

Final Report

Ex-ante Evaluation
of the Lithuania-
Poland-Kaliningrad
INTERREG IIIA
Community Initiative

December 2003



Centre for
**Strategy & Evaluation
Services**

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INTRODUCTION

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This document contains the final report on the *ex-ante* evaluation of the Lithuania-Poland-Kaliningrad INTERREG IIIA Community Initiative Programme. The assessment was carried out by the Centre for Strategy and Evaluation Services (CSES) on behalf of the Lithuanian Ministry of Interior between October and December 2003.

1.1 Purpose of *Ex-ante* Evaluation

The purpose of the *ex-ante* evaluation, as defined in the terms of reference, was to:

- Assess whether the programme was an appropriate means for addressing the identified problems and objectives to be reached/ issues confronting the area;
- Establish whether the CIP had well defined strategic axes, priorities and objectives;
- Contribute to the quantification of objectives and the establishment of a basis for monitoring and future evaluations;
- Examine the adequacy of implementation and monitoring arrangements.

In accordance with Article 41 of General Regulation 1260/99, an *ex-ante* assessment of the Community Initiative Programme must be undertaken and a summary included in the CIP. However, beyond fulfilling formal requirements, the *ex-ante* evaluation exercise has contributed to improving the quality of programme documents by offering advice on specific issues and through the making of recommendations in the interim *ex-ante* evaluation report – many of which were taken on board and subsequently included in the November 03 version of the CIP. Improvements and amendments stemming from comments made by the *ex-ante* team mostly related to the baseline assessment.

1.2 Background, Key Issues and Methodology

Below, we briefly outline the background to the Lithuania-Poland-Kaliningrad INTERREG Community Initiative Programme, together with the methodological approach adopted for carrying out the *ex-ante* evaluation.

INTERREG is the Community Initiative to promote cross-border and transnational co-operation and is funded under the European Regional Development Fund (ERDF). INTERREG III (“trans-European co-operation intended to encourage harmonious and balanced development of the European territory”) has three stands. Strand A – under which the programme examined in this document is being funded – concerns ‘cross-border co-operation’ with the aim of ‘promoting integrated regional development between neighbouring border regions, including external and certain maritime borders’.

Lithuania will participate in two INTERREG IIIA programmes in 2004–06. The first (which this evaluation relates to) involves Lithuania, Poland and Russia (Kaliningrad Oblast) while the second involves Lithuania, Latvia and Belarus.

In terms of resources, the LT-PL-KL INTERREG IIIA programme (according to the November 2003 version of the CIP) has indicatively been allocated €62m of resources (EU and national financing) for 2004–06, broken down as follows: 16.5m euros for Lithuania, of which three-quarters will come from ERDF, 32.2m euros for the Polish side, of which two-thirds will come from ERDF – the remainder in each instance will come from national public co-financing. With regard to Kaliningrad, the new Neighbourhood Programme provides substantial additional financial resources to fund cross-border

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projects. In total, 5m euros will be available under the Neighbourhood Programme with a further 4.5m euros provided under TACIS – a total of 9.5m euros.

Key Issues and Methodology

In addition to the specific aims of this assignment outlined above, there were a number of other key issues common to any evaluation of EU-funded programmes:

- **Relevance** – the extent to which the programme’s objectives are pertinent to the evolving needs and priorities of the region(s);
- **Effectiveness** – the extent to which the outputs, results and impacts are likely to contribute to achieving specific and general objectives of the programme.
- **Efficiency** – how economically the various programme inputs are likely to be converted into outputs and results, as well as the wider question of how efficiently programme implementation arrangements are likely to be.
- **Impacts and Added value** – extent to which interventions are likely to achieve outcomes that could not be achieved at national/ regional level alone.
- **Sustainability** – the extent to which the achievements of the programme are likely to last beyond the programming period.

The methodological approach involved reviewing and commenting on programme documentation, a review of previous evaluation material in respect of previous cross-border co-operation programmes supported in Lithuania, as well as an interview programme with key stakeholders. The following organisations/ institutions were interviewed during the course of the *ex-ante* evaluation:

Table 1.1: Interviewees – Ex-ante Evaluation of INTERREG

<ul style="list-style-type: none"> • Ministry of Interior – key officials responsible for the LT-KL-PL INTERREG IIIA programme. • Representatives from the INTERREG IIIA Task Force from Poland and Kaliningrad • Staff from the Small Projects Facility Secretariat. • The Commission desk officer responsible for the LT-PL-KL INTERREG IIIA programme • Other key stakeholders (e.g. regional authorities, Euroregions). More specifically, interviews at a regional/ local level included the following: <ul style="list-style-type: none"> ▪ Kęstutis Kieras, Director of Regional Development Department, Alytus County Governor’s Administration ▪ Valdas Tumelis, Director of Regional Development Department, Marijampolė County

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Governor's Administration

- Simas Einikis, Director of Regional Development Department, Tauragė County Governor's Administration; also, Member of the Council of Euroregion "Saulė" (Russia/ Lithuania/ Latvia/ Sweden)
- Gintaras Skamaročius, Director of the Secretariat, Euroregion "Nemunas" (Belarus/ Lithuania/ Poland/ Russia)
- Vitas Girdauskas, Euroregion "Šešupė" (Russia/ Lithuania/ Poland)

In addition to undertaking interviews on a face to face and telephone basis, the *ex-ante* team was also represented at a meeting of the INTERREG Task Force on the 12th and 13th November 2003 held in Warsaw. This meeting provided an opportunity to present key preliminary findings from the *ex-ante* evaluation. CSES Consultant Mark Whittle made a presentation at the meeting which was followed by an opportunity for those stakeholders present (including representatives from the Euroregions) to discuss the *ex-ante* evaluation process and to provide feedback on the *ex-ante* report – which had been circulated to key stakeholders in advance of the meeting.

Feedback received on the report was generally positive with suggestions made by the *ex-ante* team in the interim report perceived as having added value. The discussion at the Task Force meeting identified a number of areas where further work was needed on the CIP – such as additional text setting out the difficulties encountered when compiling the baseline assessment in terms of data compatibility – particularly on the Kaliningrad side where statistics do not correlate with Eurostat data. An additional issue was the ongoing uncertainty surrounding implementation arrangements – particularly in respect of the unresolved question as to whether or not a sub-paying authority will be set up in Poland.

A number of important issues were also highlighted that have yet to be resolved on the Kaliningrad side – notably how the new Neighbourhood Programme will be managed, co-ordinated and implemented. While indicative financing amounts are known, little information has been provided by the Commission to date in terms of the role, tasks and responsibilities of the Programme Co-ordination Unit that will be responsible for implementing the Neighbourhood Programme. Further guidance is however expected in January 2004 which should clarify the position.

While most of the recommendations made by the *ex-ante* team have now been taken on board, there were some instances where stakeholders took a different view from *ex-ante* – for example, in respect of splitting Priority 2, Measure 1 into two separate measures. It was argued by participants that the labour market dimension of this measure was a relatively small part of the measure overall. Therefore, in the interest of keeping the programme as straight forward as possible, (and limiting the number of measures supported) participants in the Task Force meeting felt that this measure should be left as a single measure.

1.3 Structure of the Report

The report is structured as follows:

Section 2: – highlights lessons from past experience, provides comments on the baseline assessment and SWOT analysis, assesses proposed Priorities and Measures, examines the indicative financial allocations, and assesses proposed implementation arrangements and other key *ex-ante* evaluation issues.

Section 3: – highlights key findings from the interview programme. The section is sub-divided into two parts, the first summarising key messages from the interview work with stakeholders at a national and European level, the second summarising key findings from the interview programme with key stakeholders at regional and local level e.g. with municipalities and Euroregions.

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Section 4: – contains a summary of key findings, conclusions and recommendations from the *ex-ante* evaluation. We also provide a summary of outstanding issues related to programme implementation.

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In this section we review key ex-ante evaluation issues and identify areas of the CIP where further improvements were in our view possible. Our comments relate to the 30th September version of the CIP. A new version of the CIP has now been produced dated 12th November 2003 which takes into account many of the recommendations made by the ex-ante team at interim report stage, particularly those relating to the baseline assessment.

2.1 Lessons from Past Experience

There are a number of features unique to INTERREG:

- The dualism of its objectives, which cover both regional development and cross-border co-operation and integration;
- The transnational character of the institutional systems involved in the preparation and implementation of programmes, together with other complications such as differences in data availability;
- In the case of external borders, differences in regulations and complications arising from the existence of frontier controls.

These and other factors mean that there are particular challenges with the design and implementation of INTERREG programmes. Evaluation feedback on how these challenges have been tackled is to be found in mid-term evaluations of predecessor INTERREG IIA programmes and, in some cases, the *ex-post* evaluations of programmes of INTERREG I.

There are a number of key points to be learnt from past experience. Firstly, the design of INTERREG programmes needs to be rooted in a strategic perspective with contribution of the role of cross-border initiatives to wider regional development aims clearly identified. In some cases, this role may lie in helping to overcome physical barriers (e.g. maritime or mountainous borders) by developing transport links. In other cases, the contribution of INTERREG programmes to regional development aims may, for example, have more to do with developing clusters of economic activity that are more sustainable if combining elements from different countries, in helping to integrate labour markets, or simply in improving contact between populations that have been historically divided by frontiers.

Complications arising from the transnational nature of programme implementation structures and procedures are also highlighted by INTERREG evaluations. Successful programmes have a strong emphasis on cross-border partnership building at every level – managing authority, local and regional organisations, individual project sponsors. Previous experience suggests that for this to come about, there is a need for considerable investment in capacity building and facilitation (for example, working with partners from different countries to identify project opportunities and to prepare tender documents).

