACIS of €3.5m which financed the participation of Belarus in the programme.

With regard to programme performance from a financial perspective, the level of commitments achieved was higher than that achieved by many other Interreg programmes, and there were also high absorption levels. The fact of having a single Priority, with no fixed measure-level budget allowed maximum flexibility in allocating resources, which was appropriate given the programme's small financial allocation.

Pre-accession programmes

Valuable experiences of cross-border cooperation were gained through the pre-accession cross-border cooperation programmes between Lithuania, Latvia and Belarus supported prior to 2004. The positive experiences gained through programmes such as the Phare CBC programme, as well as the setting up of Euroregions have played an important role in developing the necessary institutional capacity among local, regional and national authorities to participate in Interreg.

Thematic priorities

The programme focused on a small number of areas of intervention. These included tourism promotion, environmental management, the development of business services and cross-border transport infrastructure. There was also a focus on softer projects, in particular, strengthening the potential for cross-border cooperation at both a people-to-people and an institutional level.

Programme management and coordination arrangements

The Priority South IIIA programme was integrated into the wider Baltic Sea Region Interreg IIIB programme management structure. *Investitionsbank Schleswig-Holstein* in Kiel, Germany fulfilled the functions of both the Managing Authority (MA) and Paying Authority (PA) respectively). This approach was adopted because it was felt to be more effective to integrate Priority South and Priority North into existing management structures within the INTERREG B Baltic Sea Region since these were very small programmes. Tapping into the expertise of those having already implemented Interreg programmes was seen as having been beneficial by stakeholders at national, regional and local levels in Lithuania, Latvia and Belarus.

While overall responsibility for the programme lay with the Managing Authority based in Germany (Kiel) and responsibility for financial monitoring with the JTS in Rostock, a number of elements of the management structure were under the responsibility of participant countries. The Priority South Steering Committee and the two national sub-committees (in Latvia and Lithuania) were comprised of representatives from national and regional authorities in each of the participant countries. This provided a strong sense of ownership. The JTS in Riga was also staffed with personnel from the Baltic States and from Belarus, with operational management responsibility being shared with the JTS in Rostock. Building on the management framework provided by the existing BSR Interreg IIIB programme facilitated the transfer of experience between the different Interreg programmes (Interreg IIIA and IIIB) and promoted capacity building.

Challenges in implementing Interreg

Among the challenges the programme faced include: overcoming the legal and administrative differences between participant countries (which presented an obstacle to the development of truly joint cross-border structures); the complexity in having a non-EU country involved, the difficulties in synchronising TACIS and ERDF funding, and problems in attracting the participation of the private.

Other difficulties included developing meaningful indicators and setting realistic targets for these. While the indicator system lacked clear definitions as to how outcomes should be measured, it did capture some useful basic information about quantitative outputs and results.

Programme outcomes

While the short programming period limited what could be achieved, various positive impacts can be attributed to the Priority South IIIA programme. The programme was successful in stimulating cross-border cooperation through the creation of new, and the strengthening of existing partnerships between local authorities, other types of public sector organisations, and NGOs. Relationships between partners are likely to continue in many cases beyond the project lifetime and be sustainable. The capacity of local and regional authorities to develop project applications, and to implement EU financed projects on a transnational basis has been strengthened. Experience gained in implementing relatively small-scale projects through INTERREG has helped to develop the capacity to implement larger-scale projects in future, either financed through national Structural Funds or through the new Territorial Cooperation objective 2007-2013.

More widely, INTERREG has stimulated close joint working on common issues affecting border areas. Funding has incentivised stakeholders to come together to implement joint projects and initiatives, and to establish cross-border networks and structures. There has been an increase in the intensity of partnership working across borders in terms of the number of partner organisations participating in

cross-border activities across the programme area. Partnerships and cross-border networks either set-up, or further developed and strengthened through Interreg have proved sustainable, with partner organisations often being involved in follow-up activities and in applications for further project funding in relation to cross-border projects, and sometimes also for national Structural Funds projects.

Other outcomes include the exchange of experiences across borders, particularly for projects involving institution-to-institution cooperation between municipalities and other public sector organisations. Less positively, while people to people projects were seen as having had some benefits for project participants, there was not much evidence of more sustainable impacts.

External cooperation has been reinforced in line with the EU's neighbourhood policy with more than 40 Belarusian partner organisations having taken part in the programme. This figure exceeded expectations. Less positively, there were relatively long and complex procedures at national level in Belarus for approving projects selected by the Priority South Selection Committee.

Achievement of objectives

The programme has made progress towards the achievement of its overall aims. In particular, it has stimulated cross-border cooperation between the three countries involved, and this has in turn helped to promote socio-economic development, particularly in some sectors. The small size of the programme has meant that it is difficult to estimate these impacts quantitatively in economic and employment terms.

In relation to the aim of promoting access to new markets and strengthening competitiveness (Topic 1), the programme has made some progress, although less business support projects were supported than envisaged. Further progress was made towards the aims of Topic 2, namely: Supporting (economic and social) development and strengthening co-operation at both a people-to-people and at an institutional level. Most of the projects supported under Topic 2 appear to have broadly achieved their aims. Partnership structures established are likely to be durable, particularly those involving institution-to-institution cooperation. Across the programme as a whole, there was a good mix between small, medium and large projects.

Overall, the Priority South Interreg IIIA programme demonstrates strong Community Added Value. Prior to EU financing being made available, there was very little national funding support for cross-border cooperation between Latvia, Lithuania and Belarus. The European dimension of the programme has added value and served as a catalyst in stimulating cross-border cooperation and economic and social activities.

1 Introduction and methodology

1.1 Background and objectives

The INTERREG IIIA Neighbourhood Cross-border Cooperation Priority Latvia–Lithuania–Belarus (South) was integrated into the wider Baltic Sea Region INTERREG IIIB Neighbourhood Programme in 2004. The wider programme involved Germany, Denmark, Estonia, Finland, Latvia, Lithuania, Poland, Sweden, Norway, Russia and Belarus. The IIIA programme Priority South was incorporated as a new priority, Priority 6, into the existing Programme Complement of the Baltic Sea Region INTERREG IIIB programme.

The overarching global objective of the INTERREG IIIA Priority South Programme was to:

'Utilise cross-border co-operation potential so as to facilitate socio-economic development in the cross-border co-operation territory.'

The specific objectives of the Priority South Programme were to:

- Support co-operation among various levels of society in order to create new contacts, co-operation networks and future joint ventures, projects and strategies;
- Eliminating physical obstacles to cross-border co-operation and to facilitate the joint improvement of infrastructure located on both sides of the borders;

Area covered

A map of the eligible programming area is provided in Figure 1.1 below:

Figure 1.1 Eligible area for the Priority Latvia – Lithuania – Belarus (South).



The programming area covered the following counties and regions:

- Three Latvian regions: Latgale, Zemgale and Kurzeme, as well as the adjoining areas involved in this cross-border co-operation Priority (Riga and Vidzeme regions).
- Seven Lithuanian counties: Klaipėda, Telšiai, Šiauliai, Panevėžys, Utena, Alytus and Vilnius. The adjoining area of Kaunas County was also involved.
- Three Belarusian Oblasts were included and were eligible for funding support through TACIS programme: Vitebsk, Minsk and Grodno. With regard to adjoining areas, ERDF funds allocated to project partners located in adjoining areas cannot exceed 20% of the Priority's total ERDF budget.

1.1.1 Socio-economic analysis of region

A detailed review of the socio-economic baseline situation and SWOT analysis in respect of the programming area is provided in section 2.3 (programme effectiveness). The economic rationale for the programme was that economic activity is relatively under-developed in the border areas of Latvia, Lithuania and Belarus. Most of the border areas located within the programme area are rural and face a number of socio-economic disadvantages. These include relative peripherality, comparatively high levels of unemployment, problems relating to the ageing of the population and depopulation.

There are relatively low levels of SMEs compared with more populated urban centres, and in Belarus, a higher level of dependency on public sector employment. There is a relatively narrow sectoral base, with an over-dependency on agriculture and industry. While there is considerable scope for the development of the tourism sector given the environmental strengths of the programme area and the attractive natural habitat (with abundant forests and lakes and in coastal areas, the Baltic Sea), tourism services and infrastructure are relatively under-developed, and in need of modernisation and investment.

A further argument for intervention is that towns and villages located in the border areas covered by the programming area have more in common in terms of their socio-economic situation with their cross-border counterparts than with large urban conurbations such as Vilnius and Riga. There is therefore a need to promote and exploit strong cross-border collaboration in order to prosper. INTERREG helps to achieve this by developing cooperation at both an institutional and people to people level. There was a particular need for cross-border cooperation and structures to be strengthened because while there were strong links at an institutional level between the participant countries during the Soviet period, these were considerably weakened during the post-Soviet period.

1.1.2 Programme resources - overview

The INTERREG IIIA programme Priority South was financed by the European Regional Development Fund (ERDF) and Tacis Programme. Priority South IIIA programme's financial allocation is provided below. This includes EU financing, the national co-financing element, as well as TACIS funding. Financial information at the Measure level is not available, since Priority South Interreg IIIA was classified as a single priority, Priority 6, and incorporated within the framework of the overall INTERREG IIIB Baltic Sea Region programme.

Table 1.1 Financial allocation Priority 6 (INTERREG IIIA Priority South programme)

Total Eligible	13,890,055 €
Total Public	13,725,339 €
ERDF co-financing	10,417,541 €
ERDF rate of assistance	75.0% of Total Costs
National public	3,307,798 €
Private Eligible	164716 €
Other financial instruments	
Tacis (EU Neighbourhood Programme for BY)	3,500,000 €

Source: Programme Complement for the BSR INTERREG IIIB programme (Priority 6 was the LT-LV-BY programme)

The ERDF budget for the project commitment period from 2004-06 was €10,417,541, supplemented by public and private co-financing. The programme budget was very small compared with many other Interreg programmes. The EU intervention rate for ERDF financing through the IIIA Priority South programme was 75%. The remaining 25% was contributed through national co-financing (public, private). Projects received staged payments at predetermined points in the project implementation timetable. However, there was no advance payment¹.

Total Tacis funding allocated for Priority South from the Tacis Action Programmes was €3.5m. This represented one quarter of the total eligible programme budget (including both ERDF and TACIS). TACIS had an EU intervention rate of 90%, with only 10% national co-financing needed. Unlike the ERDF, however, pre-financing was available.

An analysis of the programme's financial performance is provided in Section 3.2.

1.1.3 Priorities and eligible activities

The INTERREG IIIA programme South Priority 2004-06 was classified as a single Priority region (Priority 6 of the wider Baltic Sea Region IIIB programme). Within this Priority, there were then two main topics supported, as well as Technical Assistance. These included the following:

- Topic 1: Utilising cross-border cooperation to enhance competitiveness and access to markets
- Topic 2: Supporting (economic and social) development and strengthening co-operation at both a people-to-people and at an institutional level
- Technical Assistance

The selection of these Topics corresponds to some extent to the use of "Measures" in other Interreg programmes, however, this was not formalised in terms of having clear measure-level descriptions and financial allocations. Under the two Topics, a number of different activities were eligible for support. These were grouped together under a number of priority headings such as 'tourism development', 'business development along transit corridors' and 'improving accessibility across borders'. However, while the description of activities eligible support is clear, and provides considerable flexibility in terms of the types of activities eligible for support, the operational objectives linked to the topic sub-headings were not clearly defined.

¹ Some stakeholders commented that the absence of an advance payment might have deterred NGOs from participating in the programme. However, there were still a number of quality projects in which NGOs took part. The absence of an advance payment was not seen as a major problem for municipalities or regional authorities, which drew on their existing national co-financing budgets and were by and large able to help pre-finance projects. Additionally, in Latvia, the Ministry of Regional Development set up a national co-financing fund for municipalities and regional authorities, which upon application by project beneficiaries contributed up to 10% of the 25% national co-financing requirement.

Table 1.2 Key Themes and Eligible Activities

Topic	Eligible activities
Topic 1: Utilising cross-border cooperation to enhance competitiveness and access to markets	<p><u>Tourism development</u></p> <ul style="list-style-type: none"> • Tourism planning including development of regional/cross-border strategies combining infrastructure, marketing, services measures; • Improving tourism-related infrastructure • Tourism products and services • Tourism related education and training; • Tourism marketing and networking <p><u>Business development along transit corridors</u></p> <ul style="list-style-type: none"> • Development of cross-border business development strategies, projects and products; • Supporting creation of business contacts and networks of enterprises; • Advise and counselling to enterprises on cross-border co-operation related issues such as import/export • Fostering co-operation in field of business development and clustering <p><u>Improving accessibility across borders</u></p> <ul style="list-style-type: none"> • Development of strategies for upgrading existing and development of new cross-border road infrastructure; • Joint planning of public services; • Development of strategies and exchanges of experience in field of joint provision of municipal services; • Providing information services related to border crossing issues and Schengen requirements to local inhabitants, etc.; • Small-scale infrastructure investments (border crossings) • Infrastructure investments in inter-modal services. <p><u>Preserving the environment in the border areas:</u></p> <ul style="list-style-type: none"> • Cross-border management of environmental resources, such as protected areas, waters (river, lake and coastline), land use; co-operation in management of other cross-border nature areas; • Cross-border spatial planning, urban planning, rural development planning and management; • Planning of cross-border infrastructure (e.g. water supply, wastewater treatment plants, waste disposal, power grids) • Development of joint environmental monitoring systems (e.g. water quality, air quality, land-use, habitat quality) • Development of cross-border cooperation in case of disasters or emergency situations (e.g. early warning systems and joint activities on flood prevention and fighting forest fires).
Topic 2: Supporting (economic and social) development and strengthening co-operation at both a people-to-people and at an institutional level.	<ul style="list-style-type: none"> • Joint projects between NGOs, educational, cultural and social institutions, etc.; • Activities leading to development of cross-border contacts, the establishment of networks or cross-border co-operation structures; • The organisation of joint cross-border events in the fields of education, culture, historical heritage, social work, business development, recreation; • The establishment of networks of actors involved in training and qualifications, skill-raising activities, studies with either cross-border content or prepared and implemented in cross-border co-operation of relevant organisations; • The development of strategies, initiatives, exchange of good experiences for improving cross-border services; • The development of cross-border health and social care services; common information campaigns on risk prevention and safe communities, etc.; • The promotion of the region's image and cross border transmission of information

Source: Interreg IIIA Priority South Programme Complement

1.2 The role of pre-accession instruments in preparing for Interreg cross-border cooperation

The Latvia–Lithuania –Belarus INTERREG IIIA programme Priority South was the first time these countries had participated in the Interreg initiative. The **pre-accession cross-border cooperation programmes** (the PHARE Cross-Border Cooperation programme and the Euroregions initiative) played useful role in preparing national, regional and local authorities for the implementation of the INTERREG IIIA Priority South Programme.

Both Latvia and Lithuania benefited from their participation in the PHARE Cross-Border Cooperation (CBC) instrument programmes during the 2000 – 2005 period. Additionally, both countries gained a good background and experience in cross-border cooperation through their participation in Twinning

INTERREG III ex-post evaluation. In-depth evaluation of the PROGRAMME: INTERREG IIIA Priority South Programme (Latvia – Lithuania – Belarus)

Light programmes and projects. These provided technical assistance to national authorities in EU15 member states for preparing themselves for participation in EU funded programmes. In Latvia, for example, within the Phare National Programme 2001, the project *“Support for the Preparation of the Community Initiative INTERREG III”* was successfully implemented and resulted in capacity building activities among national and regional authorities. In 2003, the Phare National Programme project *“External Border Initiatives in Latvia”* provided support services for Vidzeme and Latgale regions to help develop a pipeline of suitable projects for the PHARE programme and also to generate new project ideas for the forthcoming INTERREG IIIA programmes.

However, some beneficiaries experienced difficulties in adapting from PHARE CBC to Interreg. In Phare CBC, the emphasis had been on bringing in external expertise for beneficiaries. A consequence of this was that some stakeholders were not very active in the implementation of project activities. The approach of the INTERREG IIIA programmes – with the introduction of the Lead Partner principle – required much more active involvement from all project partners. Participation in the pre-accession CBC instruments appears to have helped to raise the capacity of stakeholders at different levels to implement INTERREG cross-border cooperation programmes which started in 2004. At the level of beneficiaries, it has helped to encourage local and regional authorities to develop their capacity to define areas in which cross-border cooperation could potentially be most beneficial and to define priorities, analyse national and regional planning documents, and based on this, to generate project ideas and to implement cross-border projects. Lessons from the implementation of PHARE CBC were taken into account in the design of the INTERREG IIIA programme. Local and regional authorities having participated in PHARE CBC were closely involved in the process of drafting Interreg programme documentation, which was supported by consultants.

1.3 Methodology

The methodological approach involved a combination of desk and field research. A desk-based review of programme documentation was undertaken. This included a review of the Community Initiative Programme Document (CIP) and of the Programme Complement. Other documentation, such as the *Mid-term evaluation of the Baltic Sea Region INTERREG III B Neighbourhood Programme (2005)* and a *Project Compendium 2004-2007 of the Priority South Interreg IIIA programme Latvia – Lithuania – Belarus* were also examined, as well as project-level materials of projects selected, such as project fiche and final project reports.

An assessment of financial data provided to the Commission on programme expenditure by the Paying Authority was examined. This included an analysis of the data disaggregated by expenditure code. Interviews were then undertaken with key programme stakeholders. This included programme managers from the Managing and Paying Authority, representatives from the Joint Technical Secretariat (JTS) responsible for day-to-day programme management, and members of the Priority (South) Steering Committee. Additionally, interviews were undertaken with 5 a representative sample of 5 projects. The discussions were held with the lead project partners. Some interviews were undertaken on a face-to-face basis, while others were carried out by telephone during July and August 2009 (a full list is provided in Appendix A).

2 Evaluation of effectiveness & socio-economic effects

2.1 Financial performance

The INTERREG programme Priority South had a small budget compared with other Interreg programmes of €10.417m in ERDF funding, and a further €3.5m of TACIS funding to facilitate the participation of Belarusian partners in cross-border cooperation. The budgetary allocation was set out in Section 1.

2.1.1 Financial concentration by Priority and Measure

Since the Priority South programme was incorporated into the wider Baltic Sea Region Interreg IIIB Programme, its funding allocation was included in the Programme Complement (PC), and only provides information on financial allocation at the programme level (Priority 6 in the PC for the Interreg IIIB Programme provides information on the Priority South programme's budget). A decision was made by participating Member States, represented in the Task Force drafting body not to divide the budget into separate Measures, given that it was such a small programme overall. This allowed maximum flexibility in terms of the use of resources between the two Topics identified for the programme.

This decision seems appropriate. If the priorities had been "official measures" with a binding financial allocation, then this would have meant having one very small measure with a budget of only about 2m EUR, which would have created additional administrative burdens without there being any advantages for the programme.

Although the budgetary division between Topics 1 and 2 was not explicitly set out in the CIP programme or in the PC, the participating countries set an approximate division of the budget in the Programme Complement. This was divided on the following basis between the two topics:

- 80% - Topic 1: Utilising cross-border cooperation to enhance competitiveness and to promote access to markets
- 20% - Topic 2: Supporting (economic and social) development and strengthening co-operation at the people-to-people and institutional levels

It was decided that a significant proportion of the budget (about 80%) would be used to support larger-scale projects through Topic 1. However, it was also determined that about 20% of the budget would be used for small-scale projects through Topic 2 to support people-to-people and inter-institutional cooperation. The intention was to utilise up to 20% of all ERDF funds (or about 2.1m euros) for Topic 2.

Technical assistance (TA) was supported through Priority 7 of the overall BSR Interreg IIIB programme. Measures 7.4 and 7.5 were TA measures for the IIIA programmes (Priorities South and North). Measure 7.4 sets out the budget for the operating costs of the whole JTS team – both in Riga and Rostock. Measure 7.5 sets out the budget for "other" TA costs (seminars, evaluations, IT systems etc). However, while no separate budget was included for the Priority South programme, it was still possible to calculate the TA budget since this equated to 5% of the available ERDF funds. Taking into account total programme expenditure (10.4m EUR, this implies a financial allocation of circa €548,000 in ERDF funding being allocated from the Priority South IIIA Programme budget into the TA budget (with a further 50% national co-financing towards TA costs).

The fact that financial information is only available at the programme level and that measure-level information on planned expenditure was not available hinders the carrying out of a dynamic financial analysis, required in the Commission's terms of reference for the Ex-post evaluation of Interreg. Nevertheless, using data provided by the Managing Authority to the Commission's DG REGIO on actual expenditure, it is still possible to undertake an assessment of the use of resources. In the table below, a comparison of the distribution of the programme budget is possible at the level of the intervention code. The table shows a comparison between the frequency of projects supported through the Priority South IIIA programme with the cluster selected for comparison and with the total across INTERREG programmes overall.

Table 2.1 Share of budget allocation by intervention code – comparison between cluster and INTERREG total

<i>Fields of intervention</i>	<i>Lt-Lv-By</i>		<i>Cluster</i>		<i>Interreg</i>	
	<i>Share</i>	<i>Rank</i>	<i>Share</i>	<i>Rank</i>	<i>Share</i>	<i>Rank</i>
360. Social infrastructure and public health	26.0%	1	0.37%	39	1.76%	19
164. Shared business services (business estates, incubator units, stimulation, promotional services, networking, conferences, trade fairs)	11.8%	2	0.58%	34	2.06%	16
312. Roads	11.3%	3	7.85%	2	5.27%	3
171. Physical investment (information centres, tourist accommodation, catering, facilities)	10.0%	4	0.62%	32	1.76%	20
345. Sewerage and purification	8.0%	5	2.06%	19	1.02%	37
173. Shared services for the tourism industry (including promotional activities, networking, conferences and trade fairs)	6.1%	6	1.51%	22	1.93%	17
353. Protection, improvement and regeneration of the natural environment	5.4%	7	3.23%	11	2.09%	14
354. Maintenance and restoration of the cultural heritage	5.2%	8	2.13%	16	1.58%	25
172. Non-physical investments (development and provision of tourist services, sporting, cultural and leisure activities, heritage)	4.1%	9	4.28%	10	2.78%	6
344. Drinking water (collection, storage, treatment and distribution)	3.0%	10	4.31%	9	1.35%	30
352. Rehabilitation of urban areas	2.6%	11	2.16%	15	1.37%	29
163. Business advisory services (information, business planning, consultancy services, marketing, management, design, internationalisation, exporting, environmental management, purchase of technology)	2.1%	12	6.33%	4	2.21%	11
351. Upgrading and Rehabilitation of industrial and military sites	1.2%	13	0.21%	50	0.55%	50
220. Social inclusion	1.0%	14	0.88%	29	1.59%	24
140. Fisheries	1.0%	15	0.05%	61	0.01%	91
120. Forestry	0.7%	16	0.05%	60	0.06%	76
230. Developing educational and vocational training (persons, firms)	0.6%	17	1.04%	26	1.70%	23
Total	100%	17	37.66%	68	29.09%	93

The analysis shows that the use of resources was concentrated in a small number of areas of intervention, including social infrastructure and public health (26.0%), shared business services (11.8%), roads (11.3%) and other types of physical infrastructure investment (10.0%). However, a distinction should be made between the consumption of resources, and the number of projects supported in a given area of expenditure.

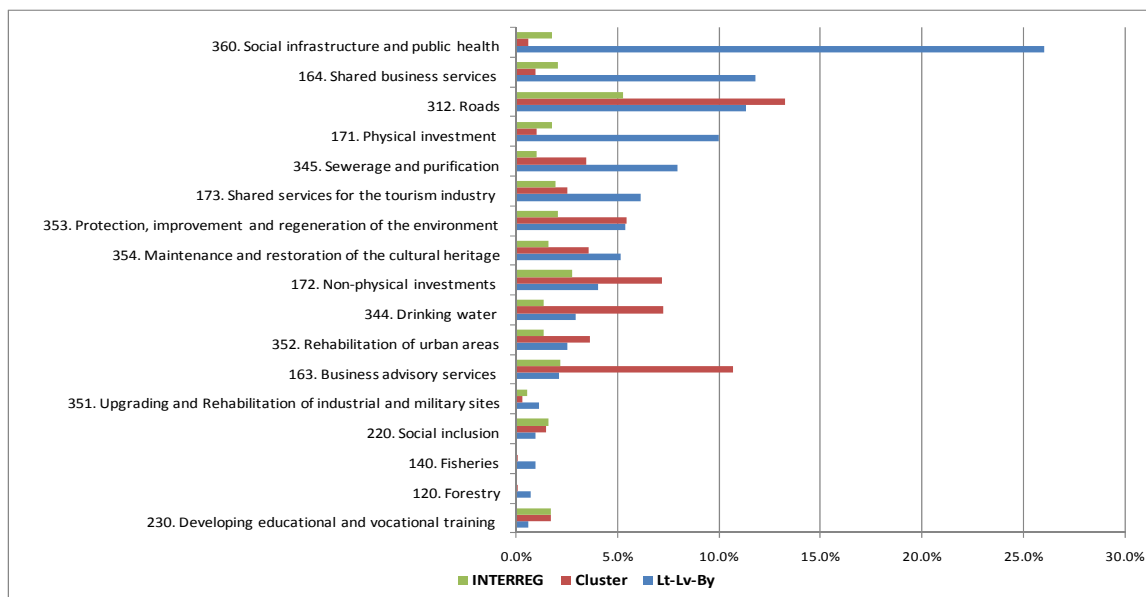
While only a small number of projects involved infrastructure investment, these consumed a significant proportion of the budget. Notwithstanding, a large number of 'soft' projects were also supported, such as cooperation projects at an institutional level and people to people projects.

Reflecting the programme's modest size, Priority South covered less intervention codes (17) than average for all INTERREG programmes (35), or the 7 programmes included in the cluster for comparison

purposes² (28). Furthermore, with the exception of code 312 related to road infrastructure, which represented 11.8% of the budget, and had a significant weighting across all Interreg programmes and the cluster programmes, in most other areas of intervention, the priorities supported through the programme show deviation from the comparators. Very few of the priority codes of the LT-LV-By Interreg IIIA programme ranked high –above 10 - in terms of their relative weighting among either the cluster group or INTERREG in general.

In the figure below, we provide the same data in graph form:

Figure 2.1 Share of budget allocation by intervention code – comparison with cluster and INTERREG



An assessment was also undertaken of the extent to which the different areas of intervention supported through INTERREG contributed to the Lisbon objectives. Among the conclusions were that two of the eleven interventions codes covered through the Programme were relevant. Code 164 (Shared business services) has a substantial in the whole budget of the programme (11.8%) - much higher than the respective share in the cluster or in Interreg as a whole. Code 230 (Developing vocational education and training) has a very small proportion of the budget 0.6%, while other codes relevant to Lisbon appear to be absent.

Among the findings from the data analysis were that the programme did not have a strong orientation towards the Lisbon aims. This was confirmed in discussions with the JTS in Riga. This was attributed to the small size of the programme – with only 10.417m of resources, it would not have been possible to make significant progress towards the Lisbon objectives (this was more appropriate through national Structural Funds programmes, given their much larger size and potential impact).

Absorption levels, N+2 and budget reallocation.

² The 7 programmes in the cluster were Spain-France, Spain-Portugal, Franco-British cross-border area, North Calotte/Kolarstic (Sweden-Finland-Norway-Russia), Sonderjyllands Amt- Region Schleswig (Denmark-Germany), Estonia - Latvia – Russia, Latvia-Lithuania-Russia. As data for Estonia-Latvia-Russia programme were not available weights of codes and absorption rates are based on data from 6 programmes.

The analysis suggests that the Priority South programme was successful both in committing ERDF expenditure and in terms of achieving high absorption rates. With regard to commitments, all ERDF funds were committed by the end of the 4th round of applications for calls for proposals. Based on the available data on programme expenditure, the LT-LV-BY programme shows particularly high absorption rates overall (92.9%). Unspent money was on average about 7-8% of total project commitments. This compares favourably with other INTERREG programmes, and is well above the average of other programmes included in the cluster (77.5%) and of INTERREG programmes generally (79.1%). With the exception of code 173 (services for the tourism industry) the absorption rates for all codes was above 80%.

Table 2.2 – Absorption rates per intervention code – comparison with cluster and INTERREG

<i>Fields of intervention</i>	<i>Lt-Lv-By</i>	<i>Cluster</i>	<i>Interreg</i>
120. Forestry	86.5%	80%	90%
140. Fisheries	86.3%	71%	69%
163. Business advisory services (information, business planning, consultancy services, marketing, management, design, internationalisation, exporting, environmental management, purchase of technology)	80.6%	71%	76%
164. Shared business services (business estates, incubator units, stimulation, promotional services, networking, conferences, trade fairs)	99.1%	74%	72%
171. Physical investment (information centres, tourist accommodation, catering, facilities)	95.6%	77%	85%
172. Non-physical investments (development and provision of tourist services, sporting, cultural and leisure activities, heritage)	87.0%	70%	75%
173. Shared services for the tourism industry (including promotional activities, networking, conferences and trade fairs)	74.2%	71%	72%
220. Social inclusion	80.0%	70%	82%
230. Developing educational and vocational training (persons, firms)	88.8%	72%	75%
312. Roads	92.9%	79%	84%
344. Drinking water (collection, storage, treatment and distribution)	97.0%	83%	83%
345. Sewerage and purification	96.6%	86%	83%
351. Upgrading and Rehabilitation of industrial and military sites	94.9%	87%	82%
352. Rehabilitation of urban areas	96.4%	87%	88%
353. Protection, improvement and regeneration of the natural environment	90.5%	81%	85%
354. Maintenance and restoration of the cultural heritage	88.5%	68%	69%
360. Social infrastructure and public health	95.4%	76%	79%
Total	92.9%	77.5%	79.1%

Financial management procedures were managed through the IIIB programme secretariat in Rostock, which assumed much of the financial function in its capacity as the Managing and Paying Authority. The programme secretariat provided support and advice to the JTS in Riga on financial management aspects including audits and checks. They also provided strategic guidance on good practices in ensuring high absorption levels. This was viewed as having helped to avoid any significant de-commitments under the N+2 rules.

No decommitments took place in respect of Priority 6. There was also no reallocation between Priorities or Measures. However, in 2005, part of the private national contribution was replaced by public national contribution in the programme's financial table. Although this reallocation was made, the remaining amount of national private contribution was not fully used (due to the low interest of participating in the programme of private partners) and therefore, a small proportion of the ERDF resources reserved for private partners could not be committed.

2.2 Analysis of programme effectiveness

2.2.1 The quality and relevance of the baseline and SWOT analysis

The quality of the socio-economic baseline assessment and SWOT analysis included in the CIP programme document was reviewed. The aim was to assess its relevance to identified needs, the intervention logic and how this was translated into the definition of objectives and targets for the Priority South programme. The extent to which baseline data was used appropriately to highlight particular socio-economic issues of relevance to the programme area was also assessed.

The CIP Drafting Committee was responsible for the preparation of the baseline assessment and SWOT. The views of local and regional authorities were taken into account in its preparation, although the core drafting team consisted of a relatively small group of representatives, mainly from national authorities responsible for regional development.

Interviewees noted that developing a joint SWOT-analysis between partners in different countries was a challenging exercise. However, it helped that all three participant countries had previously participated in cross-border cooperation programmes financed under the pre-accession instruments. Another issue related to the SWOT analysis was the extent to which this took into account the full spectrum of stakeholders in the programme, including the socio-economic partners and civil society. Arguably, these could have been consulted more closely during the drafting process itself, rather than once this had largely been completed.

Socio-economic baseline/ description of the border region

A description and analysis of the border region is first provided. This includes data on the population of border areas, and on the division of the population in the eligible programme area between rural and urban areas. The history of the programming area from the perspective of cross-border cooperation is then examined. The role played by pre-accession EU funding instruments in promoting cross-border cooperation is then considered.

The baseline assessment makes clear that participation in the various pre-accession programmes including the Phare Cross-Border Co-operation Programme, the Phare CREDO Programme, and the Baltic Small Project Facility was useful in preparing local, regional and national authorities for the implementation of cross-border cooperation programmes. Among the benefits identified of taking part in earlier cross-border cooperation programmes was the development of capacity to implement cross-border cooperation programmes, the ability to develop a project pipeline and the development of institutional cooperation instruments, notably the establishment of four 'Euroregions' in the border areas of Latvia, Lithuania and Belarus. The four 'Euroregions' include i) Baltija ii) Baltuva iii) Country of Lakes and iv) Saule.

While the assessment of the economic situation is generally robust, a weakness in the analysis is that data is presented for the programming area overall, with a lack of focus on some of the specific issues faced in border areas. Given that the programme area includes more economically prosperous areas, the data can therefore be misleading. It would have been useful to present sub-regional data showing the

contrasting economic performance between the border areas participating in the programme and more prosperous urban areas.

A review of the sectoral make-up of the border regions, and of the situation in respect of entrepreneurship and SMEs is provided. This stresses low levels of entrepreneurship and the relatively small numbers of SMEs per head of population within the programming area. The baseline then goes on to review the labour market situation. Issues highlighted include high unemployment in rural, less populated areas, and a lack of suitable skills to meet the demands of today's labour market.