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Similar considerations apply with regard to ensuring that cross-border projects are implemented in a genuinely integrated fashion rather than, for example, simply involving parallel initiatives in the different regions with perhaps some contact between partners to help identify good practices. From a programme management perspective, there can, given the nature of INTERREG interventions, be difficulties in devising appropriate performance measurement systems. Conventional Structural Fund indicators (for example, creating employment, raising GDP) are unlikely to be suitable although INTERREG interventions may have an indirect and long-term impact on such factors.

Previous experience suggests that the complications involved in implementing INTERREG programmes are accentuated where there is an external EU border. For example, there have been considerable problems in getting joint projects off the ground on the Finnish/ Russian border due to different rules, procedures and financing levels between INTERREG and TACIS. There have been similar problems between PHARE and TACIS border regions during the implementation of PHARE CBC programmes – for example in the implementation of the programme between Lithuania and Kaliningrad.

The new ‘neighbourhood programme’ whereby funding arrangements, rules and procedures will be harmonised should help overcome some of these problems. The Commission announced the new programme in July 2003 – some €955m will be available to boost cooperation with the new neighbours of the enlarged European Union – Russia, Ukraine, Belarus and Moldova, as well as with Balkan countries and in the Mediterranean. The new Neighbourhood Programme is designed to better coordinate existing cooperation agreements such as "INTERREG", "CARDS" and "MEDA". Lithuania is the first country to attempt to incorporate the neighbourhood programme dimension into programme documentation and is being used as a pilot by the Commission in this respect. The new Neighbourhood Programme will bring an additional indicative €5m of funding for Kaliningrad – which will clearly have a major impact on the ability to take forward and implement joint projects

The CIP refers to previous experiences with cross-border activities in the area concerned. Reference is made to the differing formal rules of various instruments (PHARE CBC, TACIS CBC) as one of the main obstacles for more intensive and effective cross-border co-operation using EU funds. Nevertheless, contacts with main stakeholders suggest that a long running (i.e., from 1994) PHARE CBC and other affiliated initiatives established a good basis for cross-border co-operation amongst the local authorities, NGOs and other public entities within the border areas (at least in the case of Polish and Lithuanian entities). The interview programme with regional authorities suggested that cross-border initiatives supported under PHARE CBC have contributed significantly to the development of informal networking and have helped to improve cross-border co-

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operation between local and regional partners located in border areas at an institutional level.

A fully fledged *ex-post* evaluation of PHARE CBC activities is not yet available. However an analysis of other existing evaluations (for example, PHARE interim evaluations reports) and information acquired through contacts with former administrators and final beneficiaries of the programme suggests that the most popular types of cross-border projects under these initiatives were *tourism promotion, environmental protection, the development of cultural contact* on a cross-border basis. Also of importance was investment in infrastructure to improve the security of border-crossing points. While such initiatives generally had positive results, there was some evidence of duplication with a number of very similar projects being supported, although this is partly attributable to the restrictive formal rules (e.g., co-financing requirements, limitations on types of expenditures, etc.).

The PHARE CBC Small Project Facility is one of the oldest grant issuing facilities under the PHARE programme, which were run in a highly decentralised manner (i.e., national authorities were in charge of most administration tasks, with European Commission tasks limited to *ex-ante* control). As such, this initiative had a positive impact on the administrative capacity of national/ regional authorities to administer EU assistance and also accustomed final beneficiaries with how grant projects operate.

2.2 Baseline Assessment and SWOT

Below, we review the baseline assessment and SWOT contained in Section 1 of the Lithuania-Poland-Kaliningrad INTERREG CIP dated September 2003. This part of the CIP provides the rationale for interventions and the basis for defining priorities.

2.2.1 Summary and Description of Joint Programming Process

Section 1.1 provides a summary of the work undertaken to prepare the INTERREG CIP. This began in March 2003 and was coordinated by a Task Force consisting of representatives from each of the three participant countries.

There is a close working relationship between the various partners involved in INTERREG IIIA with INTERREG Task Force meetings being held on a regular basis. The engagement of sub-regional partners in helping to prepare the baseline assessment and SWOT analysis and to help identify priorities, is a commendable aspect of the way in which preparation of the CIP has been approached. The Euroregions have also participated in the process of defining priorities and preparing programme documentation – with some Euroregions more active than others.

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At the INTERREG Task Force meeting held in Warsaw in November 2003 for example, several Euroregions were represented. This is clearly encouraging going forward – since commitment to the principle of partnership in implementation is likely to be critical to the overall success of the INTERREG IIIA programme and will help to maximise potential impacts.

2.2.2 *Eligible Areas*

Section 2.2 defines the proposed geographical coverage of the INTERREG programme – western Lithuania, north eastern Poland and the whole of the Kaliningrad region.

In the earlier version of the CIP, there was uncertainty as whether the INTERREG proximity rules would be used to extend the Programme’s coverage to include the whole of the Slupski NUTS III sub-region in Poland. In the current version this has been done. The justification for the sub-region’s inclusion – to enable existing EU-supported cross-border cooperation schemes to continue – seems reasonable.

2.2.3 *Description and Analysis of the Border Regions*

Section 1.3 of the CIP provides a descriptive analysis of the present situation in the areas that will be covered by the INTERREG programme. This analysis is supported by a summary SWOT table with a more complete version in the appendices.¹

Overall Comments

In assessing this section of the CIP, we focused on three questions:

- Does the assessment in the CIP provide balanced coverage of the three regions and countries covered by the programme?
- Is the analysis comprehensive in terms of its thematic coverage of issues confronting the regions?
- Viewed from a different perspective, is it possible to link the various CIP goals back to issues discussed in the baseline assessment?

In our view the CIP provides balanced coverage with roughly equal amounts of text devoted to describing the key features of the regions from the three countries to be covered by the Programme. From a thematic perspective, the assessment provides coverage of demographic, economic, human resources, physical

¹ According to the Commission’s guidelines, “In order to achieve the aim of Strand A of “promoting an integrated regional development between neighbouring border regions” it is important to understand the dimensions of integration and also to link them closely together. Understanding the extent to which the border is a factor in a region’s development problems which could be overcome through co-operation and greater integration, and by exploiting common potential, is a precondition for a successful intervention through INTERREG. In other words, cross-border co-operation and regional integration are of paramount importance for creating or strengthening conditions for regional development.”

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infrastructure, and environmental features and is, as such, sufficiently comprehensive in scope for the purposes of the programme document.

Each of these sub-sections could, however, be improved by providing a short paragraph at the end with conclusions – drawing out similarities (and differences) between the regions, common priorities, etc. The assessment would also benefit from comparisons between the various regions to be covered by INTERREG and the respective countries as a whole, specifically with the aim of highlighting factors (e.g. peripherality, lagging conditions) that justify the additional aid to be provided under INTERREG.

In the November 2003 version of the CIP, this recommendation had yet to be taken on board – mainly due to lack of time. However, changes were made in response to CSES' comments on specific sub-sections particularly in relation to the baseline assessment.

Comments on Specific Sub Sections

Turning to the individual parts of the analysis, Section 1.3 of the CIP starts with a review of the administrative structures in those parts of the three countries covered by the Programme ('History'). Whilst this text is helpful in confirming that there are distinct regional identities and administrative structures, it is not entirely clear what message the authors of the document are seeking to convey. If the intention is to make the point that there is an appropriate institutional framework for the implementation of INTERREG, then this should be made explicit in a final paragraph setting out conclusions.

With regard to the remaining parts of Section 1:

In the sub-section on '**Area and Demography**' it would be helpful to have some indication of trends, e.g. whether there is a problem or not of de-population in the eligible regions. Wording could be improved as presently text refers to the urban/ rural disparity when talking about ratio between urban and rural population.

With regard to the '**Economic Development & Industry**' text, it would again be preferable to have a concluding paragraph indicating the extent to which the various regional economies are or could be inter-linked. For example, is there scope for developing clusters spanning the borders that combine complementary economic activities from the different regions, or are the regions basically competing against each other in the same fields? As with other aspects of the baseline assessment, it would also be helpful to know how the economic situation in the eligible regions compares with the countries as a whole. For example, the existing text highlights the disparity in unemployment rates between different regions that will be covered by INTERREG but does not indicate how this compares with the situations nationally.

We have no comments on the next sub-section ('**Infrastructure and Transport**'). With regard to the text on '**Nature and Environment**', it is not clear whether there is a problem or not. For example, the statement is made that 'The Lithuanian border area had 1594 tons of solid pollutants ...' but there is no indication as to whether this is higher or lower than other regions.

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In the sub-section on 'Tourism' a distinction could usefully be made between the potential to attract more visitors to the area from within the three countries as opposed to attracting tourists from other countries. For example, the text points out that the number of visitors to Kaliningrad increased from 223,000 in 2000 to 274,000 in 2002. It is not, however, clear whether this increase is (largely) accounted for by Russians visiting the region from elsewhere in the country or visitors from elsewhere. If the emphasis is on developing the tourism potential of the regions to be covered by INTERREG by attracting visitors from other countries, this will have implications for the type of facilities and services provided, as well as for transport links between the three regions and international gateways.

This particular issue was discussed at the INTERREG Task Force meeting in Warsaw at which *ex-ante* was present. There was not felt amongst participants to be a need to differentiate between the provenance of tourists in the tourism strategy for the cross-border area. CSES would still argue however that there would be merit in considering a differentiated approach since the accommodation needs, areas of interest and budget of tourists are likely to differ markedly between tourists from EU15 countries, tourists from Russia and tourists from the local area.