A summary is then provided of the situation in respect of education, training and lifelong learning. The baseline identified strong provision of higher education and research facilities within the programming area. A large number of Universities are located within the eligible area for cross-border co-operation. There are four Universities in Lithuania: Vilnius, Klaipeda and Siauliai in and in Latvia the Universities of Rezekne, Daugavpils, Jelgava, Liepaja, and Ventspils are all located within the programming area. There are 31 Universities located in the Riga region in Latvia. However, some cross-border areas are characterised by their peripherality and distance from major urban centres, so access to education and training remains an issue.

The review of the position in respect of research and development stresses the low level of private sector investment in RTD, and the inadequate quality of RTD infrastructure within higher education institutions. There are also problems in terms of the ageing of those working in science and research in research institutes. More positively, however, several Lithuanian research centres within the programming area are recognised as being European-level centres of excellence. Last but not least, there is a section dealing with the environment. This describes the geographic area covered by the South Priority which is 'predominantly rural, includes large forested plots, as well as numerous freshwater rivers and lakes. The concentration of lakes in the Eastern part of the region covered by this priority is very high, the region of Latgale having more than 300'. The involvement of both Latvia and Lithuania in NATURA 2000 is stressed and examples of previous cross-border co-operation projects with an environmental dimension are provided.

Discussions with programme managers and wider stakeholders suggest that the description of the baseline situation in the CIP took into account key strategic policy documentation, including EU Structural Funds programming documents (which were drafted in parallel, with some cooperation between the respective drafting committees), national long term planning documents, as well as other socio-economic analyses.

Various statistical sources were used to support the findings in the baseline assessment. These include data from all three national statistical offices, as well as wider statistical sources.³ One weakness in the use of data is the fact that statistics on a sub-regional basis within the programming area are not presented. Rather, data is presented for the programming area overall, or national level data is presented in comparison with the EU. This means that variations in the socio-economic situation and particular characteristics of different areas within the programming area are not as prominent as they might be.

³ The Ministry of Statistics and analysis of Republic of Belarus, the Central Statistical Bureau of Latvia and the Lithuanian Department of Statistics

An other area of weakness relates to the lack of focus in the socio-economic analysis on specific issues affecting cross-border areas. Rather, data is presented relating to the eligible programming area overall, which includes major urban conurbations such as Vilnius, Klaipėda and Riga. These have very different socio-economic characteristics from peripheral, rural border areas.

Overall, although some areas could be strengthened, the baseline provides a useful assessment of a range of relevant socio-economic issues.

SWOT analysis

The SWOT summarises the strengths, weaknesses, opportunities and threats for the Priority South IIIA programme building on the baseline analysis. The SWOT immediately follows the presentation of the baseline situation in the CIP programme document. A review of the SWOT to assess its quality and appropriateness was also undertaken.

A summary of issues included in the SWOT is provided below:

Table 2.3 Summary overview of key elements of SWOT analysis

The assessment of *weaknesses* identified a number of challenges including the presence of an ageing population combined with depopulation, over-dependency on a narrow sectoral basis (especially farming and agriculture), a mismatch between workforce skills and labour market demands, low levels of business creation activity and a lack of entrepreneurial skills. The relatively remote location of border regions covered through the programme was also emphasised. Other problems included poor quality tourism products and services and a lack of tourism infrastructure, and outdated social, health care and recreational infrastructure.

With regard to *threats*, the fact that the border with Belarus had upon Lithuania's accession to the EU in 2004 become an external border was mentioned. This was viewed as a threat due to the fact that this could create obstacles to cross-border cooperation. Other specific problems relating to the border areas identified in the SWOT include the environmental threats posed by large industrial plants (ports, oil refineries, cement and chemical factories and a nuclear power plant). Other challenges included relatively limited experience in implementing cross-border cooperation projects, and the lack of experience, capacity and resources of the authorities in Belarus to participate in cross-border co-operation projects. The potential difficulties in securing adequate co-financing for potential beneficiaries at local and regional level were also highlighted.

As far as *strengths* are concerned, the relatively clean and attractive environment in some areas of the programming area (notwithstanding the environmental difficulties in other eligible border areas) was highlighted, along with the presence of strong transport links (transit corridors between the different participant countries and the presence of major Baltic Sea ports in Klaipėda, Liepaja and Ventspils). Other positive attributes of the programming area include a well educated population, with a number of universities and vocational education establishments located in the cross-border cooperation area and previous cross-border co-operation experience (through participation in Phare CBC and CREDO), as well as the fact that some cross-border networks and institutions have already been established (the 4 Euroregions located in the programming area).

In relation to *opportunities*, the possibility of making better use of the tourism potential of the natural landscape and pleasant environment in some border areas was emphasised. Other opportunities include improving cooperation among businesses, educational and research institutions across borders in order to increase economic competitiveness and improved accessibility to markets on different sides of the borders. Among the other opportunities mentioned include: improving cooperation among local and regional authorities in border areas to identify better ways of providing municipal services, improving accessibility across borders, cooperation on environmental protection and joint activity for protecting natural habitats. The opportunity to develop joint cultural and recreational activities for local inhabitants in border areas was also mentioned. The possibility of developing stronger cooperation with Belarus through the Neighbourhood Initiative was also mentioned.

The statements in the SWOT appear to reflect the situation described in the baseline assessment well. However, some of the statements are arguably too general and reflect the position across the programming area as a whole, rather than the situation specific to cross-border areas. For example, the SWOT highlights as a strength the fact that there is a well educated workforce but the baseline assessment makes clear that border areas tend to be located in more peripheral rural areas where tend lower levels of educational attainment and inappropriate skills are a key problem.

A weakness of both the baseline and SWOT is that they do not present a sufficiently informative picture of the socio-economic situation in Belarus. There are only a few references and statistics to Belarus - a

more detailed assessment of the challenges faced by regions on the Belarusian side of the programme area would have been helpful.

2.2.2 Translation of baseline and SWOT into the programme strategy's objectives

In the matrix below, we summarise the main objectives defined in the CIP and examine how these relate to those issues identified in the baseline and the SWOT.

Table 2.4 Linkages between baseline and SWOT and the definition of objectives in programme strategy

<i>Interreg IIIA Priority South – Key Objectives</i>	<i>Links to baseline assessment and SWOT</i>
Global objective: <i>Utilise cross-border co-operation potential to facilitate socio-economic development in cross-border co-operation territories</i>	<ul style="list-style-type: none"> • The need to address socio-economic development disparities between border areas and more prosperous areas of the programme territory • The opportunity to open up access to new markets for enterprises across borders • The need to strengthen institution-to-institution cooperation across borders • The need to strengthen people-to-people cooperation across borders
Topic 1: Utilising cross-border cooperation to enhance competitiveness and access to markets	<ul style="list-style-type: none"> • The need to strengthen competitiveness • A requirement to invest in infrastructure upgrading • A need for economic diversification in border areas in order to address the narrow sectoral base • Low levels of entrepreneurship • The importance of improving cross-border crossings in order to facilitate access to new markets
Topic 2: Supporting (economic and social) development and strengthening co-operation at both a people-to-people and at an institutional level.	<ul style="list-style-type: none"> • The importance of reducing economic and social disparities between border regions and more prosperous areas of the programme territory • A need for new employment opportunities for young people in rural areas in border regions • The need to strengthen institution -to-institution cooperation • The need to strengthen people-to-people cooperation

The matrix shows that there was a strong degree of coherence between the baseline assessment and the SWOT and the definition of the programme's objectives. This reflects the fact that national and regional economic development strategies were taken into account closely in the drafting of the CIP programme document and in the definition of objectives.

The main programme stakeholders interviewed stated that the baseline and SWOT had been translated into the definition of objectives in the CIP strategy effectively. The close correlation between the findings in the baseline and the drawing up of objectives was seen as being linked to the fact that key stakeholders had been involved in the process of inputting to the work of the CIP drafting committee responsible for preparing the baseline and SWOT. The definition of objectives and priorities had been a logical next step resulting from earlier discussions about the programme area's baseline situation. A summary of conclusions with regard to the relevance and coherence of the programme is provided below.

2.2.3 Review of indicator system, targets and outcomes

The process of developing an indicator system and of setting targets for the Priority South programme involved inputs from the Programme Drafting Committee. Quantitative targets for the INTERREG IIIA programme were then set out in the Programme Complement. The JTS in Riga then had responsibility during programme implementation for monitoring project outcomes and maintained a project database

of outputs and results,⁴ which was made available online. A summary of targets set at the programme level is provided in the table below.

Table 2.5 Programme level indicators (aggregate indicators)

<i>Indicator</i>	<i>Type</i>	<i>Quantification</i>	<i>Actual outcome</i>
No. of types of activities implemented	Output	10 types of activities within Topic 1 / 5 types of activities within Topic 2	53 projects supported overall
No. of projects implemented	Output	16 projects	53 projects supported overall
No. of cross-border infrastructure objects established	Output	2 infrastructure objects	13 projects, 100 infrastructure objects
No. of cross-border contacts and networks established	Result	15 cross-border contacts / networks	
No. of new businesses established across the border	Result	5 new business activities	General statistics, project monitoring data

Targets were also set at the Measure level in respect of each of the two topics. A comparison between the targets set and the programme's actual performance (as set out in the final implementation report) is provided below:

Table 2.6 Topic 1 - Indicators and achievement against targets

<i>Topic 1: Utilising the cross-border cooperation to enhance the competitiveness of involved regions and improve the access to markets across the borders</i>			
Type	Indicators	Indicators – actual outcomes	% Performance against target
Output	8 projects implemented	35 projects have been implemented.	440%
Output	2 cross-border infrastructure objects established	13 projects have made investments into the infrastructure objects, the total number of the objects being around 100.	650%
Output	5 cross-border tourism products	6 projects have claimed that they have developed new cross-border tourism products, total number of the new products – 25.	500%
Result	5 strategies designed	21 projects have elaborated joint planning documents, e.g. marketing strategies, cooperation models, risk management concepts, action plans, and concepts for the joint training centres.	420%
Result	3 follow-up projects	19 follow-up projects have been initiated by the implemented projects. In addition to this 10 projects have produced documents for attraction of investments in the future.	630%
Result	5 new businesses established along the transit corridors	5 new businesses have been established.	100%
Result	5 cross-border contacts / networks established	At least 20 new cross-border cooperation networks have been created within the implemented projects. Besides, six cooperation agreements have been signed among the institutions for the future cooperation.	400%
Result	5 cross-border services developed	6 projects have contributed to the development of the cross-border services in the following spheres: tourism, training, and accessibility of information, joint risk management.	120%

It can be seen in Table 2.7 that in many cases, outputs and results considerably exceeded targets. In many cases, actual outcomes were several times higher than the target. For example, while a target of

⁴ See http://www.bsinterreg.net/news_frame.php?language=&ID=520

creating 5 cross-border networks was set, in practice, at least 20 new cross-border cooperation networks were created. This was also the case for Topic 2, as illustrated in Table 2.8.

Table 2.7 Topic 2 - Indicators and achievement against targets

Topic 2: Supporting the development and strengthening of co-operation on a people-to-people level and between the institutions located in border regions.			
Type	Indicator	Indicators – actual outcomes	% Performance against target
Output	8 projects implemented	18 projects have been approved and implemented under Topic 2	230%
Output	15 events carried out	At least 45 joint events have been carried out within the projects. These include festivals, conferences, camps, concerts, and exhibitions.	300%
Output	80 people participated in seminars, training	12 projects had training activities, more than 1000 persons have participated in these trainings.	1250%
Result	10 cross-border contacts / networks established	53 cross-border contacts / networks established 6 reported the establishment of networks as a project output.	530%
Result	4 cross-border strategies elaborated	6 joint planning documents have been elaborated by the projects.	150%
Result	3 follow-up projects	8 follow-up projects have been initiated within the implemented projects.	270%

Quantitative outcomes achieved under Topic 2 considerably surpassed the targets set at the level of outputs and results. For example, while it was expected that only 80 people would participate in seminars and training, more than 1000 did so across 12 projects. Similarly, a target of 8 projects was set under Topic 2 in terms of the number of projects that it was anticipated might be supported, whereas 18 were actually supported. The significant variance between targets and actual outcomes under both Topic 1 and Topic 2 was due to the fact that Interreg was being implemented for the first time and there was inexperience in target setting.

While this was the first occasion in which Lithuania, Latvia and Belarus participated in Interreg, programme stakeholders should have already had some experiences in defining indicators and in target setting for cross-border cooperation programmes through participation in PHARE CBC and other cross-border cooperation programmes. While programme managers recognised that there had been problems in setting appropriate targets, they nevertheless expressed the view that programme outcomes exceeded expectations, both quantitatively and qualitatively. This appears to be confirmed in an evaluation of project outputs and results carried out by an external consultant.

With regard to the indicator system, a combination of output and results indicators were included. Examples of output indicators include the number of projects supported and the number of people trained. Examples of results indicators include the number of cross-border strategies developed and the number of follow-up projects developed as a direct result of Interreg projects. The ex-ante evaluation for the Priority 6 IIIA LT-LV-BY programme (included in the Programme Complement) has a short section on indicators.

The ex-ante evaluators noted that a set of indicators had been developed at the level of outputs, results and impacts. However, at the time when the ex-ante assessment on the indicator system was produced, the indicators had not been quantified with concrete targets. These were included only at the level of the Programme Complement. The evaluators commented that while some indicators seemed appropriate, other indicators were 'not defined clearly enough to be measured'. The evaluators also noted the difficulties in 'quantifying objectives without a sound basis of experience in previous programmes'.

With regard to the appropriateness of indicators selected to measure programme performance, while the output indicators appear sensible and common to other Interreg programmes, some of the results indicators are relatively weak. Another way in which the indicator system could have been improved would have been to ensure that common definitions were provided as to how indicators should be measured. For example, it is unclear from the Programme Complement what constitutes the establishment of a 'cross-border contact or network'. This could involve anything from a phone call to the establishment of a formal network. There is a need for more detailed definitions of indicators so that the quality of monitoring data at the project level can be assured.

It would also perhaps have been useful for the Steering Committee supported by the JTS to undertake a strategic review of the appropriateness of indicators and targets midway through the programme's implementation in order to make the indicators more useful, with clearer definitions and more realistic targets.

2.2.4 Conclusions and overall effects

The programme strategy set ambitious and wide-ranging objectives both overall and in relation to each of the priority Topics. While it was not possible to transform the socio-economic situation in border areas within such a short programming period and with only a relatively small programme budget, good progress was nevertheless made towards objectives, with the ground being laid for more extensive cross-border cooperation activity in the 2007-13 period through the Interreg successor programmes, with more substantial resources available.

With regard to Topic 1, it proved more difficult than expected to make progress in respect of the aim of improving access to markets and strengthening the competitiveness of firms located in border areas. This was partly due to the low participation and interest in the programme from private sector actors, and also the lack of project ideas relating to business development and entrepreneurship. That being said, there were a small number of good quality projects supported under Topic 1, some of which were quite innovative, such as a youth entrepreneurship incubator project.

It appears that more progress was made in achieving the aims relating to Topic 2, especially that of promoting cross-border cooperation at an institutional level. Some progress was also made through projects involving people to people cooperation, although there was a general view that these had not been as successful as those projects involving institutional cooperation.

2.3 Analysis of projects

2.3.1 Applications and outcomes by funding round

Five application rounds were held through the Priority South IIIA programme 2004-2006. Of these, four calls for proposals were financed through ERDF, or a combination of ERDF and TACIS financing. The fifth call was financed through TACIS funding alone. An overview of applications received by application round and of successful INTERREG projects financed in the Priority South programme area is provided below:

Table 2.8 Applications and funded projects – INTERREG IIIA South

<i>Application round</i>	<i>No. of applications received</i>	<i>No. of projects supported</i>	<i>Successful projects as % of applications submitted</i>
1	31	6	19.4%
2	21	9	42.9%
3	36	15	41.7%
4	49	19	38.8%
5	TBC (note: only TACIS projects in Call 5)	4	--
Total	137*	53	38.7%

**ERDF and ERDF / TACIS combined applications only. Does not include TACIS calls from 5th round
Source: Managing Authority of the INTERREG IIIB Baltic Sea Region*

The first INTERREG IIIA Priority South projects were approved in January 2005 and the final application round took place in May 2007. Projects varied in duration between 6 and 24 months. In total, 137 applications were received in the Priority South programme over 5 calls for applications (of which only 4 had ERDF financing available).

Over the programming period, 53 projects were supported, with an average of 38.7% applications submitted being successful in obtaining funding. It was notable that during programme implementation, there was a steady increase in the number of applications received. There was a peak of 49 applications received in the 4th Call, compared with the 21 applications received in the 2nd Call.

Representatives from the JTS interviewed as part of the case study stated that compared with expectations, **demand had been quite high to participate** in each application round. This suggests that the programme was quite successful in identifying the needs of target beneficiaries. Interviews with programme managers and with the JTS suggested that one of the factors for the increase was that applicants gained experience and became more confident over time which made a difference in terms of developing project ideas, putting together funding applications and in working together with cross-border partners. They also gained familiarity with Interreg procedures over time, which encouraged successful projects to submit follow-up projects, as well as to develop new project ideas.

With regard to **project quality**, project managers within the JTS Riga branch responsible for reviewing the quality of project applications noted that there had been a noticeable improvement over the lifetime of the programming period in the average quality of application. While in the first funding round, the quality was not viewed as being especially high, by the 3rd and 4th application rounds the quality of applications had improved markedly. This was attributed to applicants becoming more experienced both in putting applications together, and in gaining familiarity with the Interreg programme.

2.3.2 Types of interventions supported and eligible beneficiaries

A number of different types of projects were supported through the programme. An overview of the main **categories of intervention** is provided below (a more detailed assessment of expenditure disaggregated by code using the Commission's classification system is provided later in the study):

- Tourism development
- Business development/ competitiveness
- Environmental management
- Culture
- Access to transport corridors

Another distinction can be made between projects that involved 'hard' investment (small-scale infrastructure improvement and upgrading and renovation projects) and 'soft' investment in non-infrastructure projects. Another key variable was the type of partner participating in projects, with a distinction between i) municipal and institutional cooperation/public services and ii) 'People to people' activities.⁵

There were less business support projects than what had been anticipated. This was due to the low level of interest from the private sector in the programme. However, the detailed financial assessment shows that expenditure on business services and incubation accounted for a relatively high proportion of programme funding. Similarly, although there were hopes that not-for-profit private sector organisations⁶ would actively participate in the programme, with some funding allocation specifically reserved for such projects, in practice, there was less interest than what had been anticipated from such organisations. The result was that some money had to be reallocated to other funding priorities. This was attributed to the lack of attractive terms for the private sector to participate (projects had to be of a non-commercial nature), as well as difficulties in developing suitable project ideas in which private sector involvement would have been appropriate.

2.3.3 Selection and in-depth analysis of projects

For the purposes of this evaluation, five projects were selected for an in-depth analysis from the list of 53 provided by the Joint Technical Secretariat. The list provided information of the measure under which each project was supported, its budget, the lead project partner, and a brief description of the activities supported.

The projects were selected with the intention to provide – to the extent possible - a balanced sample of most types of activities supported. The selection took into account the weight of the 2 topics in the budget and included both small and larger size projects. An initial list of 15 projects was created and the final selection of the five projects was made in cooperation with the JTS.

⁵ An example of a 'People to people' activity was a project involving cooperation between pupils and teachers in schools to develop a better understanding of other cultures and to promote increased tolerance. Another illustration is a project designed to strengthen the cultural identity of Lithuanians, living in Latvia, and Latvians, residing in Lithuania in order to promote closer cooperation.

⁶ Private profit making legal entities were allowed to participate in projects under certain conditions, for example if they participated in activities of a non-commercial character

Table 2.9 Projects selected for in depth case studies

<i>Project Title</i>	<i>Topic</i>	<i>Lead Partner</i>	<i>Project Budget</i>
Regional Renaissance	1	DCC (LV)	€340 952
Conservation, Cooperation and Biodiversity	2	OMPO (LT)	€99 462
Art Without Borders	1	DCC (LV)	€182 521
Youth Entrepreneurship and Sociability	1	PCC (LV)	€400 000
CBRM	1	JCC (LV)	€1 310 850

The focus of the in-depth analyses was to collect information on the project activities and examine the cooperation patterns developed as a result of the project activities, the sustainability of the supported activities and structures beyond the projects period, the contribution to individual and organisational learning and the efficiency of the project management procedures. The analysis was based on the information collected through semi-structured interviews with the project leaders and review of any other material (reports, websites) made available.

2.3.4 Analysis of 5 projects on following topics/issues

This section contains the reports of the five case studies following the common format and focusing on the same evaluation issues.

A. Delivering the Regional Renaissance through Regeneration

A1. Project Information

The Regional Regeneration project was implemented during the period 2005-2007 and focused on cities located in peripheral areas of Latvia, Lithuania and Belarus characterised by centralisation and low rates of economic development. The project's main objective was to regenerate Daugavpils, Kraslava (LV), Zarasai, Utena, Visaginas (LT) and Braslav, Novopolotsk, Verknedvinsk (BY) by involving them in a cross-border network where the character and function of each city is defined and realised. The project was led by Daugavpils City Council (LV) and had a total budget of €340 952 of which €255 714 was funded by ERDF funds.

The project aimed to promote cooperation between cities from Latvia, Lithuania and Belarus by developing and testing an innovative approach to sustainable regeneration of cities within the cross-border region. The project was expected to improve the regions image, support economic development and competitiveness while increasing cultural identity. The intended outcome of the projects implementation was to foster cooperation among structures and strengthen the role of public authorities.

The main activities funded through the project were:

- Strengthening cooperation among Latvian, Lithuanian and Belarusian cities.
- Creating a cross-border competence network of specialists on regeneration issues.
- Preparing a regeneration strategy, plans, and frameworks, technical and tendering documentations for pilot investment projects.

A2. Project selection

The project met the requirements of topic one of the overarching Priority South objective. Strategies and exchange of experience in the field of joint provision of municipal services were developed during the implementation process. In addition Urban Regeneration supported project development and technical design, training, investments, information, publicity and marketing activities. These project activities coincided with tourism development and improving accessibility across borders.

A3. Implementation

The Regional Regeneration project was implemented through institutional fields of cooperation between municipalities. Particular emphasis was placed on training specialists. The project involved Daugavpils, Kraslava, Utena, Visaginas and Zarasai councils. Each city developed a Pilot Area Regeneration Plan and Implementation Framework.

With regard to project outputs, a large number of public officials took part in training activities. An average of 18-28 specialists' attended each of 9 training sessions. Other outputs included the holding of two seminars, an introductory seminar on urban regeneration and an international seminar focusing on the same topic. 50 specialists attended each seminar. 10 Specialists took part in a study excursion to Stockport in the UK in order to gain knowledge about practical regeneration issues. 50 regional specialists in the spheres of culture, business development, environment and social affairs attended a project conference in which new project ideas were developed for the 2008-2013 period. In addition, technical documentation was prepared for the Pilot urban regeneration schemes.

The project utilized cross-border planning through the implementation of a joint development strategy. The strategy was developed for the 2006-2012 period and aims to generate socio-economic growth in the region by carrying out regeneration activities and by strengthening cross-border partnerships. It is based on the development priorities and strategic goals of each territory of the region with a special emphasis placed on joint activities and implementation of regional projects.

Technical documentation for pilot projects was prepared in anticipation of future investments. Projects include: 1) Master Plan for Daugavpils airport, 2) Technical project for establishment of regional tourism information center in Kraslava, 3) Technical project for part of Visiginas Industrial Zone, 4) Technical project for Waterfront Zone in Zarasai, 5) Technical project for 9 Hectares of Utena Vyzuonos Park.

A4. Project performance

As part of promoting new contacts and networks, all Regional Regeneration partners established cross-border communication with individuals, institutions and partner organizations, in particular Zarasai Business Information Center and Utena Business Center. In addition, cross-border cooperation networks were created in areas such as the environment, culture, tourism, sport, business, management and society. Project partners listed their satisfaction with cooperation between other partners as 'very high'. A total of 36 contacts and networks were established, 10 of which comprised of cross border interaction.

Further results were achieved in the production of marketing and information materials. The use of brochures (1600), articles (113000), press releases (360), TV, radio and media clips (61) for raising awareness is a successful area of Regional Regeneration activity. Materials were often published in English, Russian, Latvian and Lithuanian in order to attract a wider readership.

A5. Additionality and Sustainability

With regard to the role of INTERREG finances on the projects successful implementation and potential for follow up activity, partners agreed that programme funding played a central role. The initial ERDF contribution was complemented by Tacis funds on the Belarusian side. Finance was used to maximise the projects activities on both sides of the border, which provided a strong incentive for personal and professional connections among the partners. Though the project accomplished its intended outcomes and its budget was sufficient to sustain cooperation, project leaders felt that aspects of cooperation could have been furthered with wider funding and greater experience on the Belarusian side.

There was also evidence of the sustainability of the projects activities between Lithuania and Latvia. Cooperation was not limited to technical specialists – politicians became actively involved in providing political support for the projects maintenance and keeping momentum during the implementation process. The connections between specialists, local politicians and municipalities continued after the project's completion without the provision of further funding.

In addition to regional infrastructure improvements, the regional regeneration competence networks helped deepen knowledge of regeneration, its mechanisms and the range of steering instruments. Partners were also aware of the difference between the scale and shape of the network, including the type and intensity of problems one another faced. Building on this understanding, partners were able to draw inspiration from similar circumstances, particularly in attempts to develop new projects for submission to the Lithuanian and Latvian cooperation programme. Follow up conferences produced two cross-border projects and continued cooperation in culture, tourism, sport, business development and environmental spheres.

Furthermore, the projects delivered outcomes were successfully publicised through effective use of TV broadcasts and newspaper articles. The projects innovative marketing activities promoted the Regional Regeneration Strategy, which in turn, was incorporated within regional planning procedures.

A6. Learning

Joint activities and collaboration certainly contributed to broadening the mindsets of Lithuanian and Latvian target groups. However, common understanding was harder to reach with Belarusian partners

largely due to political factors such as, administrative bureaucracy and vastly different perceptions of the need for regeneration.

A7. Conclusions

The project feedback and information contains firm examples of cross-border activities, the involvement of partners in project implementation, the sharing of experience and marketing of the cross-border region and its cultural regeneration. Infrastructure projects ranged from the Zarasai waterfront to work on the Daugavpils City Airport and had a positive impact upon the regions image. Further cooperation was triggered through the projects implementation which was entrenched at a professional level and led to the initiation of new project ideas

The important point illustrated by Regional Regeneration is that as long as partners were involved from the projects early planning stage, they were capable of meeting all objectives. Partners concluded that the strategy and function of each city had been reorganised to reflect the needs of the region. The value added of the cross-border dimension was most acutely felt by the trained specialists who continue to share on-going work projects.

B. Conservation, Cooperation, Biodiversity: Conservation and sustainable management of biodiversity in Lake Druksiai: transboundary wetland complex of international importance

B1. Project Information

Conservation, Cooperation, Biodiversity (CCB) was operational between 2006 and 2007. The project focused on safeguarding and enhancing the biodiversity of the shared Lithuania/Belarus Lake Drūkšiai. This aim was achieved through conservation and sustainable management of critical species, their habitats, and improving public awareness. Close collaboration and networking among the Institute of Zoology NAS (BY), Institute of Botany (LT) and OMPO Vilnius (LT) ensured that all activity was of a cross-border nature, while Overall leadership was provided by the Vilnius University Institute of Ecology. The project had a total budget of €99 462 of which €37 280 was funded by ERDF funds and €49 755 was delivered through Tacis grants.

Lake Drūkšiai is the largest lake in Lithuania and is home to numerous rare and protected species and habitats including over 30 bird species. Due to this high biological diversity conservation and sustainable management of the area is key to ensuring that the lakes wildlife continues to thrive. The main aim of CCB was to secure wildlife protection by cross-border exchange of knowledge, good practice and joint activities.

The main activities funded by the program were:

- Carrying out of detailed inventory and mapping of key habitats of Drūkšiai wetland complex.
- Establishment and enabling use of joint biodiversity database.
- Development of the joint nature management plan for cross-border sites.
- Improving cooperation among Lithuanian and Belarusian research organizations, authorities and NGO's.

B2. Project selection

The project met the requirements of topic two of the overarching Priority South objective. The project promoted inter-institutional contacts, enhanced cooperation and networks between social and cultural actors, NGO's and business associations. In doing so, CCB contributed to better understanding of the cultures on both sides of the border and facilitated development of further joint cross-border cooperation. As such, CCB's activity type can be categorised under Environmental Management.

B3. Implementation

Cross-border cooperation between the Institute of Zoology NAS (BY), Institute of Botany (LT) and OMPO Vilnius (LT) produced a common position concerning strategy and objectives. Specialists from both sides designed a Joint Management Strategy, which was submitted to MoE's and 4 municipalities for consideration. The mutual need to respect national and socio-economic particularities ensured that cooperation contacts and networking remained central to the projects successful implementation.

Research institutions were carefully selected based on their expertise in the relevant field. This aided the production of detailed field study data, which in turn contributed to information and marketing materials. Poster's, calendars (1200), brochures (900) and a project website (1) helped raise awareness of the projects activities and kept the public informed of environmental protection issues.

All activities supported by the project were of a cross-border theme, to the extent that each activity was jointly planned and implemented by regional institutions. Cross-border events included study tours of Lake Drūkšiai (3), international training events (2), seminars for local authorities and stakeholders (4) and the creation of a joint IT database (1). 10 consultation meetings were held to discuss the joint management plan. On six occasions stakeholders were specialists from local municipalities, in two – local nature protection authorities, one with an officer of the border department while another included staff from Zarasai Forest Enterprise.

B4. Performance

Overall, the project was considered a success, by project participants and by the JTS in Riga, which was responsible for project monitoring. According to the data available, the project succeeded in achieving or exceeding all targets related to direct outputs (Organising cross-border events, strategic planning, carrying out research and producing information materials) in a fairly limited period of only 2 years. The formation of CCB and the creation of the Joint database on the Distribution of Endangered Species and Habitats are the main tangible features of the project that serve to fulfil the objectives of Priority South's topic two.

At the same time, the feedback concerning the INTERREG programme from the project promoters agreed that the procedures were simple and straightforward. The support and guidance provided by the Implementing Agents was of high quality, contributing to the success of the projects. In that respect, the fact that the lead project partner (Institute of Ecology – Vilnius University (LT)) had an innate knowledge and understanding of the environmental, economic and cultural dynamics of the region and of what the project was trying to achieve, was seen as a particularly valuable element, with evidence of the positive role partnerships played in project implementation.

B5. Additionality and Sustainability

The CCB project committed itself to sustainable environmental management as a measurement of success. This strategic focus ensured that project activities were durable during implementation and after completion. Project partners were satisfied with the wide range of funding opportunities created through the INTERREG assistance programme, especially the provisions made available to cover partner co-financing. The project did consider the lack of pre-financing to be a hindering factor however, the short one-year period allowed for implementation. Belarusian partners experienced familiar difficulties during the projects early stage concerning the availability of TACIS funds. However, these financial issues have not prevented the projects continuation.

In terms of the projects ability to establish durable partnerships and networks at the institutional and individual level, most participants have contributed to cross-border aspects environmental management and all three scientific institutes continue to share and collaborate on collective data. The 'Online Database of Endangered Species and Habitats' is a key platform for collective research and provides a rational for discussions, meetings, workshops and training events.

Joint cross-border activity was maintained through further projects such as the 'Practical Actions for the Increase and Sustainable use of Biodiversity of the Lake Drisviaty Area'. The project involves the original three partners and aims to follow up on the existing CCB management strategy, with practical actions that involve the rural population. Such activities have maintained established relationships without the influence of additional finance, thus contributing to the removal of cross-border economic obstacles.

Furthermore, the 'Management of Lake Druksiai Strategy' has been incorporate within regional strategic documents. It is now customary for the CCB strategy to be referred to during implementation of management plans, monitoring activities and scientific cooperation. The role of project coordinators was to supervise and report on activity implementation. Practically this meant keeping contacts on all sides. Therefore, cross-border cooperation was also secured through the enduring relationships between coordinators and project participants.

B6. Learning

Joint activities and collaboration were responsible to a lesser extent than other projects, in removing prejudice among the project participants and targeted groups. This was largely due to the already professional nature of working environmental scientists.

Over the course of a year, CCB succeeded in implementing an innovative strategy towards sustainable management of Lake Druksiai's wildlife and habitat. Joint learning experiences significantly contributed to Lithuania and Belarus's EU and international commitments in the field of environmental protection and sustainable development. Furthermore, the development of the cross-border nature management

plan, helped reduce the impacts of the functioning and termination of the Ignalina nuclear power station. A longer-term output may result from greater diffusion of conservation concepts within the local population.

B7. Conclusions

The delivery of a joint nature management strategy and sound scientific research benefited regional authorities concerned with environmental and wildlife protection. The value added of partners and participants experience was effectively communicated to the public and continues to impact upon the sustainability of the Lake Druksiai wetland complex. The CCB project is now well positioned to build on its partner networks in order to promote its management plan for the border site.