Section 1 concludes with a SWOT analysis (supported by a more detailed version in the appendices). This seems to us to be a good summary of the situation in the regions. It could, however, be strengthened by giving more emphasis to the social dimension (extent of social exclusion, position with regard to national minorities living in border areas, equal opportunities, etc). This comment has to some extent now been taken on board in the latest version of the CIP.

2.2.4 Joint Development Strategy and Coherence with Other Programmes

Section 1.4 of the CIP provides a review of previous cross-border programme experience, and then sets out a 'joint development strategy' for the INTERREG programme.

Previous Cross Border Programmes

The CIP contains a useful summary of previous cross-border cooperation schemes. However, apart from details of the financial allocations and number of projects supported, there could still be more information as to how successfully these schemes have operated.

It would, for example, be helpful to include an assessment of the type (i.e. not just the number) of projects that were supported, the extent to which project objectives have been achieved, what seems to have worked well/ not so well in promoting cross-border cooperation, the effectiveness of partnership structures, and how the current INTERREG programme can build on past activities. The absence of this type of analysis can be attributed to the fact that there has been little evaluation activity.² However, notwithstanding this, it would not be unreasonable to expect the authors of the CIP to draw on their own knowledge to provide at least some general impressions on how successful previous cross-border programmes have operated. This

² We understand that the only cross-border programme that has so far been subject to evaluation is the PHARE CBC scheme. An interim evaluation of this programme was carried out for the EC Delegation. CSES is currently seeking to obtain copies of such documents in Poland and Lithuania.

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would reinforce the rationale for the INTERREG programme and indicate more precisely how it can add value.

While some of the problems encountered in respect of previous cross-border co-operation between Lithuania and Kaliningrad Oblast are highlighted (differences in funding streams and procedures between PHARE CBC (Lithuania) and TACIS (Kaliningrad) as an external EU border, an analysis of lessons learned (both positive and negative) from cross-border co-operation with Poland is currently missing.

Vision, Joint Development Strategy and Performance Indicators

The vision itself seems to us to be appropriate. However, it is very ambitious and would benefit from some additional text making it clear that achievement of the vision will depend on many factors of which the INTERREG programme is only one. This could then be followed by an explanation of precisely how INTERREG will contribute to the vision's achievement.

The development strategy outlined in the CIP is defined in terms of the INTERREG programme's two Priorities and combines investment in physical infrastructure, the environment and the productive environment (P1) with support for 'softer' interventions to promote cross-border networking, cultural heritage and tourism (P2). The proposed strategy addresses the priorities set out in the baseline assessment but there is a risk of the relatively modest resources available being spread too thinly across a large number of different types of interventions.

Performance Indicators

Section 1.4 of the CIP contains a number of proposed programme-level 'output' and 'results' indicators.³ Our comments in respect of performance indicators are as follows:

- As recognised in the Commission's working paper on the *ex-ante* evaluation of INTERREG, there are inherent difficulties in selecting suitably quantified indicators for INTERREG due to the nature of interventions and the difficulties in measuring impacts and in attributing wider pan-regional socio-economic changes directly to interventions funded through INTERREG
- Nevertheless, those responsible for the CIP have made a good start in attempting to devise suitable quantified indicators
- The proposed performance measurement framework will require further development with more emphasis on Priority and project-specific indicators rather than a reliance on high level and generic indicators.
- Further consideration should be given to the feasibility of collecting data required to quantify indicators and the selection of indicators made in light of this.

In the table on the next page, we provide more detailed comments on the performance indicators set out in the CIP.

³ These are supported by Priority level indicators in Section 1.6. We would suggest that the text on performance indicators in these two sections is brought together.

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CSES Comments on Proposed CIP Performance Indicators

Proposed CIP Indicators	Comment
No. measures implemented	Not clear how this differs from next indicator 'No. common projects funded'.
No. common projects funded	Yes – this is a basic 'output' indicator but in addition to the number of projects, the geographical coverage, value and type of project together with the number/ type of beneficiaries should be monitored.
No. cross-border contacts established	The term 'contacts' needs to be defined. Otherwise of little value and unlikely to be possible to monitor on an accurate basis.
No. new businesses/ activities across the border	No – the number of cross-border (business) activities would be a useful 'results' indicator if data can be collected. BUT, given that SMEs will not be direct beneficiaries, can new businesses set up on a cross-border basis be directly attributable to INTERREG IIIA?
Improved cooperation and communication across the border (no. of links)	Not clear how this differs from the other proposed indicators. If the emphasis is on cross-border partnerships ('links'), then it could be a useful indicator.
Increased traffic flow at borders. Reduce the waiting time at borders (%)	Yes although it will be difficult to attribute increased traffic flows to INTERREG. Probably best as a context indicator.

With regard to the fourth suggested programme level indicator (number new businesses/ activities created on cross-border basis) – given that SMEs will not be supported directly through the INTERREG IIIA programme combined with the difficulty in establishing clear causality (i.e. ascertaining that business has been set up on a cross-border basis as a direct result of the INTERREG programme), we suggest that this indicator is dropped.

According to the guidance issued by the Commission services responsible for EU regional policy, there is no need for output indicators to be defined at a programme level, i.e. programme level indicators can be confined to result and impact indicators.

Similarly, context indicators provided in the Section 1.6. could be re-assessed. Context indicators measure something on which programme is likely to have an impact (even though the programme will not be the sole source influencing the context indicators). However, presently some context indicators refer to rather constant variables, such as the geographical area covered by the programme. On the other hand, context indicators dealing with population can be useful if the CIP includes an attempt to deal with depopulation issues (if such exists).

Experience elsewhere suggests that given the difficulties in quantifying the impacts of interventions funded through INTERREG, survey work with project sponsors can help the INTERREG IIIA joint technical secretariat and Managing Authority gain more detailed insights to the benefits of INTERREG than can be obtained simply from a set of quantitative and generic performance indicators.

Issues that might be examined include: what, if anything, would have happened in the absence of INTERREG funding (project additionality'), what sort of activities are underway, the number and type of beneficiaries, views on programme management procedures, etc. Survey work of this type is undertaken as

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part of Structural Fund evaluations in many countries and can prove extremely useful in not only shedding light on a programme's performance and impacts, but also provide useful feedback on programme management issues. Survey work is usually undertaken by independent evaluators as part of mid-term or *ex-post* appraisals but there is no reason why it should not be undertaken by programme managers as part of their monitoring role (indeed, there are some good examples of this being done).

Running through all types of monitoring and evaluation activity should be the basic aim of establishing the difference between the 'world with INTERREG' and the 'world without INTERREG'. This presupposes having an accurate baseline in place and in this respect further work may be needed.

Linkages with Wider Regional Development Policies and EU Instruments

Assessing the extent of synergies ('external coherence') with other national and EU-funded programmes is a key requirement of the *ex-ante* evaluation.⁴

Taking coherence with other programmes first, the earlier version of the CIP's coverage was limited to those with a cross-border dimension, i.e. the Euroregions, the PHARE Cross Border Cooperation (CBC) programme and related EU-funded initiatives such as CREDO, the TACIS CBC programme, and the 'Special Action in Favour of the Baltic Sea Region'. Specifically on these programmes, some additional information has been provided on the number of projects supported but, as pointed out earlier, there is a need for this to be supplemented by feedback on what has been achieved/ not achieved and how the INTERREG programme can add value.

The current version of the CIP also includes a helpful description of how INTERREG will support other EU-funded programmes that start operating after May 2004. However, this aspect of the assessment is limited to the Lithuanian programmes and needs to be extended to cover the Polish EU-funded schemes and TACIS programmes in Kaliningrad. Specifically in relation to the text on linkages with the Lithuanian EU-funded programmes, the text includes a number of statements to the effect that INTERREG will be complementary but does not explain why this should be so.⁵ Also, the emphasis is on how INTERREG will support the aims of other programmes; it is equally pertinent – and perhaps more so given its relatively small size – to ask how other EU-funded programmes can support INTERREG aims.

In the case of Lithuania, key strategic priorities for the mainstream Structural Funds programmes are set out in the Lithuanian Single Programming Document 2004–06 while in the case of Poland these are set out in

⁴ According to the Commission's Guidelines, "In the case of INTERREG programmes the *ex ante* evaluation should specifically aim to understand and to help state clearly the strategic links between the INTERREG programme and any other regional development interventions pursued through the Structural Funds (and possibly other, national/ regional, structural policy instruments).

⁵ The *ex ante* evaluation of the Lithuanian Objective 1 programme carried out by CSES highlighted the lack in of a regional development dimension to the SPD and this is one example of INTERREG complementarity. . From our discussions with the Ministry of the Interior in Lithuania, we understand that there are no nationally-funded regional development measures for the areas covered by INTERREG. If as seems to be the case in Lithuania, there are few if any policies specifically focusing on regional development in the eligible areas of Poland and Kaliningrad, then this would point to an important gap that can be filled by INTERREG. At this stage in the *ex ante* evaluation, the position is uncertain and further research will be needed to examine this question.

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the Polish National Development Plan 2004–06. Broadly speaking, the two Objective 1 programmes (PL and LT) pursue broadly similar strategic aims with investment being prioritised in a number of key areas including infrastructure, HRD, the productive environment (i.e. to improve the business climate and encourage entrepreneurship) and the agricultural sector. Evidently, the mainstream Objective 1 programmes in Lithuania and Poland respectively will play an important complementary role in spearheading economic development in border regions. Further support for regional development in border regions as well as for increased (cross-border) co-operation at an administrative and institutional level will be available through the INTERREG IIIA programme.