C. Art without Borders: Art without borders – promotion of cross-border cultural industry through the art of Marc Chagall and Mark Rothko

C1. Project Information

Art Without Borders was operational between 2006 and 2007. The project focused on promoting cooperation between two twin-cities on the Latvian-Belarusian border, namely Daugavpils (LV) and Vitebsk (BY). This aim was achieved by utilising existing contacts between both cities in order to establish industry in the field of culture by promoting renowned artists Mark Rothko and Marc Chagall, as these cities are the birthplaces of these painters. Close collaboration and networking between Daugavpils City Council (LV) as the lead partner and the Culture Department under Vitebsk Town Executive Committee (BY) ensured that all activity was of a cross-border nature. The project had a total budget of €182 521 of which €74 228 was funded by ERDF funds and €83 550 was delivered through Tacis grants.

Daugavpils and Vitebsk share a cross-border cultural heritage in the art works of its two most famous painters. By furthering cooperation in the cultural sphere, Art Without Borders served as a platform for launching local and regional tourism. Moreover, Partnership and cooperation between the two cities was a central component of sharing ideas among new contacts. The main aim of Art Without Borders was to facilitate socio-economic development on the cross-border territory by utilising the potential of cultural industry.

The main activities funded by the program were:

- Establishment of a sustainable cooperation model for the development of cross-border art.
- Promotion of cross-border cultural heritage through a publicity and marketing campaign of art events in Latvia and Belarus.
- Improving cultural infrastructure in agreement with the cultural objectives of both sides.

C2. Project selection

The project met the requirements of topic one of the overarching Priority South objective. A joint strategy was created which allowed for the design of cultural activities tailored towards improving cultural infrastructure and accessibility. In addition, Art Without Borders provided culture related education, training, marketing and promoted cross-border business development strategies. These project activities coincide with tourism development and improving accessibility across borders.

C3. Implementation

Cross-border cooperation between the Daugavpils City Council and the Culture Department under Vitebsk City Executive Committee played an important part in the projects activities. The Common Plan for implementation of cross-border cultural events 2008-2010 was elaborated through workshops that comprised of experts, cultural and municipal specialists from 6 cross-border cities including, Daugavpils, Vitebsk, Zarasai, Utena, Visaginas and Rokiski. At all times the intention of establishing durable cultural infrastructure combined with public participation, was incorporated within the projects overall strategy.

C4. Performance

Overall implementation of the project ran smoothly despite minor difficulties at the projects early stage. A discrepancy existed at the level of project management between Belarus's national committee and its Latvian equivalents, which resulted in a 6-month delay. This was mainly due to the specific needs of Vitebsk Executive Committee and the fact that it was their first experience of participation in an EU funded program. A consequence of the learning experience meant that Belarusian partners obtained a value added by increasing capacity on their side of the border.

The projects main successes were achieved in two key areas. Firstly, the involvement of partners was maintained at each stage of implementation via workshops, which drew on the expertise of cultural, municipal and art specialists. Secondly, shared experience and the marketing of the cross-border region and its cultural heritage was realized through a professional PR campaign, marked by brochures, posters, calendars and joint art publications. Both sides agreed that a short-term impact on local development was achieved while the production of marketing materials had provided a long-term impact on local tourism.

C5. Additionality and Sustainability

According to the project leaders Interreg finance was crucial to the projects successful implementation and continuation. The combination of ERDF and Tacis funds were used to maximise the projects activities on both side of the border, which contributed to securing close personal and professional connections among the partners. Though the project accomplished its intended outcomes, its budget was relatively small in comparison to other Interreg areas. Project leaders felt that aspects of cooperation could have been furthered with a stronger budget and greater experience on the Belarusian side.

At the same time there is evidence of the sustainability of the project's activities. One area of activity that attracted the most popular interest was cultural events. The connections between artists, art schools and municipalities have been a durable success in the sense that many of the project's events have continued without the provision of additional funding.

In addition, cultural infrastructure initiatives were implemented at the Mark Chagall Art Centre in Vitebsk and Daugavpils Regional and Art Museum. Building on these improvements in cultural infrastructure, the councils of both cities have signed a memorandum of understanding and plan to implement another cross-border project to highlight their cultural heritage. This activity has improved the capacity of both museums making them more open to tourists and allowing for the continuation of cultural events such as open-air performances.

Furthermore, successful cooperation started through the Art Without Borders project can be used to leverage additional financial resources, including those from other EU programmes. Partners and Stakeholders have also utilised the project's outcomes so as to plan and implement further projects and alleviate cross-community misconceptions in the region. The Common Plan for the Implementation of Cross-border Cultural Events 2008-2010 will also serve as a guidebook for the organisation of several annual art events in the region.

C6. Learning

The joint activities and collaboration contributed to greater understanding and removal of prejudice among the project participants and targeted groups. However, in the short term, this aspect of social cohesion had less impact on the broader population.

The partners learned Important lessons concerning specific administrative and bureaucratic issues surrounding planning and implementation, particularly with regard to Belarus. The project succeeded in raising cultural awareness and garnering political support for infrastructure projects in which technical knowledge and good practice were spill over affects. There is less evidence to suggest that the project contributed to large-scale cross-border cooperation at a policy level.

C7. Conclusions

The project feedback and information contains firm examples of cross-border activities, the involvement of partners in project implementation, the sharing of experience and marketing of the cross-border region and its cultural heritage. Tangible benefits have been made in the form of new arts facilities and greater access to cultural information. Further cooperation was triggered through the projects implementation, which was entrenched at a professional level and led to the initiation of new project ideas.

D. YES: Promoting Youth Entrepreneurship and Sociability through Joint Networking and Strategy in Remote Border Areas of Latvia, Belarus and Lithuania

D1. Project Information

Youth Entrepreneurship and Sociability (YES) was operational between 2006 and 2007. The YES project intended to implement an innovative approach to strengthening youth entrepreneurship and sociability through creation of YES business incubators networks and a joint YES strategy in the municipalities of

Preili (LV) – lead partner, Glubokoje (BY) and Zarasai (LT). This aim was achieved by encouraging project partners to elaborate the joint cross border YES strategy 2010, improve premises for YES business incubators, activate the target group and market the YES concept. In the framework of the project, Belarusian partners were also acquainted with the EU experience in supporting traditional and youth entrepreneurship. Close collaboration and networking between the three partner municipalities ensured that all activity was of a cross-border nature. The project had a total budget of €400 000 of which €180 000 was funded by ERDF funds. The additional €160 000 Tacis contribution was not delivered.

The YES project intended to implement an innovative approach to youth entrepreneurship and sociability through the creation of a YES business incubators' network and joint YES strategy in the municipalities of Preili, Glubokoje and Zarasai. Support was provided to young people to develop business, entrepreneurial and social activity in order to gain access to their local economies. Moreover, Partnership and cooperation between the three municipalities was designed to maximise existing cooperation and foster the sharing of ideas among new contacts. The main aim of YES was to improve the socio-economic situation in remote border areas of Latvia, Belarus, and Lithuania through utilization of cross border cooperation and by creating a favorable environment for youth entrepreneurship and sociability.

The main activities funded by the program were:

- Creation of the joint cross border YES strategy 2010.
- Improvement of premises for YES business incubators.
- Activation of the target group and marketing of the YES concept.

D2. Project selection

The project met the requirements of topic one of the overarching Priority South objective. A joint strategy was created which allowed for the design of market activities tailored towards improving business infrastructure and accessibility. In addition, YES provided entrepreneurial related education, training, marketing and promoted cross-border business development strategies. These project activities coincide with business development, including improving competitiveness and accessibility across borders.

D3. Implementation

Cross-border cooperation between the municipalities of Preili, Glubokoje and Zarasai produced a common position concerning strategy and objectives. Two three-day workshops took place in Zarasai (LT), in which preparation was made for a joint cross-border business incubators' network development strategy. The strategy was followed up with a final conference in Preili where project activities were elaborated on, results promoted and future development ideas discussed. Partners and participants communicated face to face at meetings and events to ensure project coordination remained productive and that planned results were met.

Targeted youth groups were singled out depending on how closely their priorities matched those of the project. This complemented the objective to develop the socio-economic situation in both border regions through support for youth entrepreneurship. Additionally, the projects stated aim to market the YES concept was addressed through direct involvement of the project team, representatives of local government and youth from local schools. Attempts were also made to reach out to the broader population.

Not all activities supported by the project were of a cross-border theme, although each activity was jointly planned through a collaborating effort and implemented with close inspection from all partners. Cross-border business development tasks included establishing new contacts between Preili and Zarasai municipal administrations, establishing a cross-border pilot network of YES business incubators with a joint approach to methodology. In terms of raising awareness, YES produced a variety of literature in Latvian, Lithuanian and Russian as well as creating a website to market the project's success.

D4. Performance

The Lithuanian partners encountered initial difficulties. These included the challenge and time inherent in dealing with public procurement procedures, obtaining legal permits, signing contracts with sub-contractors and technical issues surrounding the renovation of YES business incubator premises. Despite early joint planning activities among the three partners, Glubokoje District Council failed to approve the Belarusian side of the project leaving the Lithuanian and Latvian partners to implement the project on a twin basis.

However, both partners gained experience, local knowledge and developed ideas, while implementing the project through active communication, meetings and active group work, which enabled them to reach planned results and finalise details. In the short term, physical infrastructure was improved and extended to free office space, technical services, university connections and conference rooms where business development trainings could be held.

Cross-border cooperation often centred on achieving long term goals such as improving the socio-economic situation in the project area and increasing partner's ability to implement EU funding. Networks were used to establish durable partnerships in the business community. Enhanced communication among participants also created conditions for follow up interventions.

D5. Additionality and Sustainability

Project leaders commented that implementation would have not have been feasible without Interreg financial support. Very few difficulties arose from the projects budgetary demands, although minor financial reallocations were made due to the varying costs of renovation works in each country. Overall management of the planned budget was sufficient to implement all planned activities, achieve all results as indicated by the application form and finalise the project. At the same time, Project leaders were sufficiently confident that INTERREG funds were adequate for the projects near-term sustainability.

The project partnership suffered a setback after Belarus failed to receive Tacis funds. However most personal and professional contacts established through YES networks were of a lasting nature and helped generate significant follow up discussions on future business incubators. The incubators themselves continue to offer meetings, workshops and training events in addition to their primary role of assisting youths start up private businesses.

The YES joint cross-border strategy has fulfilled its ambition of ensuring the continuation of cross-border cooperation between the two municipalities, in order to develop the entrepreneurial and social potential of youth in the border region. This success has been transferred into strategic regional documents and maintains general awareness of the project at a policy level.

Furthermore, the existence of a YES website was not only an efficient and popular means of publicising the projects achievements, but has also helped to sustain the project's image. Today, cooperation developed among partners is continuing, based on a greater level of common understanding and openness. Both sides are more concerned with each other's particular socio-economic priorities and efforts have been made to accommodate alternative ideas.

The projects delivered outcomes continue to be used by the intended group of youth entrepreneurs. Their experience has become a value added to the local community and should prove transferable to other sectors of the economy in the border region. YES sponsored youth centre are now a focal point for similar organisation seeking to provide services to young entrepreneurs.

D6. Learning

As highlighted by project participants the project has also contributed to organisational learning and better understanding of the business development process, particularly in relation to remote regions. The improved incubator infrastructure has also helped create a learning environment conducive to entrepreneurial activities and raised business opportunities in the cross-border area.

The joint activities and collaboration contributed to greater understanding and removal of prejudice among the project participants and the municipal authorities. However a limited impact was registered within the broader population, at least in the short-term.

D7. Conclusions

YES made a positive contribution to shaping policy related to cross-border issues (spatial planning, infrastructure) although its activities did not focus purely on those areas. Innovative activities – including the planning and implementation of local business incubators – impacted upon infrastructure improvement, knowledge transfer and the creation of sustainable cross-border networks.

E. CBRM: Cross-Border Initiative for Creation of Emergency Management System of Disasters in Neighbouring Regions of Latvia and Lithuania

E1. Project Information

CBRM was operational between 2006 and 2007. The overall objective of the project was to ensure quality and effectiveness of disaster management and emergency recovery services in the border territories of Latvia and Lithuania. This aim was achieved through joint risk management, implementing coordination centre projects and promoting public awareness. Close collaboration and networking among the state fire services, district/town councils and local emergency stations of Latvia and Lithuania provided the best grounds for cross-border cooperation. The project was led by Jelgava City Council (LV) and had a total budget of €1 310 850 of which €983 137 was funded by ERDF funds.

Natural and man-made disasters pose a threat to state property, human welfare, natural resources and the economy. In recent years, scientific and technological advances combined with increased economic interdependency, has required emergency recovery and disaster management to be coordinated at the multi-national level. CBRM's specific intention was to implement a risk management pilot project, in order to institutionalise a reliable cross-border cooperation and information exchange network.

The main project activities were: the elaboration of cross-border risk management strategy and risk management information system, the creation of technical documentation for development of risk management infrastructure and support for institutional and human resource development, including awareness-raising.

E2. Project selection

The project met the requirements of topic one of the overarching Priority South objective. The project promoted inter-institutional contacts, enhanced cooperation and networks between emergency services, municipal authorities and risk specialists. In addition to infrastructure development, CBRM contributed to the safety of the cross-border population and improved the existing risk management system. As such, CBRM addressed the regional need to invest in infrastructure upgrading.

E3. Implementation

Cross-border cooperation between the emergency services and managing authorities of Jelgava and Šiauliai produced a common position concerning strategy and objectives. The Regional Medical Coordination Centre (RMCC) and Institutional, Human Resource Development and Public Awareness Strategy provided both sides with a cooperation framework. This was supplemented by joint technical design of the Risk Management Coordination Centre in Jelgava. Rescue services were involved at each stage of strategy development, which helped identify the accurate needs of emergency management.

In order to implement activities in an efficient manner, five groups of work packages were identified through which efforts were focused. These included: management and coordination, elaboration of the cross-border risk management strategy, the management of information systems, elaboration of technical documentation of risk management infrastructure, raising public awareness and implementing infrastructure tasks.

CBRM activities supported by the project were selected according to their cross-border use, although local partners were tasked with implementing physical infrastructure projects in their particular area. Finances were directed at procurement of priority equipment such as IT for state fire rescue services and the emergency medicine coordination centre in Šiauliai. In addition, video monitoring systems were installed in both border cities. In total 35 video cameras were purchased and 3 surveillance centres were established, including one mobile air-monitoring laboratory to provide early warning in emergency situations.

E4. Performance

Project partners, coordinators and participants hold the projects successes in high regard. The implementation process was of particular use to partners, as they gained new experience and contacts as well as strengthening professional and personal ties. For most of the partners, CBRM was their first encounter with the INTERREG program. Lack of experience required further time to be spent on explaining the implementation process. Certain purchase difficulties were connected to the delivery of civil defence equipment, video-monitoring systems and to the developing of technical designs for Jelgava RMCC.

However, both partners gained experience, local knowledge and discovered new approaches to risk management. The implementing process successfully promoted active communication, meetings and

specialised trainings, which led to the completion of all planned results and intended outcomes. An immediate and measurable impact was the improved physical infrastructure. Modern facilities and up to date equipment are vital for emergency recovery and disaster management, therefore CBRM investment had a direct impact on regional safety standards.

For CBRM, Cross-border cooperation laid the foundation for future collaboration on infrastructure and joint procurement projects. Its long-term goal to secure accessibility, quality and effectiveness was reached by efficient communication of the project activities to all involved in implementation. Substantial attention was paid to communication among participants, while efforts were also made to regularise cross-border partnerships through evaluation exercises.

E5. Additionality and Sustainability

With regard to the importance of INTERREG financial contributions, partners agreed that ERDF funding was crucial to the project's success. During the implementation stage, financial shortages in the overall budget required certain planned activities to be re-assessed and stricter fiscal management to be enforced. This also meant that the lead partner needed to invest more in the project than originally stated on the application form.

Financial issues arose due to the cost difference between activities planned in 2005 but where these were actually carried out in 2008. The project was allowed to shift some funds within the project – to use funds saved in one budget line (cost category) to finance higher costs in another budget line.

The cross-border partnership was durable at the project level, to the extent that disaster management and rescue services understand each other's technical capabilities – they have also improved personal and professional liaison connections. Project leaders stated that many of the relationships established during joint training events continued once the project was completed. In addition, the Risk Management System Strategy provides a common blueprint for future cross-border cooperation, including follow up activities beyond the project horizon. Sustainable assets, such as emergency infrastructure and equipment, complemented the risk management system by improving physical capabilities. Emergency services have gained new knowledge of sophisticated monitoring, surveillance and rescue equipment that continues to enhance their performance and expand the disaster protection available to the public.

Furthermore, the equipment purchased and infrastructure developed was designed for long term re-use in emergency situations. This means that project results will continue to be delivered in the absence of further funds. Partners and Stakeholders also agree that information brochures illustrating the projects significance to the regions inhabitants served as an educational tool and improved local resilience to potential disaster and emergency situations.

E6. Learning

The project was successful in terms of the establishment of reliable cross-border cooperation and information exchange networks between institutions involved in risk management. It also improved participants' organisational skills and prepared both the public and local emergency services for future man-made or natural disasters. The project strategy promoted the cross-border sharing of information, while improving communication between the emergency services and the public.

All partners learnt lessons in financial management, similarly their close collaboration through meetings and consultations ensured mutual trust was created and prior misconceptions were removed. Partners felt more seminars with Secretariat staff were necessary during the planning stage.

E7. Conclusions

From its inception, CBRM was designed to build on pre-existing cooperation between emergency services in the cross-border region. Its activities tended to focus on infrastructure development and increasing capacity. As such, the project contributed less to an innovative approach to disaster management and more to updating human resources and accessing risk management infrastructure.

2.3.5 Summary and links with overall programme performance

The five projects selected focus on a number of different areas, including: urban regeneration; the promotion of youth entrepreneurship and social inclusion; the development of cross-border tourism with an emphasis on the cultural dimension, conservation and the sustainable management of biodiversity, and disaster management and information sharing. The diversity of projects selected reflects the programme itself which supported a very **wide range of projects**.

The assessment of the five projects shows that despite the modest budget allocation for the programme overall, and at the level of individual projects (the average project size was 300000 EUR), **positive outcomes were achieved**. These included the creation of new, and the strengthening of existing cross-border partnerships, the exchange of experiences and mutual learning on a cross-border basis in fields where there had previously not been any, or very little cooperation, the development of a more strategic and innovative approach to promoting urban regeneration, the strengthening of entrepreneurship and the improved attractiveness of cross-border areas, particularly through the development of cultural tourism.

There was some **evidence of innovation at the project level**. Innovation was manifested in various ways, such as in the types of projects supported, the way in which projects were implemented, and the partnership structures put in place to implement these. There was also evidence that Interreg helped to **promote experimentation**. For example, some interviewees commented that new partnership structures had been formed and that these sometimes involved cooperation between organisations that had not previously worked together or cooperated on a cross-border basis.

The **CBRM project** was seen as especially innovative because it brought together partner organisations working in the areas of disaster and crisis management that had not previously cooperated together on a cross-border basis. The project involved the creation of an Emergency Management System for handling disasters in neighbouring regions of Latvia and Lithuania.

The project was **experimental** in different ways, not only in terms of encouraging partners that would not ordinarily work together to launch activities on a joint basis, but also the fact that following the project's implementation, a joint procurement initiative was launched for the purchase of equipment serving the common border area. The aim of this was for the first time to try and derive economies of scale. Furthermore, a cooperation agreement has been signed between the Latvian and Lithuanian fire services to provide a unique arrangement to provide emergency mutual assistance on both sides of the border.

Another example of an innovative project was the **Youth Entrepreneurship and Sociability (YES)** project, which adopted an innovative approach to promoting youth entrepreneurship and social inclusion through the creation of YES business incubators networks and the development of a joint YES strategy in the municipalities of Preili (LV), Glubokoje (BY) and Zarasai (LT). The project was **experimental** in that for the first time, partner organisations collaborated in order to adapt a similar youth entrepreneurship project from a Swedish youth centre and then adapted this approach to meet the specific needs of the cross-border region.

The research suggests that many of the projects led to **sustainable outcomes**, and that **partnership structures** were also sustainable. For example, as far as **institution-to-institution activities** are concerned, a number of projects examined stated that there had been durable benefits from participating in Interreg projects in terms of the formation of **sustainable cross-border partnerships and structures**. Several projects had submitted follow-up applications for further funding based on new partnership structures, both in the 2004-06 programme and in the new Territorial Cooperation objective.

The scope for funding **people-to-people activities** was appreciated by project beneficiaries, although some interviewees stated that the lack of concrete outcomes achieved through these projects had been disappointing. There was some recognition however that activities such as sporting, cultural and education people to people projects were mainly aiming to achieve softer outcomes, such as changing cultural attitudes towards neighbours living across borders, and about encouraging social, educational and cultural contacts on a cross-border basis.

With regard to **financial additionality**, several of the lead project partners interviewed stated that their project could not have gone ahead in the absence of Interreg financial support.

2.4 Contextual factors and programme performance

2.4.1 Contextual factors and their role in determining programme performance

There are a number of contextual factors including those of a historical nature that characterise the programme area. The main factors cited by programme stakeholders interviewed as part of the case study are summarised below. While it is difficult to assess precisely the impact that contextual and historical factors have had in influencing the Priority South programme's performance, a number of conclusions can however be drawn with regard to the impact that these various factors have had in determining outcomes at the *programme level*.

A general decline in the level of cross-border cooperation taking place at an institutional level between local and regional authorities during the post-Soviet period. This resulted in the weakening of links and some institutional memory loss with regard to experiences of participating in cross-border cooperation activities. INTERREG helped reconnect public authorities in Latvia and in Lithuania that formerly had contacts on a cross-border basis during Soviet times. Interreg funding has served as a catalyst in promoting the rekindling of institution-to-institution cooperation. There was a strong interest among local and regional actors both prior to, and following EU accession in taking part in cross-border cooperation in order to address the weakening of ties in cross-border areas during the post-Soviet period. PHARE CBC and subsequently the availability of INTERREG funding have acted as an important stimulus in this regard.

The participation by local and regional authorities in pre-accession cross-border cooperation programmes, notably PHARE CBC. The experience gained through participation in pre-accession cross-border cooperation programmes was seen as having played a valuable role in the development of partnership structures and institutional mechanisms aiming at fostering cross-border cooperation. This helped to prepare public authorities for their participation in Interreg and helped support the development of a stronger project pipeline than would have been the case otherwise.

The existence of Euroregions within the programming area meant that there were already some institutional mechanisms and structures in place for promoting cross-border cooperation. A Euroregion is a form of transnational co-operation structure between two (or more) territories located in different European countries. In the Priority South IIIA area, there were already four Euroregions established in the border areas of Latvia, Lithuania and Belarus. These include i) Baltija ii) Baltuva iii) Country of Lakes and iv) Saule.

Euroregions do not have any direct power or correspond to any legislative or governmental institution, and their work is limited to the competences of the local and regional authorities, which constitute them. Nevertheless, their existence was helpful in various ways, for example, providing experience for local and regional authorities in working together on a cross-border basis, and in promoting capacity building among public authorities in implementing transnational and cross-border projects. It also meant that the drafting committee responsible for preparing the programme document were able to draw on previous socio-economic assessments of border areas prepared for the Euroregions. The presence of Euroregions helped to reinforce existing cross-border activities.

The creation of a new EU external border with Belarus when Lithuania and Latvia joined the EU in 2004. When Lithuania and Latvia joined the EU in 2004, there was necessarily a tightening of non-EU border areas (especially border crossings). This could potentially have hindered cross-border cooperation with the authorities on the Belarusian side of the border. In practice, however, this has not been the case and a number of interviewees commented that the level of participation by Belarusian partners was encouraging, with circa 45 partner organisations participating in total.

The participation of Lithuania and Latvia in the Schengen Border-free zone of the European Union from December 2007. This significantly reduced barriers between the two countries eliminating the need for border controls (initially by road, then also by air from March 31st 2008). This has made it easier to facilitate cross-border cooperation. There were implications for the programme. For example, projects to develop technical documentation for road projects located in cross-border areas no longer had to take into account the same border protection constraints as previously, which meant that plans for some roads could be rerouted. More generally, the coming down of borders, and the increased speed of crossing borders, was found to have had a significant impact in terms of promoting cross-border cooperation.

The strong macro-economic environment during which the INTERREG IIIA Priority South programme was implemented. Both Latvia and Lithuania have experienced strong economic growth at national level during the implementation period 2004-06 with rapid growth in GDP (circa +7 to +10%) and a big reduction in the level of unemployment. Some elements of the baseline situation and needs analysis were, quickly superseded by the pace of macro-economic change although the global economic downturn had already begun to affect the programming area by the time the final round of projects had been implemented. Strong economic performance during the 2004-06 period meant that beneficiaries, particularly municipalities and regional stakeholders, did not encounter problems in raising the necessary national public co-financing. They were also able to pre-finance projects.

There is increasing traffic volume transiting between Lithuania and Latvia with consequences in terms of the deterioration of roads in border areas. In line with the general increase in

economic activity and in levels of trade (both intra-Baltic States and between Russia and the EU), there has been a significant increase in traffic volume in border areas than at the programme outset, with some adverse environmental consequences. The fact that Belarus became an external EU border and that its political situation was complex has also contributed to an increase in transit traffic between Lithuania and Latvia.

At the *project level*, the in-depth discussions with 5 projects found that some of the contextual factors mentioned above have had an impact on project outcomes. For example, the need to strengthen cross-border links in order to address their having become much weaker during Soviet times was emphasised in the Conservation, Cooperation and Biodiversity project. In the case of Lake Druksai, the breakdown of communications between Lithuania and Belarus during Soviet times had prevented the formation of institutional contacts in environmental management. Establishing new networks of cooperation had a strong positive impact on the Lake's wildlife and biodiversity.

The value added in being part of an existing **Euroregion** was emphasised in Project YES. The lead partner stressed that the projects theme complemented the Euroregion Baltic Long Term Development Strategy, by prioritising economic and social development. This made the YES project consistent with wider EU policy.

The **elimination of border controls** as a result of Lithuania and Latvia's participation in Schengen was mentioned as an important contextual factor affecting the implementation of Project Regional Regeneration. The open border policy allowed partners, participants and specialists to take part in joint conferences and training workshops, which Belarusian partners found difficult to attend physically. Face-to-face meetings were made possible on a more frequent basis and ensured that new relationships were durable between Lithuania and Latvia. Cooperation intensity performance: Synthetic indicator values-explain values and compare with cluster

In Task 2, a synthetic indicator was defined and calculated to measure and compare the depth and intensity of co-operation of all examined programmes. It put together different variables quantifying the intensity of shared diagnosis of the needs of the cross-border region, the level of partnership and decision making power, the available management structures and the level of partnership developed, the nature and location of joint projects and the impact of the projects in developing cooperation. The values of these variables for the INTERREG IIIA programme South Priority are presented here in comparison to the programmes in the cluster and Strand A. The overall value of the synthetic indicator at 75.1 indicates a moderate depth and intensity of territorial cooperation, higher than the average of Strand A programmes although lower than that among the programmes in the cluster. It ranks 31st among the 56 Strand A programmes. The values of the individual components – defined based on the responses of the programme managers in Task 2 – reflect that while the programme structures and the programme strategy definition were only partly cross-border, the actual activities of the projects were in most respects really cross-border. The programme impact was also rated with a low value in the initial evaluation. However, in light of the evidence presented above it should probably be given a higher value. Still, given the small size of the programme, the actual impacts cannot be particularly strong.

Table 2.10 Programme performance Synthetic Indicator: comparison with cluster and strand A (mean)

	<i>Programme</i>	<i>Cluster</i>	<i>Strand A</i>
Extent of joint identification of needs	100	143	143
Governance and partnership	170	193	189
Nature and location of joint projects	200	182	170
Density of common actions	600	593	512
Impact of projects	57	69	66
Total	1127	1180	1080
<i>Synthetic Indicator Value</i>	<i>75.1</i>	<i>79</i>	<i>72.0</i>
Max		86.4	90.0
Min		72.4	31.8

As regards the presence of historic ties, tradition of cooperation and the wider regulatory context (Historical Variabels), the INTERREG IIIA South Priority programme is ranked quite low in relation to most other Interreg programmes – calculated value of 104 against an average of 137 of Strand A – which indicated the relatively unfavorable historical context in the post-Soviet period where the only cooperation structured were the recently formed Euroregions.

The expected value of the synthetic indicator (71.5) derived by the regression analysis that connects the historical variables with the synthetic indicator (determined in Task 2) deviates only by a small negative value (-3.6) from the observed value of the Synthetic Indicator of 75.1. It reflects that fact that the depth and intensity of cooperation actually achieved is marginally higher that what would be expected based on the limited prior historical ties. It reflects the positive role of the Euroregions and the success to bring together stakeholders at local and regional level from all three countries through a number of truly joint projects.

2.4.2 Extrapolating the results of INTERREG IIIA South Priority to the Interreg programme.

In this sub-section, we consider which results achieved through the Interreg IIIA South Priority programme are representative in terms of the performance of Interreg III overall and the extent to which the IIIA Priority South programme made a contribution towards achieving the aims of the programme overall.

Regarding the performance of Interreg overall, the typology in Task 2 found that more than 55% of the INTERREG programmes had concentrated budgets and high levels of commitments. The analysis also found high rates of achievement in terms of physical outcomes, and strong levels of sustainability.

The analysis of the IIIA Priority South programme identified similarly positive results in all of the above areas. The programme committed allocated expenditure, and achieved a high level of financial absorption, there was a high level of stability of programming, and physical targets set were met or exceeded, although there was a question mark as to whether these should have been set at more ambitious levels. Furthermore, the analysis confirms that most projects achieved sustainable outcomes, both in terms of the continuation of partnership activities beyond project funding, and the use of project deliverables beyond the lifetime of the project.

3 Evaluation of utility and efficiency

3.1 Policy coherence of programme

3.1.1 Coherence with regulatory framework

The extent to which the IIIA programme took into account, and was coherent with the regulatory framework was analysed. The coherence of the programme with its regulatory obligations was assessed in the ex-ante evaluation. This found that the programme document took due account of relevant EU and national legislation, policies and guidance, including the guidelines on Interreg. Our assessment also suggests that the INTERREG guidelines, and other regulatory requirements relating to the ERDF Regulations were taken into account. The procedures and eligibility rules set out in the Programme Complement appear to be consistent with the ERDF Regulations and with the detailed implementing rules.

The Latvian national authorities commented that it might have been useful to set out the different tasks and responsibilities of the different institutions involved in programme implementation (particularly in respect of the national sub-committees) in national legislation. Such legislation has now been introduced for the new Territorial Development Programmes in 2007-13.

It is also worth mentioning that the programme planning process took into account key EU policy developments having taken place since the 1999 ERDF Structural Fund Regulations were drawn up, notably the adoption of the Lisbon strategy and the achievement of social and economic cohesion. There was an emphasis on some Lisbon goals, such as promoting entrepreneurship and innovation. However, within the constraints of such a small programme, there were limitations in terms of the extent to which it was appropriate (or possible) for the programme to closely follow Lisbon in terms of the types of expenditure.

3.1.2 Coherence with other INTERREG programmes in region

The Priority South IIIA programme was closely integrated into the wider Baltic Sea Region IIIB programme. This provided an opportunity to ensure coherence with, and close coordination between the IIIA programme Priority North (Latvia-Estonia-Russia) since the JTS in Riga was responsible for day to day management aspects of both programmes. In practice, this meant that project managers working on both the IIIA Priority South and Priority North programmes respectively were working together in the same office. This facilitated coordination and strengthened coherence, and allowed for frequent exchange of information and experiences.

There was some overlap in terms of the geographic programme area between Priority South and Priority North. However, care was taken to ensure coherence with other INTERREG programmes. For example, the counties of Latgale, Zemgale and Kurzeme in Latvia were eligible under both programmes. However, steps were taken to ensure coherence between the two programmes, with coordination at the programme planning stage between the drafting committees responsible for preparing the CIP programme documents for Priority South and Priority North respectively. During the implementation of the two programmes, the national sub-Committees were responsible for advising the programme Steering Committees in order to help ensure that projects supported under one programme were not too

INTERREG III ex-post evaluation. In-depth evaluation of the PROGRAMME: INTERREG IIIA Priority South Programme (Latvia – Lithuania – Belarus)

similar to those already being supported through the other programme. This also helped avoid the double funding of projects.

Another means of ensuring coherence between programmes was through there being contacts between regional and national authorities involved in the various INTERREG programmes supported across the Baltic States through the national-subcommittees. There was also cooperation between the Joint Technical Secretariat responsible for many aspects of the implementation of the Priority South programme and their counterparts responsible for the Lithuania-Poland-Kaliningrad IIIA programme.

All programmes across the Baltic States faced common challenges and there was therefore a reasonable degree of contact and coordination between the different programmes in order to share experiences and to find solutions to problems. Among the challenges included implementing INTERREG programmes for the first time, and also the question of how to combine ERDF and TACIS financing effectively.

3.1.3 Coherence with other EU interventions

There appears to have been strong coherence between INTERREG interventions and other types of EU funded support notably national Structural Funds, but also the other Community Initiative Programmes in which both Latvia and Lithuania took part, including EQUAL and LEADER.