The sorts of activities likely to be supported appear to *ex-ante* to be complementary rather than duplicative – although there is potential overlap at least thematically. For example, both the Objective 1 programme and the INTERREG programme provide support for environmental protection. Evidently, due care should be taken by programme managers in each of the three participant countries to ensure that the risk of overlap and duplication is minimised. This might be achieved through the sharing of information with regard to projects supported between those responsible for INTERREG and those responsible for Objective 1 / other publicly funded programmes, the inclusion of a clause in the INTERREG application form stating that applicants should only submit an application for project funding through one funding source e.g. INTERREG or Objective 1 but not both.

2.3 Priorities and Measures

Section 1.5 of the CIP outlines the INTERREG Priorities and Measures. Below, we provide comments on these.⁶

2.3.1 Priorities and Description of Measures

There are two main Priorities and eight Measures. These are summarised below:

<p>P1 – Competitiveness and productivity growth</p> <p>M1 – Economic and technological cooperation M2 – Physical and border security infrastructure M3 – Environmental protection/ energy efficiency M4 – Tourism and cultural heritage</p>	<p>P2 – Cooperation between populations</p> <p>M1 – Support for local societies M2 – Regional cultural identity</p> <p>P3 – Technical assistance</p> <p>M1 – Programme management M2 – Other actions</p>
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An earlier (September 2003) version of the CIP included a list of actions to support each of the Priorities and Measures. These have now been mostly transferred to the Programme Complement. However, irrespective of where they appear in the programme

⁶ According to the Commission's Guidelines, "the *ex ante* evaluation should help understand how and to what extent individual parts of the programme (priorities / measures) correspond to the identified needs of the border regions concerned. It should also show how the priorities/ measures of the programme will contribute to the aims of Strand A of INTERREG, and will not merely be additional but identical actions to those included in mainstream Structural Funds programmes."

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documentation, there is a need for prioritisation. There are several ways in which this might be achieved, the most obvious possibility being according to the perceived importance of the issues being addressed. At a project level, the appraisal criteria that are developed will also need to include some method of prioritisation but this more should, in our view, be undertaken within the context of an overall framework at programme level.

Priority 1 – Stimulating Economic and Scientific/ Technological Cooperation

Priority 1 consists of measures that are designed to promote competitiveness and productivity growth and is supported by four Measures covering a wide range of different types of interventions – technology transfer, investment in physical infrastructure, environment and energy, and tourism promotion. The rationale supporting P1 – exploiting the potential for job and wealth creation from transit-related economies – is appropriate. Taken together, the various P1 Measures follow on from this rationale and comprehensively address key development priorities set out in earlier sections of the CIP.

Measure 1.2 aims to improve physical and border security infrastructure. The emphasis in the CIP is on small scale projects that complement national programmes and this is entirely appropriate given earlier comments about the danger of spreading limited financial resources too thinly. More could perhaps be said about tackling the issue – identified earlier in the CIP – of reconciling INTERREG aims with the fact that there will be a new external EU border with one of the three partners in the programme.

The aim of **Measure 1.3** is to promote environmental protection and the more efficient use of energy/ greater use of renewable energy sources. The case for intervention in this field is well developed in the CIP and linked to factors such as the potential for developing tourism. The CIP recognizes the fact that with limited financial resources, INTERREG interventions will need to be limited to “Projects not covered by national programmes and having a clear cross border impact”. Since most interventions aimed at reducing environmental pollution are likely to have a cross-border impact given the relatively small area covered by the programme, there is a case for this statement being amended to focus on “cross-border interventions” rather than impacts. This recommendation has now been taken on board.

The last P1 Measure seeks to promote tourism and cultural heritage “objects”. The case for **Measure 1.4** is set out in the earlier baseline assessment although, as noted earlier, it would be helpful to distinguish between visitors from the three countries covered by the INTERREG programme and visitors from elsewhere since this could have implications for the type of interventions supported. Otherwise, the description in the CIP of the Measure is good – promotion of the tourism offer, improving quality standards amongst operators, etc are the type of interventions that have proved to be essential elsewhere in developing this sector. The CIP is helpful in distinguishing between P1/ M4 and P2/ M2 by saying that the first will concentrate on improving the physical state of culture and heritage “objects” whilst the second will tackle “softer” issues.

Moreover, a reference could be made to environmental sustainability since increasing flows of tourists within the area, which is referred to as the “Lungs of Europe” and features substantial parts of the territory protected under NATURA 2000 directives,

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should be tackled with great care and ensuring the sustainability of the development processes.

Priority 2 – Cooperation Between Populations, Socio Cultural Integration and the Labour Market

Priority 2 of the INTERREG programme concentrates on promoting cross-border contact at a ‘grass-roots’ level. In an earlier version of the CIP reviewed by CSES, the text on Priority 2 was relatively weak compared with Priority 1. To some extent this is to be expected given that Priority 1 is far more significant financially than Priority 2. However, notwithstanding this consideration, within Priority 2 itself, we felt there was an imbalance with the Human Resources Development dimension not being developed to the extent that was manifest with other aspects of the Priority. These shortcomings have to some extent been rectified in the current version.

Measure 2.1 focuses on ‘support for local societies’ initiatives’ (this title could perhaps be improved by calling the measure ‘support for cross-border partnerships’ or ‘support for cross-border contact between communities’). Whilst the scope of the envisaged cross-border ‘initiatives’ (education, sport, health, etc) is well-defined, the nature of potential initiatives could be spelt out more clearly. A link could perhaps be made between P2/ M2 and P1/ M1 by emphasizing that skills development initiatives will have a focus on supporting other INTERREG interventions aimed at promoting innovation and a ‘knowledge-driven’ economy.

The second Priority 2 Measure aims to promote a regional cultural identity. The justification for **Measure 2.2** is stated as being to counter accusations from “so-called Euro-sceptics [that there is] a risk of loosing national cultural identities and historical roots”. Whilst this may be so, it would in our view be preferable to stress the linkages with P1/ M4 and the promotion of tourism.

Priority 3 – Technical Assistance

The CIP contains a short section on technical assistance. **Measure 3.2** could be further developed. Given the complications of developing cross-border partnerships and schemes, technical assistance is likely play an important role with regard to capacity-building. In this context, a number of specific initiatives could be envisaged.

In the first place, the INTERREG programme would be strengthened by helping local communities in the eligible regions to prepare development strategies (‘local/ regional action plans’) to build on the SWOT analyses. As noted earlier, a large number of INTERREG interventions are envisaged in the CIP and there is, at least in our view, a need to bring about increased focus on a more limited number of key aims and schemes. Secondly, priorities at a local and regional level will vary. Thirdly, there is a need to ensure that the selection of projects is based on strategic rather than ad hoc criteria. The development of ‘local action plans’ would address these considerations.

Secondly, in many cases, feasibility studies will need to be carried out to identify the best course of action with regard to INTERREG cross-border initiatives. Technical assistance will be important in providing the resources to enable this type of preparatory work to be undertaken. Last and not least, there is a strong case

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for a special effort to be made to develop more effective INTERREG monitoring and evaluation procedures, and technical assistance could also be used for this purpose (this is acknowledged in the CIP but the text could be further developed).

2.4 Proposed Financial Allocations

Section 1.7 of the November 03 version of the CIP provides an indicative financing plan of how resources will be divided between the three countries and between the three priorities.

The intention is to devote 69.6 % of INTERREG resources to Priority 1. In our view, this is clearly appropriate given the nature of interventions envisaged under Priority 1 – mainly small-scale, relatively capital intensive infrastructure projects. An additional 23.2 % of resources has been allocated to Priority 2 – which will mainly be devoted to smaller-scale cross-border ‘people to people’ activities such as cultural, educational and sporting exchanges/ visits. Finally, 7.2 % of assistance will be devoted to Technical Assistance. The amount devoted to TA appears to be broadly comparable with the approach adopted elsewhere and within the limits stipulated by the Commission.

2.5 Quantification of Objectives

A key role of Structural Fund *ex-ante* evaluation is to help quantify targets.⁷ The methodology CSES has adopted to do this, for example in the case of the Lithuania Objective 1 programme, involves a number of steps:

Methodology for Estimating Programme Outputs, Results and Impacts	
•	<i>Step 1</i> – review suggested output, results and impact indicators for different Priorities and Measures. Where appropriate, suggest additional indicators to fill gaps in coverage and changes to indicators that are unquantifiable/ inappropriate.
•	<i>Step 2</i> – analyse the indicative breakdown of financial commitments at Priority and Measure levels.
•	<i>Step 3</i> – identify benchmarks (cost per unit of output) for Structural Fund outputs across different indicators based on evaluations of previous programmes in EU15. Where appropriate, make adjustments to benchmarks to give the net present value and to reflect the different cost base compared with where other programmes operated (e.g. using differences in GDP/ capita as a basis for adjustments).

⁷ According to the Commission’s guidelines, “For all Structural Funds programmes the quantification of objectives is a crucial step that allows “the establishment of what a programme is supposed to achieve”. Past experience shows that this is much more difficult to achieve for INTERREG programmes than for any other category of Structural Funds programmes. In the case of relatively small INTERREG programmes, which are clearly focused on achieving greater cross-border co-operation and integration, it will therefore be more appropriate to ask for impacts in terms of changes in development conditions rather than development itself (i.e. intermediate impacts).

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- *Step 4* – apply the benchmarks to the programme to produce an **estimate** of likely outputs, results and impacts. Finalise the estimates after discussion with local organisations to take into account their views on how realistic the estimates are and/ or to take into account special factors.

The Commission recognises that there are inherent difficulties in quantifying outputs, results and impacts under the Community Initiative Programmes in general and INTERREG in particular due to the type of interventions that are typically supported and the difficulty in attributing socio-economic impacts to INTERREG as opposed to other factors such as wider macro-economic developments and other types of Structural Fund interventions such as Objective 1. Whilst it is clearly important to set some quantitative targets, therefore, in many respects equal attention should be given to the qualitative assessment of outcomes.

While the priority level indicators proposed in the CIP dated 12th November 03 seem broadly appropriate, it should be recognised that many of these indicators are largely qualitative in nature. Only two quantitative indicators are proposed – 1) number of projects implemented – an output indicator – and 2) number of participants in “people to people” activities – results indicator.

From an *ex-ante* perspective, given that it is impossible to ascertain in advance the average size of project likely to be supported, it is very difficult to anticipate at a priority level how many projects are likely to be supported. Similarly, the numbers of participants in cross-border “people to people” activities is impossible to quantify without knowing more details about the nature of activities likely to be supported.

Other indicators such as the increased use of high technologies – Priority 1 – can only be assessed qualitatively and given that there will be no individual SME beneficiaries, in our view the impact of INTERREG in influencing the extent to which SMEs are using high technologies will be extremely difficult to assess because of problems in establishing causality.

With regard to programme level indicators such as the number of cross-border projects supported and the number of cross-border contacts established, again, these seem broadly appropriate however it would not in our view to be a useful exercise to attempt to quantify these in advance of the programme commencing since.

2.6 Programme Implementation Arrangements

Section 2 of the CIP sets out proposed programme management arrangements. In this regard, the Commission’s guidelines for *ex-ante* evaluation of INTERREG programmes place emphasis on assessing the extent to which integrated cross-border procedures and structures are in place.⁸

2.6.1 Programme Management

⁸ According to the Commission’s guidelines, “Ex ante evaluation should assess whether an integrated implementation system has been set up that is adequately prepared to operate effectively and efficiently from the start of the implementation period. In cases where such integrated arrangements are put in place for the first time under INTERREG IIIA, adequate technical assistance provision should also be made.”

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The programme arrangements set out in the CIP can be summarised as follows:

- The **Managing Authority** will be the Lithuania Ministry of Interior. The Paying Authority will be the Lithuanian Ministry of Finance. The Neighbourhood Programme (Kaliningrad) will be managed by the Programme Coordination Unit⁹ and the TACIS dimension of the programme (Kaliningrad) will be managed by the TACIS office.
- Day-to-day programme management will be provided by a **Joint Technical Secretariat (JTS)** which will be based in Vilnius as a support to the Regional Policy Department of the Ministry of Interior. The JTS will be appointed based on the principle of balanced representation between the three partner countries
- A **Joint Monitoring and Steering Committee (JMSC)** will be established to provide strategic direction (i.e. the PMC function in other Structural Fund programmes) and will also have final decision-making responsibility in terms of project approval. This will consist of representatives from the Commission, regional and national authorities, as well as non-governmental bodies.

Overall these arrangements seem appropriate and reflect practices elsewhere. However, there are still outstanding issues in respect of programme implementation arrangements. If these remain unresolved, there are potential ramifications in terms of the slippage of the timescale for implementation. We outline the main issues below:

The Polish partners in the INTERREG programme envisage establishing sub-Paying Authorities on a regional basis (according to the Polish administrative system of *voivodships*). While there is nothing in the Structural Fund regulation to prevent the setting up of a sub-paying authority to disburse funds at national level, the Lithuanian Ministry of Interior as the Managing Authority still has ultimate responsibility for EU monies disbursed through the INTERREG IIIA programme. Contracts should not therefore be signed unilaterally but should be co-signed in Vilnius before the paying authority (Lithuanian Ministry of Finance) can make any payments. Under the Structural Fund regulation, money must be disbursed by the Paying Authority on notification from the Managing Authority which is responsible for checking (and signing) contracts prior to payments being made. This process would still need to take place prior to the distribution of funds to any potential 'sub-paying authority'. Therefore, it appears that the setting up of a sub-paying authority would only serve to add an unnecessary layer of bureaucracy to the contracting and disbursement process since regardless of the existence or otherwise of a sub-paying authority, contracts will have to be sent to Vilnius.

⁹ Guidelines have yet to be provided by the Commission as to the exact role, tasks and responsibilities of this latter body but are expected in Jan 2004

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Secondly, there is also evidently a need for clear lines of accountability in the programme hierarchy so that it is manifestly clear to participants in the programme how financial flows will function and how contracting, financial control and audit procedures will operate.

Another area of the programme where issues are still outstanding is the question of how programme management will operate on the Kaliningrad side. Given that the Neighbourhood Programme is a new initiative designed to eradicate many of the problems that were associated with operating cross-border programmes which involved different types of funding programmes (e.g. CARDS, TACIS, PHARE CBC etc. and INTERREG) with different eligibility rules and procedures there remain uncertainties as to how programme implementation arrangements will work on the Kaliningrad side and in turn how Kaliningrad will work with its partners on the Polish and Lithuanian sides in managing and implementing INTERREG at a programme and project level.

Learning from experience elsewhere, it will be important to ensure that the Joint Monitoring and Steering Committee does not have so many members as to become unwieldy and incapable of taking decisions (we understand that the current proposal is that each country will have only one vote in the JMST). In this regard, the suggestion that consultative committees/ working groups might be established to examine particular issues/ undertake particular functions is sensible. The use of working groups could also help to ensure that the JMST focuses on strategic issues.

Finally, programme management structures appear to integrate partners from the three countries. In this regard, the decision to earmark some technical assistance funds to cover the travel expenses of partners from Kaliningrad should be helpful in ensuring the full participation of all partners. Experience elsewhere suggests that when INTERREG programmes involve EU external borders, there are often difficulties ensuring the full co-operation and participation of external border partners in meetings due to lack of funding – with a knock-on impact in terms of programme impacts and the extent of collaboration.

2.6.2 *Programme and Project Implementation*

Section 3.1 of the CIP describes programme management procedures, in particular how the INTERREG programme will be monitored including **reporting lines** and the development of a **computerised data management system** for storing project and programme information. As described in the CIP, it is envisaged that this system will be mainly used to store basic information on projects (e.g. contact details for project sponsors, commitments and payments) and consideration might be given to extending it to include information on project targets and outcomes.

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The CIP places considerable emphasis on **promotional activity** (Section 3.2) and this will clearly be important in raising awareness at a local level of the support available under INTERREG. Elsewhere in the document, mention is made of the intention to establish three Information Points. The *ex-ante* team suggested that under the TA budget, there may be scope for funding ‘Project Facilitators’ at the three Information Points whose objective would be to work directly with potential project beneficiaries in improving the quality of applications, suggesting new ideas for projects (i.e. assisting in respect of project pipeline development) as well as in more traditional activities associated with InfoPoints such as the provision of basic information, advise and guidance in respect of funding possibilities under INTERREG, how to submit an application etc.

Sections 3.4 confirms that the programme will operate in compliance with other Community policies (public procurement, state aids, etc). Specifically on the **‘horizontal’ themes**, the CIP argues that the “main tool for achieving the elimination of inequalities between men and women is the creation of sufficient numbers of job opportunities, together with improved flexibility of the labour market and accessibility and diversity of different types of employment”. It is debatable whether these considerations are relevant to the INTERREG programme since it is unlikely to directly create many new jobs. What would be more appropriate is to stress that the project selection criteria will ensure that INTERREG schemes encourage the participation of both men and women. There could also be a case for positive measures, e.g. supporting schemes that specifically target disadvantaged groups and extending the definition of these to include (for example) young people, national minorities, and the elderly.

Whilst the horizontal themes of equal opportunities and the environment are addressed in the CIP, there is no consideration of information society. This omission should be rectified. For example, there is certainly scope under Priority 2/ Measure 2 to use ICT to promote contact between the populations of the different border regions. Similarly, in relation to Priority 1/ Measure 4, an internet web site could be established using INTERREG funding to raise awareness of the region as a visitor destination, or funding could be allocated to help tourism operators to develop on-line booking systems.

Section 4 describes project level implementation procedures. With regard to **project applications**, the CIP states that there will be a rolling system of calls for proposals with applications being appraised by the JTS and then submitted to the JMCS for decision. Developing a good quality project pipeline will almost certainly be one of the most challenging aspects of the INTERREG programme’s implementation. To enhance the likelihood of projects coming forward, consideration might be given to:

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- Publishing a ‘Prospectus’ setting out INTERREG priorities and the type of projects that can be supported;
- Appointing a small number of ‘Project Facilitators’, i.e. locally-based individuals who can work with organisations in their regions to identify possible projects and help with the preparation of tender documents;
- Simplifying project application and appraisal procedures, and perhaps introducing a ‘fast track’ system for smaller project tenders that fall below a certain financial threshold.

Section 4.2 outlines the **project selection criteria** (more detailed criteria are to be set out in the Programme Complement). The sort of criteria that are likely to be used seem appropriate to us but there is one important omission – financial additionality/ added value, i.e. that projects should be able to demonstrate that they would not proceed (at all, on the same scale or at the same time) without INTERREG support.