In terms of coherence between Interreg and mainstream Structural Fund interventions, there was regular interaction between the authorities responsible for implementing mainstream Structural Funds. Representatives from national and regional authorities involved in Interreg also participated in bodies involved in monitoring Structural Funds implementation and were consulted by the Lithuanian and Latvian Ministries of Finance which had overall responsibility for national Structural Funds. Moreover, a check was carried out by the JTS in Riga to ensure that the types of projects eligible for support under INTERREG did not overlap. The national sub-Committees played an important role in ensuring that there was no duplication between INTERREG and Structural Funds programmes in particular. The two national sub-Committees were responsible for carrying out a review of the initial list of projects selected by the Selection Committee so as to ensure that there was no duplication of activities already having been supported through EU support.

Less active cooperation took place with those involved in other Community Initiatives (LEADER, EQUAL) but this was not seen as being as important, given that different types of interventions were being supported. There were synergies between Interreg, Objective 1 and the promotion of local and economic development in border regions. However, those interviewed stated that there was unlikely to be duplication given that many of the projects supported through INTERREG would not have been able to obtain funding through Structural Funds, either because of the type of beneficiary in question (smaller organisations with lower levels of capacity may face difficulties in accessing classical Structural Funds), or because of their size and scope.

3.1.4 Inter-institutional co-ordination and coherence between INTERREG and existing local cooperation networks

With regard to inter-institutional co-ordination, the division of tasks between the different institutions is clear. There was evidence of good coordination on INTERREG between local, regional and national authorities. One criticism of the programme, however, could be the need to consult more closely with wider economic and social partners both during the drafting process and in monitoring programme implementation. This could perhaps have been achieved through the participation of wider stakeholders on the national sub-committees.

The Euroregions were the only prior cooperation structures and networks, which – as explained earlier – did not have any legal form and power and were more informal partnerships between the local and regional authorities. Still, the programme strategy was informed by the socio-economic assessment prepared by the Euroregions while the cooperation networks and relationships already developed were exploited and reinforced through the programme activities.

3.1.5 Public reputation – perception of the programme in local, regional and national media

The discussions suggest that overall, the Interreg IIIA programme was viewed positively by the media and by the general public living in border areas.

At the local and regional level, because of the relatively peripheral situation of border areas, and the fact that villages and towns in these areas tend to have small population sizes, the programme generated significant local media interest in projects, especially in the print media. Because of the involvement of relatively small-scale organisations at community level and of local authorities, there was strong interest in Interreg from local media.

Individual projects at the project level examined through this case study suggest that there was substantial media interest at local and regional levels in projects (with particular interest in cultural, tourism and environmental management projects). Projects often engaged the local media through an initial public briefing meeting. For example, the focus on local arts and culture in the Art without Borders project attracted considerable media interest, at least on the Latvian side. Another good example is the Conservation, Cooperation and Biodiversity project which was centred around the protection of wildlife and endangered species within cross-border wetlands. In order to attract local attention to the pressing environmental needs of the area, it was necessary to engage with local media to disseminate information and to raise awareness among local inhabitants. Interviewees having formerly worked for the JLS were pleased with the level of media attention in border areas within the eligible programme area.

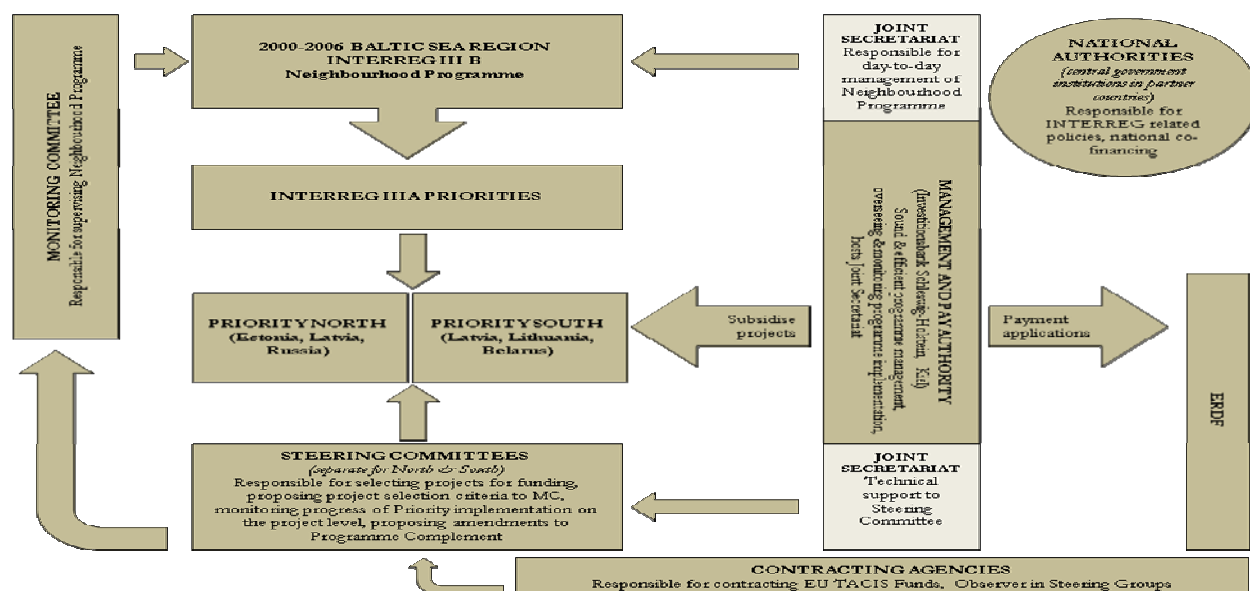
At the national level, in comparison with Structural Funds, the level of awareness about INTERREG programmes in the national media was lower. However, there were nevertheless a number of positive activities. Several information and awareness-raising activities took place at both project and programme levels. For example, Latvian TV showed a documentary about the INTERREG initiative in Latvia with interviews with few project managers and with the Head of the Riga office, and some project activities were presented in national newspapers, the Air Baltic magazine etc.

3.1.6 Rules, structures and procedures

Programme Management Structure

An overview of the programme management structure is provided in figure 3.1.

Figure 3.1 Programme management structure. INTERREG IIIB Baltic Sea Region (focus on Priority South Interreg IIIA)



When the INTERREG IIIA programme Priority South was set up, the **programme management structure** for its implementation was integrated into the existing INTERREG IIIB Baltic Sea Region programme. *Investitionsbank Schleswig-Holstein* in Kiel, Germany fulfilled the functions of both the **Managing Authority (MA)** and **Paying Authority (PA)** respectively. In other Interreg programmes, these roles are usually carried out by separate organisations). This approach was adopted because it was felt to be more effective to integrate Priority South and Priority North, which were very small programmes, into the existing management structures of the INTERREG B Baltic Sea Region. The combination of the functions of the MA and PA by the same institution applied equally to the wider programme, and was not felt to be a problem in ensuring independence between the MA and PA due to the application of a strict separation.

Investitionsbank had overall responsibility for implementing the BSR INTERREG III B Neighbourhood Programme. Among the responsibilities of the MA were ensuring sound and efficient programme management, hosting the Joint Secretariat and monitoring the overall implementation of the programme. Among its responsibilities in its capacity as the Paying Authority included drawing up and submitting payment applications for ERDF funds to the European Commission, receiving payments and the disbursement of project funding to lead project partners.

A **Joint Technical Secretariat (JTS)** was established for the overall BSR INTERREG III B Programme with Offices in Rostock (Germany) with a branch office established in Riga (Latvia). The JTS in Riga and Rostock operated together as one team, sub-divided into staff dealing with the Interreg IIIA programmes, and those with the IIIB. The two teams were split between both locations with a Project

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IIIB Manager located in Riga and the IIIA financial manager located in Rostock (as part of the JTS financial unit). The Programme Director for the two offices of the JTS was located in Rostock. The role of the JTS in Rostock was not only supportive, but operational.

While the management structure was integrated into the Baltic Sea Region programme, there was a certain amount of autonomy in decision-making. For example, the programme strategy was developed by a Task Force comprised of representatives from each of the three participant countries. Likewise, decisions with regard to how the financial allocation would be split between the two programme topics were made by the public authorities in Latvia, Lithuania and Belarus.

A **Steering Committee** was set up for the Priority South IIIA Programme. This had a number of tasks and responsibilities including: proposing project selection criteria to the Monitoring Committee for the overall Baltic Sea Region IIIC programme, project selection, monitoring progress in respect of the project implementation within the programming area and proposing any necessary amendments to the Programme Complement. The Monitoring Committee was responsible for supervising the implementation of the INTERREG III B Neighbourhood programme with the aim of ensuring its overall quality and effectiveness. It was informed in carrying out its work by the JTS, which played an important technical support function. A chairperson for the Steering Committee was appointed on an annual basis, and the chair rotated between Lithuania, Latvia and Belarus.

National sub-committees were also set up in Lithuania and Latvia with a remit to inform the work of the Steering Committee and to help it oversee the Interreg programme's implementation. The sub-committees, which were comprised of local, regional and national authorities, provided a framework for discussing INTERREG matters and reviewing programme performance. Their role was to assist the Steering Committee in its task of monitoring programme implementation, and to screen the list of projects selected by the IIIA Priority South Steering Committee in order to ensure that project applications had not already been funded through Structural Funds. The Steering Committee was then responsible for making final decisions with regard to project selection.

Public authorities at local, regional and national levels were represented in the programme management structure. At the national level, the Ministry of Regional Development and Local Government in Latvia, the Ministry of Interior in Lithuania and the Ministry of Economy in Belarus played an active role in programme implementation. This was appropriate given that they are the responsible authorities for promoting regional development at national level in the three respective countries. They were represented on the IIIA Priority South Steering Committee.

There was also active participation in the programme and its implementation structures at the regional level. While there were no specific regional structures set-up to implement INTERREG, regional authorities were well represented in the programme's Steering Committee, which included representation from regional authorities in Latvia, Lithuania and from different Oblasts, included within the programming area in Belarus. A number of Regional Development Agencies were also represented, as well as county administrations and from Belarus, a representative from the Regional Executive Committee.

INTERREG III ex-post evaluation. In-depth evaluation of the PROGRAMME: INTERREG IIIA Priority South Programme (Latvia – Lithuania – Belarus)

There was also some representation in programme management structures at the level of local authorities, for example, through the participation of the Association of Local Authorities in Lithuania in the programme Steering Committee. Municipalities and City Administrations were also involved in the programme but mainly as beneficiaries of Interreg projects.

The EC Delegation to Belarus in Minsk acted as the Contracting and Paying Authorities for the Tacis element of the programme. The National Coordination Unit in Belarus was responsible for the participation of Belarus in the Neighbourhood Programme, and for the use of TACIS funding.

Effectiveness of programme management arrangements

With regard to the effectiveness of programme management arrangements, the fact that the Priority South Programme was integrated into the wider Baltic Sea Region INTERREG IIIB programme management structure was felt to have been an effective means of implementing the programme. This was seen as helpful for a number of reasons, including: the short duration of the programming period 2004-06 compared with programmes that had started in 2000, the lack of experience in setting up management structures, and the opportunity to benefit from the expertise of the Managing Authority, the Investitionsbank Schleswig Holstein in Kiel and the JTS located in Kiel.

Another advantage of drawing on existing structures was that resources did not need to be devoted to the challenges of setting up management structures from scratch, and this enabled the programme to get underway quicker than would have otherwise been the case.

It was helpful for the IIIA Priority South to be able to make use of procedures already developed through the wider IIIB Baltic Sea region and to tailor these for the purposes of implementing the Priority South programme. This considerably facilitated the drawing up of procedures, including manuals, the preparation of guidance for applicants and application forms.

Both Lithuania and Latvia as new participant countries in the INTERREG programme appreciated avoiding having to set up management and implementation structures from scratch. Being part of a much wider programme provided useful learning experiences. This in turn helped influence the planning and implementation of the 2007-13 Territorial Cooperation programmes.

While a criticism could arguably be made that the programme management structure was somewhat cumbersome given that there were effectively two Joint Technical Secretariats, as well as the fact that the programme was managed from a third country, Germany. However, in practice, the branch office in Riga and through the Steering Committee comprised of local, regional and national authorities from Lithuania, Latvia and Belarus, there was strong ownership of the programme and the management structure based on an existing larger structure was felt to have given the Priority South a head start in commencing programme implementation.

There could potentially have been issues with regard to ensuring that Lithuania and Latvia developed the necessary management capacity to implement cross-border cooperation programmes in future on their own, given that the programme was managed overall from a third country. However, in practice, the JTS in Riga had significant operational responsibilities relating to programme management and implementation, with the MA playing an overseeing and coordination role. There was a consensus among

stakeholders interviewed that there were far more positives than negatives in having the programme managed out of Germany, with evidence that this promoted capacity building among JTS staff and led to the transfer of expertise.

3.1.7 Selection of projects

The Programme Complement set out various rules on participation in the programme, including a definition of the types of legal entity eligible to be lead and project partners, as well as project selection criteria and information on how the project selection process operated.

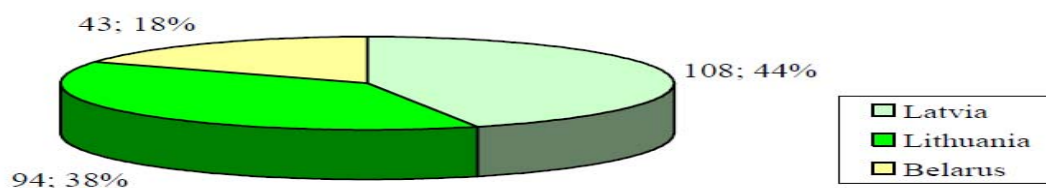
With regard to the **project selection process**, applications in each funding round were submitted to the Joint Technical Secretariat (JTS) branch in Riga. The Riga JTS branch was responsible for carrying out an initial check of the project application leading to the preparation of a project pre-assessment, which was sent as a supporting document to the Priority South Steering Committee (SC), which was responsible for reviewing the project applications and for selecting projects for funding. The SC was comprised of between 3 and 5 members from each participating country (this varied slightly during the programming period).

Once the SC had selected an indicative list of approved projects, these were then reviewed and discussed by the National Sub-Committees in Latvia and Lithuania respectively. The purpose was to verify whether a reasonable balance had been achieved between different types of projects across the two Priority topics for Priority South, and to check that these did not duplicate projects already being supported through national Structural Funds.

Application forms and guidance for applicants were prepared by the JTS in Riga. Applications had to be submitted in English, with the possibility of providing supporting documents in the appendices to project applications in national languages. The same application form was used for both large and small-scale projects. As far as guidelines on **project size and duration** are concerned, the recommended project size was between EUR 50.000 – EUR 1 million for the ERDF funding element. There was also specific support to encourage small-scale projects facilitating co-operation between local and regional authorities. A simplified procedure was set up for small-scale projects between EUR 5.000 - 50.000 ERDF funding.

With regard to rules on **partnership arrangements**, all projects had to include partner organisations from at least two participant countries. Projects involving partners from all 3 countries were strongly encouraged. As far as the intensity of partnerships is concerned, a total of 245 partners participated in the programme across 53 projects, equating to an average of 4.6 partners per project. The Managing Authority and the JTS were pleased with the level of participation of Belarusian partners in the programme, given the importance of the external cooperation dimension. The following diagram shows participation in the programme by country. It demonstrates that partners from all 3 countries were well represented in the programme.

Figure 3.2 Distribution of programme' participation by country (number of participants)



Source: www.bsrinterreg3a.net

Two types of **project selection criteria** were set, the first related to eligibility criteria, such as ensuring that the lead partner and project partners were eligible to participate in Interreg, that project applicants had the necessary co-financing arrangements in place, etc. The second set of criteria were based on a technical assessment of the application's quality. The assessment of quality was based on a number of headings, including those the project's relevance and value added, the quality of the overall approach and the likely effectiveness of proposed partnership arrangements. Other factors considered included the proposed budget and management arrangements and the extent to which the applicant had thought through how project outcomes would be promoted and disseminated. The capacity of the proposed lead partner organisation to undertake project and financial management was also taken into account.

Staff working for the JTS branch in Riga were able to provide advice to applicants on general issues relating to the preparation of their applications. An effort was then made to ensure that those staff providing advice to potential applicants were not involved in assessing the respective project applications. The Steering Committee was then responsible for making final selection decisions. Overall, the project selection criteria developed were appropriate and appear likely to have contributed to promoting the development of high quality project applications.

3.1.8 Financial management

As set out in 2.7.1 detailing the overall programme management structure, Investitionsbank Schleswig-Holstein in Kiel assumed the functions of both the Managing Authority and Paying Authority respectively. With regard to financial management aspects, the functions of the Paying Authority included drawing up and submitting payment applications for ERDF funds to the European Commission, receiving payments and the disbursement of project funding to lead project partners. No major problems were reported in respect of the payment of ERDF funds, although the absence of an advance payment was seen as unhelpful in facilitating the participation of smaller beneficiaries in the programme, such as NGO's.