With regard to **project monitoring** (Section 4.4) the CIP specifies that project sponsors will be required to submit an interim report describing the activities undertaken, financial details, and results achieved. A final report will be required at the end of the project. This approach seems appropriate but could be strengthened by adopting the suggestions made in this report with regard to evaluation (see Section 2.2.4 – Performance Indicators). The CIP should also include provision for site visits by the JTS covering at least a proportion of the supported projects. The final section of the CIP (Section 5) provides details of proposed **financial implementation/ control** arrangements for the INTERREG programme. We have no comments on these arrangements other than that they appear to be in line with procedures elsewhere.

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As part of the *ex-ante* evaluation, an interview programme was carried out with key stakeholders at national, regional and local level as well as with the Euroregions. The objective of the interview programme was twofold – firstly to gauge views on key issues relating to the LT-PL-KL INTERREG IIIA programme and secondly to ensure that key stakeholders had the opportunity to comment during the *ex-ante* evaluation process – one of whose key hallmarks is its interactive nature.

3.1 Summary of Feedback from Interviews with Key Stakeholders at National and European Level

At a national level, interviews have been held with officials from the Ministry of Interior in Vilnius – the future Managing Authority – and with representatives from the Ministry of Economy and Labour on the Polish side and representatives from the TACIS office on the Kaliningrad side. CSES furthermore took the opportunity to meet with the responsible INTERREG IIIA desk officer at DG REGIO in Brussels to get the Commission's perspective on proposed implementation and financial management arrangements for the INTERREG IIIA programme.

Below we provide feedback from key stakeholders on these issues:

1. Preparation of the Community Initiative Programme/ Neighbourhood Programme, scope of its priorities and measures

Interviewees broadly felt that the draft CIP and proposed priorities and measures were appropriate in light of the economic and social development needs of the cross-border programme area. All partners interviewed felt that they had been able to successfully influence the preparation of the CIP and feed into the process of selecting Priorities and Measures. The holding of regular INTERREG Task Force meetings between key partners was felt to have been important in strengthening joint working and in helping colleagues from each of the three countries to develop closer working relationships.

While recommendations made in the *ex-ante* evaluation team's interim report in respect of improving the description of Priorities and Measures were felt to have been helpful, there was disagreement with the suggestion to separate Priority 2, Measure 1 into two separate measures on the basis that firstly it was too late to make changes and secondly activities to support the labour market only constitute a small part of Priority 2, Measure 1. Secondly, it was pointed out that ESF funding under Objective 1 will be available to support labour market measures across the programme area. CSES accepted these points.

2. Views on Programme Management and Implementation arrangements

Key outstanding programme management and implementation issues include whether or not there should be a sub-paying authority on the Polish side and whether subcontracting arrangements proposed on the Polish side are acceptable. In respect of the latter suggestion, the proposal is that the Voivodship acting as the lead partner on a given project could enter into subcontracting agreements with other partners involved in the project.

A meeting was held with the Polish representatives responsible for INTERREG in mid-December 2003 to try and resolve these issues. The standpoint of the Lithuanian Ministry of Interior is that it would not be advisable to have a sub-paying authority in Poland nor to delegate subcontracting powers to the Voivods. Our interview with the desk officer responsible for the INTERREG IIIA programme at the Commission

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suggests that there are real concerns with the suggested approach on the Polish side for two main reasons, as set out below:

1. The Managing Authority must have ultimate responsibility for the program
2. Project managers (i.e. Lead Partners) need to be able to manage and take responsibility for projects. In order to take full responsibility for managing projects funded through INTERREG, the Lead Partner/ project manager must verify that the costs incurred correspond with the project plan and to actions agreed between project partners. Lead Partners have an important role in verifying and confirming costs before payments are made to project partners.

The views of the *ex-ante* team on this issue tend towards those of the Lithuanian Ministry of Interior and the Commission: There would potentially be significant problems if clear lines of management accountability in the programme hierarchy are lacking. Ultimately, the Managing Authority i.e. the Ministry of Interior in Vilnius is responsible for EU funds. Therefore, if a sub-paying authority on the Polish side were to have the contracting powers to sign contracts unilaterally without a co-signing requirement by the Ministry of Interior it would be very difficult to set up sufficiently rigorous financial control procedures. Similarly, if the Voivodships were able to enter into subcontracting arrangements without the consent and joint signing by the responsible Managing Authority, there would again be problems from a financial control and accountability perspective.

With regard to the question of having a single paying authority, rather than a paying and a sub-paying authority, while the Commission's rules allow this to happen, the *ex-ante* team can foresee problems if this approach is adopted in that implementation arrangements will become over-cumbersome and complex – with potential time delays in the making of payments to project partners linked to the creation of an additional administrative tier. While a sub-paying authority could be set up, the Commission would still require the lead partner to verify all payment claims relating to the project before money can be paid to project partners. Given this basic requirement, it is therefore difficult to identify any tangible merits in having a sub-paying authority – checks would still have to be undertaken in Vilnius before payments can be made.

The management structure and payment arrangements should be as simple and transparent as possible with clear lines of accountability. The setting up of a sub-paying authority may lead to delays in terms of payment downtimes with potential knock-on negative impacts in terms of making commitments within the necessary timeframe – a major issue in light of the N+2 rules.

Other outstanding issues in respect of implementation/ programme management relate to the role that Kaliningrad will play in the INTERREG IIIA programme. The TACIS office is waiting for further clarification from the Commission (expected in Jan 04) in respect of the role of the Programme Co-ordination Unit which will be responsible for implementing the new Neighbourhood Programme. It would evidently be helpful if guidance could be made available as soon as possible by the Commission – since there is currently great uncertainty as to how joint projects will operate. There is also an unresolved question in terms of how the national public co-financing obligation will be met on the KL side.

3. *Project pipeline issues, dominant types of projects*

In order to develop the project pipeline in the run up to the implementation of INTERREG, the Lithuanian authorities believe that there should be scope under PHARE CBC to fund a number of studies looking at the needs of different sectors and of different areas within the programme area. This should help identify emerging strategic developmental and thematic priorities across border areas in the programme area and help in respect of project pipeline identification.

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Projects will essentially fall into two main categories – small-scale infrastructure projects on the one hand – which will absorb medium amounts of financing and ‘people to people’ “soft” projects for which small grants from 5,000 euros upwards will be available.

4. Ensuring project pipeline in the future

There was a high level of awareness amongst key stakeholders at national level of the potential importance of Technical Assistance in helping to develop the project pipeline. The three information points will help disseminate information to potential project sponsors in terms of funding possibilities under EQUAL and will provide guidance on project applications/ eligibility criteria etc.

A representative from one of the Polish Voivods welcomed the ex-ante proposal to use project facilitators funded through TA to improve the quality of applications and of projects. The Lithuanian side suggested that the co-ordinators working in information points could fulfil this role using TA money

3.2 Feedback from Interviews with Key Stakeholders at local/ regional level

The summary is based on interviews held with representatives of regional authorities and Euroregions (see list below) as well as information provided by representatives of Tauragė District municipality and Šakiai District municipality. The summary is structured according to the programme cycle and main issues raised.

1. Preparation of the Community Initiative Programme/ Neighbourhood Programme, scope of its priorities and measures

All the respondents were very positive about the process of drafting the Community Initiative Programme (CIP) in general. Most of them have declared that they have been actively involved in the drafting process (mainly through a specialised meetings organised for that purpose), and emphasised their satisfaction that most of their comments concerning the content of the priorities and measures as well as their financial weighting have been taken on board in the drafting process.

In general all the respondents agreed that priorities and measures as they are described in the present draft CIP cover all their needs, mainly due to the fact that they are formulated in a quite broad and flexible manner. According to some respondents, practically all their cross-border projects appear to be eligible to be granted assistance from the Programme under consideration. Subsequently, there were no specific comments voiced as to the content of the priorities and measures in the CIP.

2. Present availability of project pipeline, dominant types of projects

In general presently available project pipeline, according to all interviewed officials, is quite extensive (some referred to several hundreds of projects), although predominantly projects are still at the level of ideas/ identification (i.e., they still require to be formulated and their tender documentation prepared). There are some projects which have short summaries prepared and partners across the border are already in contact and in the process of further elaboration. Still very few projects have feasibility studies and further tender documentation and therefore are ready for implementation.

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However, there appears to be some synergy with the support still offered by the PHARE Cross-Border Co-operation (CBC) programme. The call for proposals to receive grants from PHARE CBC 2002 allocation is to be launched in January 2004. Some respondents have indicated that a number of projects will have their documentation prepared for this tender, and the ones which will not be granted PHARE CBC assistance will become ready for application to the INTERREG IIIA programme. Moreover, PHARE CBC itself has a priority to assist the preparations for implementation of INTERREG programme; hence some of the projects to be supported from PHARE CBC 2002 allocation could be aimed at generating further project pipeline for INTERREG programme.

Interviews revealed that most of the projects which are intended to be submitted for the assistance are in the field of tourism (info centres, development of tourism routes and other tourism products, especially in the field of water tourism, bicycle roads), community (i.e., cultural, sports, social, etc.) co-operation (i.e., youth conventions, various common events). There are also several environmental projects (mainly dealing with drinking water supply and waste-water treatment in villages with population under 500, but also some projects dealing with prevention of natural disasters/ mainly floods), transport infrastructure projects (e.g., to reconstruct the road going across the border between Lithuania and Kaliningrad oblast). Finally, there were some projects the eligibility of which to be financed under the CIP has to be further assessed (e.g., plans to construct a hydro-power plant on Šešupė river). In general, there seemed to be an adequate mixture between 'hard' (i.e., infrastructure related, potentially to be financed under the Priority 1 of the CIP) and 'soft' (i.e., people-to-people type, potentially to be financed under the Priority 2 of the CIP) projects/projects ideas.

3. Ensuring project pipeline in the future

All the interviewed respondents agreed that adequate information and facilitation of potential applicants is one of the key ingredients for ensuring a sufficient project pipeline in the future. Hence the need for programme facilitators in the regions was emphasised by most of the interviewed. In some cases Euroregions were perceived as bodies which could serve the aforementioned role of a facilitator, while in other there was an understanding that some people could be hired specifically for this function using the allocation for technical assistance in the CIP.

Moreover, as development level of some of the regions (e.g., Tauragė, Marijampolė) is substantially below the national average, their representatives perceive the CIP as an important opportunity to attract more investment into their region. Related was the fact that some regions sought for assurance that money will be distributed rather evenly along the border so that every region receives its share. There was also a proposal voiced that regions could serve as filters for various projects ideas, which would ensure guidance to the potential applicants and prevent them from developing ideas, which do not meet the needs and priorities of a region.

4. Implementation structure and arrangements, role of regional authorities and Euroregions in the process

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According to the interviewed, implementation mechanism for the CIP remains somewhat unclear, lacks final detail. Moreover, exactly implementation (i.e., not programming/ planning) of the programme is commonly viewed as the most challenging part of the INTERREG/ Neighbourhood process. Some interviewed officials referred to their experience in managing the grant schemes under the Social and Economic Cohesion component of PHARE 2000 programme: they emphasised that definition of clear rules (prior to the start of implementation) and having a sufficient amount of people who could ensure that these rules are followed in the projects assisted is absolutely instrumental to the effective implementation of the Programme. In this respect, there is an understanding that planned establishment of Info centres in the county governors administration should have a positive effect, however, there are some doubts as to whether one person per Centre (as it is planned) would be able to meet all the needs. At the same time all the interviewed emphasised the need for effectively functioning Info Points as it would be inefficient for various potential applicants and especially successful ones which are already involved in the implementation of their projects to have to contact the Joint Technical Secretariat in Vilnius every time they have a (small) question. At the same time there was some discontent that administrative capacity which was accumulated in the Regional Programme Implementation Units (RPIUs) which have been established in the county governors' administrations of the target regions to assist administration of the grant schemes under PHARE 2000 Economic and Social Cohesion component are about to be lost.

Overall the attitudes concerning centralisation/ decentralisation of administrative responsibilities in implementation of the Programme have somewhat diverged. Some respondents argued for more active involvement of regional partners in the implementation process (more extensive decentralisation, for example, by allowing the regions to perform some initial assessment of the projects). While others maintained that only information/ publicity and other basic functions shall rest with county governors administrations and the planned Information Points within them. Again, unwillingness to be granted a more extensive management role emerges from previous experience in management of PHARE 2000 Economic and Social Cohesion grant schemes, where management issues proved to be extremely complicated. Therefore, it was preferred that any management role at the regional level would be limited to information and publicity actions, collecting applications and delivering them to the JTC in Vilnius, and other similar basic functions.

Some interviewed officials indicated that they would need support from the technical assistance allocation in the CIP to enable their active participation in the programme management (e.g., attendance to the Joint Steering Committee).

The self-perceived role of Euroregions in the process of implementing the CIP differed. Euroregion "Šešupė" views itself more as facilitators, which generate and gather project ideas, develop them, ensure and sustain participation of involved municipalities throughout the project cycle. Euroregion "Nemunas" indicated that it could function both as facilitator and as applicant to the Programme: it was stated that Euroregion would be ready to undertake any role foreseen to it by the CIP.

Euroregion "Saulė" expressed dissatisfaction that their geographical composition (i.e., Russia/ Lithuania/ Latvia/ Sweden) prevents them from effective participation in the INTERREG IIIA programmes as its members are split between two (i.e., Lithuania/ Poland/ Kaliningrad and Lithuania/ Latvia/ Belarus) programmes. Consequently it was indicated that the Euroregion might devote more attention to the possibilities offered by the INTERREG III B Baltic Sea programme.

Finally, the issue of language was raised. It was argued that some smaller municipalities have difficulties in communicating in the English language (although they are able to

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communicate well in either Russian or Polish). Therefore, they were not able to be fully involved in the programming process, and there could be some similar complications in the upcoming implementation process as well.

5. Financing issues

By some the provision of co-financing to the projects assisted under the CIP was not viewed as any major constraint, especially so that there are hopes that central government will provide half of the required national co-financing (the latter promise is understood as a positive sign). In any case, ability of local and regional actors to provide their share of co-financing is not viewed as a limiting factor or obstacle to apply to the CIP.

However, there was one interviewed official who perceived issue of financing as one of the most possible constraints in the implementation process. It was argued that since most of the municipalities are among poorest ones in Lithuania, they would face serious difficulties in finding the working capital to initially finance their projects (only to be compensated by INTERREG money at the later date). It was argued that therefore advance payments to projects are absolutely necessary. Or otherwise it was suggested that the Government could make a deal with one of the commercial banks so that it agrees to issue short- to medium-termed loans to the projects at more affordable interest rate.

Below we provide a list of officials interviewed as part of the *ex-ante* evaluation at a local/ regional level:

<i>List of Interviewees: INTERREG IIIA Programme</i>
<ul style="list-style-type: none"> ▪ Kęstutis Kieras, Director of Regional Development Department, Alytus County Governor's Administration ▪ Valdas Tumelis, Director of Regional Development Department, Marijampolė County Governor's Administration ▪ Simas Einikis, Director of Regional Development Department, Tauragė County Governor's Administration; also, Member of the Council of Euroregion "Saulė" (Russia/ Lithuania/ Latvia/ Sweden) ▪ Gintaras Skamaročius, Director of the Secretariat, Euroregion "Nemunas" (Belarus/ Lithuania/ Poland/ Russia) ▪ Vitas Girdauskas, Euroregion "Šešupė" (Russia/ Lithuania/ Poland)

Below, we provide a summary of key findings from the ex-ante evaluation, conclusions and recommendations. We then set out outstanding issues as at the end of December 2004.

4.1 Conclusions and Recommendations

4.1.1 Baseline Analysis and SWOT

In our view the CIP provides balanced coverage of the **key features of the regions** from the three countries to be covered by the Programme. From a thematic perspective, the CIP is also comprehensive in scope. In the interim *ex-ante* evaluation, we recommended that each of the sub-sections making up the baseline assessment could be improved by providing a short paragraph at the end with conclusions – drawing out similarities (and differences) between the regions, common priorities, etc. This particular recommendation has not been taken on board because of the difficulties in producing additional text within the timeframe.

The *ex-ante* evaluation report reviews the various aspects of the baseline analysis. In the sub-section on 'Tourism' a distinction could usefully be made between the potential to attract more visitors to the area from within the three countries as opposed to attracting tourists from other countries. If the emphasis is on developing the tourism potential of the regions to be covered by INTERREG by attracting visitors from other countries, this will have implications for the type of facilities and services provided, as well as for transport links between the three regions and international gateways – where funding from the mainstream Objective 1 programme could be drawn upon.

Section 1 concludes with a **SWOT analysis** (supported by a more detailed version in the appendices). This seems to us to be a good summary of the situation in the regions.

4.1.2 *Previous Cross Border Programmes*

The CIP contains a useful summary of **previous cross-border cooperation schemes**. However, apart from details of the financial allocations and number of projects supported, more information could usefully be provided on how successfully these schemes have operated.

It would, for example, be helpful to include an assessment of the type (i.e. not just the number) of projects that were supported, the extent to which project objectives have been achieved, what seems to have worked well/ not so well in promoting cross-border cooperation, the effectiveness of partnership structures, and how the current INTERREG programme can build on past activities.

4.1.3 *Vision, Joint Development Strategy and Performance Indicators*

The **vision** itself seems to us to be appropriate. However, it is very ambitious and would benefit from some additional text making it clear that achievement of the vision will depend on many factors of which the INTERREG programme is only one. This could then be followed by an explanation of precisely how INTERREG will contribute to the vision's achievement.

The CIP describes the relationship with **other EU-funded programmes** and it might be appropriate to further develop this section so that it is clearer how the INTERREG strategy (e.g. investment in physical infrastructure) could be funded by other programmes.

Section 1.4 of the CIP contains a number of proposed **programme-level 'output' and 'results' indicators**. Overall, we consider that the proposed performance measurement framework will require further development. In particular, more emphasis should be put on Priority and project-specific indicators rather than on very high level and generic indicators. Also, consideration should be given to the feasibility of collecting data required to quantify indicators and the selection of indicators made in light of this.

With the exception of a limited number of 'common/ core' indicators (e.g. 'number and type of projects supported') that are defined by the authorities, the emphasis might be placed on asking project sponsors to suggest an evaluation plan (including indicators) for their particular schemes as part of the project appraisal process.

A further possibility is to undertake a survey of project sponsors as a way of gaining more detailed insights to the benefits of INTERREG than can be obtained simply from a set of quantitative and generic performance indicators.

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4.1.4 *Priorities and Description of Measures*

The CIP is very ambitious in terms of its aims and the envisaged scope of the interventions, and that given the relatively small amount of funding available, there is a case for more clearly prioritising the list of activities to be supported set out in the CIP.

Priority 1 – Stimulating Economic and Scientific/ Technological Cooperation

With regard to **Measure 1.2** more could perhaps be said about tackling the issue – identified earlier in the CIP – of reconciling INTERREG aims with the fact that there will be a new external EU border with one of the three partners in the programme.