During programme implementation, the allocation of the budget to the two main programme 'topics' and to sub-priorities within these topics was determined by a Joint Task Force, which involved cooperation between the national and regional authorities of Latvia, Lithuania and Belarus. In the majority of cases, the lead partners were either Lithuanian or Latvia and assumed responsibility for making ERDF payments to project partners. Four projects were however led by partners from Belarus. These were supported in the fifth and final application round, however, when there was only TACIS funding available.

3.1.9 Monitoring and evaluation processes

The Joint Technical Secretariat in Riga and Rostock were responsible for carrying out monitoring as part of their Programme Management functions. The JTS in Riga was responsible for project level monitoring, while the JTS in Rostock assumed responsibility for financial monitoring.

With regard to evaluation, no national evaluations have been undertaken of the INTERREG programme. However, an assessment of programme performance has been undertaken as part of an *Evaluation Study on the Use of Outcomes Produced in the Baltic Sea Region INTERREG III B Neighbourhood Programme* (Final Report, October 2008). The evaluation examined progress against targets from an outcomes perspective. This included one part of the report, which focused on the identification of project outcomes, the use of project outcomes and in instances where outcomes had not been utilized at all or only partially used, an assessment of the reasons why.

A positive finding was that new project partners that had not participated in cross-border cooperation projects previously gained much more than they expected through their involvement in INTERREG IIIA projects. Project partners participating for the first time stated that they were likely to build on this through future funding applications both for cross-border cooperation funding support and in some instances, also through national Structural Funds. 'For many the project had been an opportunity to learn and to create contacts, which they had not had the opportunity to do before. A new generation of project participants has been created which will be active in the new project period. Many of the IIIA partners were now ready for larger-scale cross-border projects'.

3.2 Sustainability

Sustainability

Sustainability can be examined from different perspectives. At the project level, a key issue was the extent to which outcomes achieved are likely to be sustainable, and the deliverables produced through projects continue to be used. A further issue relates to the durability of partnerships. Another question relates to financial sustainability, the extent to which project activities have continued, or are likely to continue, in the absence of EU funding.

The research identified a number of examples of projects that have achieved sustainable outcomes. Deliverables produced through the project had continued to be used and further developed and adapted beyond the project lifetime. A good example is the Urban Renaissance project led by Daugavpils City Council, which led to the development of a long-term urban regeneration strategy and follow-up activities linked to its implementation, which have continued beyond the lifetime of project funding. Other examples of projects where outcomes had been used beyond the project implementation period include the CBRM project, where a cooperation agreement has been signed between the Latvian and Lithuanian fire services to allow them to work cross-border to ensure access to emergency services support, and to share resources, in border areas.

With regard to the sustainability of partnerships, the starting point was to find out whether projects examined in-depth were entirely new or based on pre-existing partnerships. The second step was to

INTERREG III ex-post evaluation. In-depth evaluation of the PROGRAMME: INTERREG IIIA Priority South Programme (Latvia – Lithuania – Belarus)

assess whether, following INTERREG funding, these partnerships were likely to continue beyond the lifetime of project funding and if so, on what basis.

The discussions suggest that in several cases, while the amount of funding received was relatively modest, the partnership structures developed were likely to be sustainable and lead to additional project ideas and applications for further EU cross-border cooperation funding. For example, YES maintains a successful business incubator network that provides advice and assistance to similar organisations that are seeking EU cross-border cooperation funding.

In other cases, cooperation had continued between the members of the partnership, even if follow-up applications for funding had not been successful. In such cases, municipalities had self-financed ongoing cooperation activities, but these were on a more limited scale than had been the case when Interreg project funding had been received.

The monitoring system included an indicator on the number of follow-up activities undertaken following the implementation of INTERREG projects. The monitoring database identified a large number of projects that led to further follow-up activities, such as the submission of applications for further EU financing following the preparation of technical documentation financed through Interreg. Typically, such projects were related to infrastructure upgrading. In some cases, the Interreg project enabled initial preparatory work to be carried out, with an application subsequently being made through mainstream Structural Funds for new infrastructure development.

4 Conclusions

This final section summarises the conclusions from the assessment of the INTERREG IIIA South Programme for LT-LV-BY.

Previous experience of cross-border cooperation and its role in Interreg

There was limited experience of cross-border cooperation during the early post-Soviet period between Lithuania, Latvia and Belarus. However, **some relevant experience was gained through the pre-accession cross-border cooperation programmes** supported prior to EU accession in 2004. The positive experiences gained through the Phare CBC programme and the setting up of Euroregions played an important role in developing the necessary institutional capacity among local, regional and national authorities to participate in Interreg.

The targeting of resources

Reflecting the small size of the Priority South IIIA programme (circa 10.4m EUR of ERDF allocation) compared with other Interreg programmes, the programme focused on a small number of areas of intervention. These included tourism promotion, environmental management, the development of business services and cross-border transport infrastructure. There was also a focus on softer projects, in particular, strengthening the potential for cross-border cooperation at both a people-to-people and an institutional level.

Given the programme's size and the short duration of the programming period, concentrating on a small number of thematic priority areas was an appropriate approach. While there was not a strong focus on interventions directly linked to the Lisbon aims, this reflected both the programme's limited financial scope and the fact that national Structural Funds had been drawn up with the Lisbon objectives more explicitly in mind.

Financial performance

The programme performed well overall from a financial perspective. The level of commitments achieved was much higher than many other Interreg programmes, and there were also high levels of absorption. The fact of having a single Priority, with no fixed measure-level budget allowed maximum flexibility in allocating resources, which was appropriate given the programme's small financial allocation.

Programme management and coordination arrangements

The integration of the Priority South IIIA programme into the wider Baltic Sea Region Interreg IIIB programme management structure had a positive impact. The fact that the management structure, as well as rules and procedures relating to programme implementation had already been developed enabled a greater focus on other aspects of programme implementation. This was seen as beneficial both by the Joint Technical Secretariat (Riga branch), as well as by regional and national authorities in Lithuania, Latvia and Belarus.

The fact that the Priority South Interreg IIIA programme was not managed jointly between participant countries, but rather was overseen by a Managing Authority located in a third country was not

considered to have been a problem. In practice, **the Lithuanian, Latvian and Belarusian authorities had active involvement in programme management and implementation.** While overall responsibility for the programme lay with the Managing Authority based in Germany (Kiel) and responsibility for financial monitoring with the JTS in Rostock, a number of elements of the management structure were under the responsibility of participant countries. The Priority South Steering Committee and the two national sub-committees (in Latvia and Lithuania) were comprised of representatives from national and regional authorities in each of the participant countries. This provided a strong sense of ownership for programme stakeholders. The JTS in Riga was also staffed with personnel from the Baltic States and from Belarus, with operational management responsibility being shared with the JTS in Rostock.

Building on the management framework provided by the existing BSR Interreg IIIB programme **saved considerable time in getting the programme underway** which was valuable given the short duration of the programming period. The unusual programme management structure meant that staff at the JTS Riga branch had access to experienced programme managers and staff from the Joint Technical Secretariat in Rostock. This meant that new staff brought in to help resource the implementation of the Priority South programme worked alongside existing staff having extensive experience in implementing Interreg. This facilitated the **transfer of experience between the different Interreg programmes** (Interreg IIIA and IIIB) and **promoted capacity building.**

Challenges in implementing Interreg

Among the **challenges** the programme faced include: overcoming the legal and administrative differences between participant countries (which presented an obstacle to the development of truly joint cross-border structures); the complexity in having a non-EU country involved, the difficulties in synchronising TACIS and ERDF funding, and problems in attracting the participation of the private.

Other issues that were problematic included the absence of an advance payment to successful project applicants. This was seen as having potentially deterred some NGOs and smaller organisations from participating in the programme, although it does not generally seem to have been a problem, with local authorities drawing on their own funds to advance finance the initial stages of projects.

Indicators and target setting

In common with many other Interreg programmes, there were difficulties in developing meaningful indicators and in setting realistic targets for these. While **the indicator system lacked clear definitions as to how outcomes should be measured,** it did capture some useful basic information about quantitative outputs and results.

It should be pointed out that there are inevitably difficulties developing indicators in respect of smaller-scale Interreg programmes, especially given that the projects supported were not that numerous and very diverse in character making it difficult to find indicators that can easily be aggregated at the programme level. The indicator system and monitoring framework could also perhaps have given **greater consideration as to how to capture 'soft' as well as hard outcomes,** given that there are difficulties in measuring the outcomes of Interreg programmes.

Linked to the question of indicators, there were also **problems in respect of target setting**. The lack of previous participation in Interreg meant that data was not available on what was realistic to achieve through the programme. These were cited as the main factors why targets often significantly underestimated the programme's actual achievements.

Programme outcomes

The short duration of the programming period means that the programme's longer term impacts on the capacity for cross-border cooperation and on socio-economic development (to the extent that this is possible to measure given the limited programme size), may only become apparent over the medium-long term. Nevertheless, **various positive impacts can be attributed to the programme**.

The programme was **successful in stimulating cross-border cooperation** in particular through the **creation of new, and the strengthening of existing partnerships** between local authorities, other types of public sector organisations, and NGOs. Examples were provided in the case study of new partnerships established that brought together partners that had not previously cooperated. Cross-border structures created as a result of the Priority South programme have tended to be set up using a dual structure approach, with parallel structures operating on either side of border regions. It has proved difficult for truly joint structures to be created given the significant differences in legal frameworks between Latvia, Lithuania and Belarus respectively.

Existing partnerships between different types of beneficiaries – local and regional authorities, schools, cultural organisations, NGOs, etc. – have been strengthened and reinforced.

Relationships between partners are likely to continue in many cases beyond the project lifetime. Partnerships are likely to be sustainable, with examples provided of municipalities that submitted a number of follow-up INTERREG applications following their initial successful project application. The possibility of obtaining further funding support for example, through the new Territorial Cooperation Programme⁷, has served as an incentive to encourage actual and potential project beneficiaries to continue working together in partnership on cross-border cooperation issues.

The capacity of local and regional authorities to develop project applications, and to implement EU financed projects on a transnational basis has been strengthened.

The experience gained in implementing relatively small-scale projects through INTERREG has helped develop the capacity to implement larger-scale projects in future, either financed through national Structural Funds or through the new Territorial Cooperation objective 2007-2013.

Smaller organisations and institutions that due to capacity limitations would not otherwise have been able to access mainstream Structural Funds have been encouraged to participate in EU financed projects.

INTERREG was seen as more flexible and easier to access than national Structural Funds, which was more difficult to obtain due to the lack of experience, resources and technical capacity of many smaller organizations located in border areas.

Overall, there has been an **increase in the intensity of partnership working** across borders in terms of the number of partner organisations participating in cross-border activities across the programme area.

⁷ This has new geographic eligibility boundaries which concentrate on cross-border territories more closely. The budget is approximately six times larger than the 2004-06 Priority South programme.

Barriers have been broken down as a result of cross-border cooperation. In Soviet times, there was relatively frequent communication and interaction at an institutional level across borders in the Baltic States. Since independence, in the post-Soviet era, links and cooperation diminished and there was a need for the renewal of contacts, particularly at the municipality level. INTERREG has helped to eradicate physical barriers (in terms of improving accessibility) as well as psychological obstacles (breaking down borders).

INTERREG has stimulated closer joint working on common issues affecting border areas. Funding has incentivised stakeholders to come together to implement joint projects and initiatives, and to establish cross-border networks and structures. Among the common challenges that have been addressed through the Interreg IIIA Priority South programme include setting up environmental protection and monitoring systems, the development and upgrading of existing tourism infrastructure and services, and fostering entrepreneurship. It is unlikely that cross-border cooperation would have occurred to the same extent in the absence of intervention.

A good number of the cross-border networks developed through Interreg have proved sustainable, with partner organisations often being involved in **follow-up activities and in applications for further project funding** both in relation to cross-border projects, and sometimes, for national Structural Funds projects. Examples include the Urban Renaissance and CBRM projects, which both led to follow-up activities being carried out, some self-financed drawing on funding from project partners alone, others tapping into different types of EU financing support.

Other outcomes include the **exchange of experiences across borders**, particularly those involving institution-to-institution cooperation between municipalities and other public sector organisations. Less positively, while people to people projects were seen as having had some benefits for project participants, there was not much evidence of more sustainable impacts.

External cooperation has been reinforced in line with the EU's neighbourhood policy. 42 Belarusian partner organisations took part in the programme, which exceeded expectations. Less positively, there was a delay in TACIS funding being made available until the second application round. There were also relatively long and complex procedures at national level in Belarus for approving projects selected by the Priority South Selection Committee.

Achievement of objectives

In common with other Interreg programmes in the new member states, the **programming period had a limited duration (2004-06)**. This imposed some constraints in terms of the extent to which progress could be made towards the programme's overall objectives, as well as those at the Topic level. Although the INTERREG programme had limited resources compared with national Structural Funds, the programme was nevertheless felt to have **made a contribution towards realising the objectives** set at the level of the programme overall, and in respect of its two main topics.

In relation to the aim of promoting access to new markets and strengthening competitiveness (Topic 1), the programme made some progress, although less business support projects were supported than envisaged. Greater progress was made towards the aims of Topic 2, namely: Supporting (economic and social) development and strengthening co-operation at both a people-to-people and at an institutional

level. Most of the projects supported under Topic 2 appear to have broadly achieved their aims, with evidence that partnership structures established are likely to be durable, particularly those involving institution to institution cooperation.

The decision to include provision for a **small project facility within Topic 2** helped to make the programme accessible for smaller, less well developed organisations, including NGOs. The greater flexibility that Interreg afforded in terms of the types of projects that could be supported, as well as the simpler application form in comparison with national Structural Funds was seen as beneficial by both programme managers and beneficiaries alike, particularly for smaller organisations. Across the programme as a whole, there was a good mix between small, medium and large projects.

Sustainability and Community Value Added

As far as **sustainability** is concerned, many projects **achieved sustainable results and impacts**, both in terms of the deliverables / outputs produced, and the **durability of the partnership structures** either created or strengthened as a vehicle to participate in cross-border cooperation projects. For example, many project outputs, such as strategies and action plans, have been actively used, and further developed by project beneficiaries themselves, well beyond the timeframe of the initial project since these were in many cases useful for the everyday activities of local authorities and other types of beneficiary organisations.

Overall, the Priority South Interreg IIIA programme demonstrates strong Community Added Value. Prior to EU financing being made available, firstly through PHARE CBC and then post-accession through INTERREG, there was little national funding support for cross-border cooperation in Latvia, Lithuania and Belarus. The European dimension of the programme can therefore be considered as adding value since this appears to have been a major catalyst in stimulating and improving the quality of cross-border activities.

ANNEX A Interviews

Table A List of interviews

No.	Name	Organisation	Role
1	Václav Kaplan	Joint Technical Secretariat, Rostock Baltic Sea Region Programme Interreg IIIB Investitionsbank Schleswig-Holstein	Finance Officer Formerly Finance Manager for IIIA South and North priorities
2	Ieva Kalnina	Interreg IIIA Priority South and Priority North, JTS, Riga office	Formerly Interreg IIIA (Priority South and Priority North)Head of JTS Riga office
3	Vineta Griekere	Joint Technical Secretariat branch, Riga, Latvia Latvian State Regional Development Agency	Project Officer, Baltic Sea Region INTERREG III B Programmne, JTS, Riga office
4	Anna Djakova	Territorial Cooperation Unit Ministry of Regional Development and Local Government (MRDLG) Latvia	Member of Priority South Steering Committee
5	Iveta Puzo	Ministry of Regional Development and Local Government (MRDLG) Latvia Formerly Interreg IIIA Priority South JTS branch, Riga	Former project manager at IIIA South Priority, JTS, Riga office
6	Leonid Orlov	National Coordination Unit Belarus for the EU's Tacis Programme	NCU representative for Tacis Member of Steering Committee IIIA South Priority
7	Dzmitry Sharko	Formerly Interreg IIIA Priority South JTS branch, Riga	Former TACIS manager, JTS, Riga office
8	Birute Markeviciute	Formerly Interreg IIIA Priority South JTS branch, Riga	Former Project manager IIIA South Priority, JTS, Riga office
	Name	Interreg IIIA Project Title	Role
9	Oksana Jacmenova	Regional Regeneration	Project Leader
10	Daina Krivina	Art Without Borders	Project Leader
11	Ingrida Tatarune	Youth Entrepreneurship and Sociability	Project Leader
12	Litaurus Rodonykis	Conservation, Cooperation, Biodiversity	Project Leader
13	Tanya Yuta	CBRM	Project Leader