In the case of **Measure 1.3**, the CIP recognizes that with limited financial resources, INTERREG interventions will need to be limited to “Projects not covered by national programmes and having a clear cross border impact”. Since most interventions aimed at reducing environmental pollution are likely to have a cross-border impact given the relatively small area covered by the programme, there is a case for this statement being amended to focus on “cross-border interventions” rather than impacts.

With regard to **Measure 1.4**, a reference could be made to the importance of environmental sustainability since increasing flows of tourists within the area, which is referred to as the “Lungs of Europe” and features substantial parts of the territory protected under NATURA 2000 directives, should be tackled with great care and ensuring the sustainability of development processes.

Priority 2 – Cooperation Between Populations, Socio Cultural Integration and the Labour Market

Measure 2.1 focuses on ‘support for local societies’ initiatives’. This title could perhaps be improved by calling the measure ‘support for cross-border partnerships’ or ‘support for cross-border contact between communities’.

The second Priority 2 Measure aims to promote a regional cultural identity. The justification for **Measure 2.2** is stated as being to counter accusations from “so-called Euro-sceptics [that there is] a risk of loosing national cultural identities and historical roots”. Whilst this may be so, it would in our view be preferable to stress the linkages with P1/ M4 and the promotion of tourism.

Priority 3 – Technical Assistance

The CIP contains a short section on technical assistance. Whilst the purpose of **Measure 3.1** (programme management) is largely self-explanatory, the description of **Measure 3.2** (other activities) could be further developed.

More specifically, given the complications of developing cross-border partnerships and schemes, technical assistance is likely play an important role with regard to capacity-building. In this context, a number of specific initiatives such as investing in ‘project facilitators’ to help with regard to capacity building might be envisaged.

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Horizontal Themes

On the **equal opportunities** ‘horizontal’ themes, the CIP argues that “main tool for achieving elimination of inequalities between men and women is the creation of sufficient numbers of job opportunities, together with improved flexibility of the labour market and accessibility and diversity of different types of employment”. It is debatable whether these considerations are relevant to the INTERREG programme since it is unlikely to directly create many new jobs. What would be more appropriate is to stress that the project selection criteria will ensure that INTERREG schemes encourage the participation of both men and women.

Whilst the horizontal themes of equal opportunities and the **environment** are addressed in the CIP, there is no consideration of **information society**. This omission should be rectified. For example, there is scope under Priority 2/ Measure 2 to use ICT to promote contact between the populations of the different border regions. Similarly, in relation to Priority 1/ Measure 4, an internet web site could be established using INTERREG funding to raise awareness of the region as a visitor destination, or funding could be allocated to help tourism operators to develop on-line booking systems.

Proposed Financial Allocations

CSES have now looked over the **indicative financial plan** contained in the Nov 03 version of the CIP. In our view the intention to devote approximately 70 % of available INTERREG resources to Priority 1 is appropriate given the nature of the interventions envisaged – predominantly small scale infrastructure development projects. Just over 20 % of resources will be devoted to Priority 2. Again, this seems appropriate given that the average size of intervention is likely to be much lower for “people to people” or soft interventions than for hard infrastructure-oriented interventions – with a minimum size threshold being proposed of 5,000 euros.

The proportion of resources dedicated to Technical Assistance – 7.2 % also seems broadly appropriate. It is likely that TA will play a critical role during the current programming period since this is the first time that Lithuania has implemented INTERREG – which represents a significant uplift in financial resources over PHARE CBC – with implications in terms of the resources needed to help build capacity at local and regional level amongst key institutions/ public sector organisations.

Quantification of Objectives and Proposed Indicators

There are well known difficulties which are well understood at the Commission in terms of quantifying the objectives of INTERREG programmes due to the special nature of INTERREG interventions – particularly those involving institutional co-operation and people to people contact. We have not therefore attempted to make predictions for

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outputs such as the number of projects supported since these in our view will be impossible to predict.

It may however, in light of achievements during the imminent (and short) programming period 2004–06 to make projections for the next programming period based on outcomes from this period – for example in respect of the number of cultural and sporting events held on a cross-border basis.

While most of the indicators proposed at a programme and priority level appear appropriate, some indicators – particularly those relating to business activity – appear problematic. It will be very difficult to ascertain whether or not an increase in cross-border business activity or indeed the number of businesses being established across borders is directly linked to INTERREG. Direct support for SMEs is not foreseen in the CIP – therefore any impact on business or business activity (e.g. take-up of high technologies) will be indirect not direct.

Programme Management and Implementation Arrangements

Overall the arrangements seem appropriate and reflect practices elsewhere. There are still however unresolved issues relating to whether a sub-paying authority should be set up on the Polish side and whether the lead *voivodship* on a given project should have the power to sub-contract to other voivodships. In our view, neither of these suggestions would be sensible. Given the need for the lead body to check all payment claims before the paying authority in Vilnius can make payments, all contracts will still need to be checked by the Managing Authority (and Joint Technical Steering Committee) in Vilnius regardless of whether a sub-paying authority has been set up. Such a body would merely serve to add another layer of bureaucracy in the proposed implementation arrangements and could lead to delays in financial flows with consequent impacts in terms of N+2. There also need to be clear lines of accountability back to the Managing Authority which would be more difficult if a sub-paying authority were set up.

The *ex-ante* recommendation is that the management structure and payment arrangements should be as simple and transparent as possible and have clear lines of accountability.

On the Kaliningrad side, there are difficulties in making an assessment as to whether there is likely to be a repeat of the difficulties encountered during PHARE CBC with regard to working with EU external border countries. More precise guidance in respect of the new Neighbourhood Programme is not expected to be available until Jan 2004. However, one of the objectives for introducing the Neighbourhood Programme was to try and ensure that rules, procedures and financing between EU member states and external border countries were more closely aligned in order to eradicate problems experienced during previous programming periods whereby external border countries experienced great difficulties participating in cross-border programmes – particularly with regard to getting genuine joint cross-border projects off the ground. We therefore assume that once clarification with regard to the management and implementation dimension of the Neighbourhood Programme is provided to the Kaliningrad side, there is every chance that Kaliningrad will have the opportunity to fully participate in the INTERREG IIIA programme – given the

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additional 5m euros of funding that eligibility for the new Neighbourhood Programme brings to the 4.5m allocation under TACIS CBC.

Progress is now beginning to be made in respect of the development of a computerised **data management and monitoring system** for storing project and programme information. The system will be mainly used to store basic information on projects (e.g. contact details for project sponsors, commitments and payments) and information on project outcomes. The monitoring system is being closely based on the monitoring database being set up for the Lithuanian Objective 1 programme which seems entirely logical in order to avoid reinventing the wheel. At this stage, it is too early in the development of the monitoring database to assess how effective monitoring systems might be or to consider whether or not there will be problems across borders in compiling information into a joint, cross-border database.

With regard to **project applications**, the CIP states that there will be a rolling system of calls for proposals with applications being appraised by the JTS and then submitted to the JMSC for decision. Developing a good quality project pipeline will almost certainly be one of the most challenging aspects of the INTERREG programme's implementation. To enhance the likelihood of projects coming forward, consideration might be given to a number of initiatives outlined in the *ex-ante* evaluation report – publishing a 'Prospectus', appointing a small number of 'Project Facilitators', and simplifying project application and appraisal procedures, and perhaps introducing a 'fast track' system for smaller project tenders.

The sort of **project selection criteria** set out in the CIP seem appropriate but there is an important omission – financial additionality/ added value, i.e. that projects should be able to demonstrate that they would not proceed (at all, on the same scale or at the same time) without INTERREG support.

4.2 Outstanding Issues Prior to Programme Implementation

We now review outstanding issues in respect of the INTERREG IIIA programme:

In mid-December 2003, a conference on the LT-PL-KL INTERREG IIIA programme was held in Vilnius. While the initial intention had been to launch the INTERREG programme with participation from all key stakeholders as well as politicians etc. a major unresolved problem appears to be the issue of whether or not a Sub-Paying Authority was possible on the Polish side. However, there were high hopes that a compromise solution to this problem. To this end, a series of meetings were held on the 16th December 2003 in Vilnius between the Lithuanian and the Polish side.

The Lithuanian side was prepared in principle to agree to the Polish suggestion of having a sub-paying authority on the Polish side – provided that contracts were still sent for checking, co-signing and final approval to the Paying Authority in Vilnius. However, the Polish authorities also wanted to have the power to sign contracts on a unilateral basis. However, ultimately, the Managing Authority in Vilnius is responsible for the disbursement of EU funds. In *ex-ante*'s view, therefore, such an approach would create problems from accountability, transparency and financial control perspectives.

Otherwise, the *ex-ante* team understands that preparations for programme implementation are more or less on track with preliminary steps being taken to put in place a

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Memorandum of Understanding between the Polish and Lithuanian governments outlining the designation of competent authorities to fulfil the financial control and audit functions etc.

The INTERREG monitoring system is also now under development. *Ex-ante* understands that a computerised monitoring database will be developed as part of an integrated monitoring database system currently under development in Lithuania to capture financial information and physical output data in respect of the mainstream Objective 1 programme.

As mentioned earlier, there are also issues that have yet to be resolved on the Kaliningrad side in terms of how the new Neighbourhood Programme will be managed, co-ordinated and implemented. While financing amounts are known, very little information has been provided by the Commission to date in terms of the role, tasks and responsibilities of the Programme Co-ordination Unit responsible for implementing the Neighbourhood Programme. Further guidance is expected in January 2004 – outside the timeframe of the *ex-ante* evaluation – but which should nevertheless be important in helping to clarify how co-operation will work in respect of cross-border projects and co-operation more widely between the KL and LT and KL and PL sides.