

**Interim Assessment  
of the Interreg IIc  
Baltic Sea Programme**

**John Bachtler  
Kevin Bradley  
Ruth Downes  
John Macquarrie  
Kerry Young**

**Regional and Industrial Policy Research Paper**

**Number 39**

**April 2000**

**Published by:**

**European Policies Research Centre  
University of Strathclyde  
40 George St.  
Glasgow G1 1QE  
United Kingdom**

**ISBN: 1-871130-17-4**



## **Abstract**

This report comprises the presentation of results from the Interim Assessment of the Interreg IIC Baltic Sea Programme. The report was commissioned by the Interreg IIC Monitoring Committee as the interim evaluation of the programme and was co-financed by the European Regional Development Fund. The aims of the assessment were to review implementation and transnational management procedures, analyse progress with programme implementation and the initial effects of approved projects, overview the technical assistance activities and assess the indicators used at programme, measure and sub-measure levels. The report deals with each of these issues in turn before concluding with a series of recommendations relating to various aspects of the management structure, project selection, links to other European Commission programmes and the use of technical assistance.

## TABLE OF CONTENTS

<b>1. INTRODUCTION.....</b>	<b>6</b>
1.1 Aim and Objectives .....	6
1.2 Method .....	6
1.3 Structure of the report .....	7
<b>2. PROGRAMME OBJECTIVES.....</b>	<b>8</b>
2.1 Background .....	8
2.2 Rationale and objectives.....	9
2.3 Participants .....	11
<b>3. PROGRAMME MANAGEMENT AND IMPLEMENTATION .....</b>	<b>12</b>
3.1 Management structures .....	12
3.2 Monitoring Committee and Steering Committee .....	12
3.3 Joint Financial Body.....	16
3.4 Common Secretariat .....	17
3.5 National Sub-Committees .....	19
3.6 Application and award process .....	20
3.7 Reporting procedures .....	22
<b>4. PROGRAMME IMPLEMENTATION: PROJECT APPROVALS.....</b>	<b>23</b>
4.1 Commitment by application rounds .....	23
4.2 Commitment by project type.....	23
4.3 Commitment by measure .....	24
4.3.1 Third application round.....	26
4.4 Geographic spread.....	27
4.4.1 Distribution by Objective area .....	28
4.5 Type of partner .....	29
4.6 Disbursements .....	30
<b>5. PROJECT PROGRESS.....</b>	<b>32</b>
5.1 Project preparation .....	32
5.2 Project implementation .....	33
<b>6. REVIEW OF PROGRAMME INDICATORS .....</b>	<b>35</b>
6.1 Use of indicators within Interreg IIC programmes .....	35
6.2 Review of indicators for the BSR at programme, measure and sub-measure level.....	36
6.3 The use of indicators in the OP .....	36
6.4 Information on results, outputs, impacts .....	37
6.5 Project submissions .....	38
6.6 Recommendations for setting up systems of indicators .....	38
6.6.1 Terminology .....	38
6.6.2 Tools.....	39
<b>7. PROGRAMME EFFECTS .....</b>	<b>41</b>
7.1 Results .....	41
7.2 Strategic benefit.....	41
7.3 Sustainable development benefit.....	42
7.4 Transnational spatial development.....	43
7.5 Synergies .....	43
7.6 Technical Assistance .....	43

<b>8. CONCLUSIONS AND RECOMMENDATIONS</b> .....	<b>46</b>
8.1 Programme objectives .....	46
8.2 Management structure .....	47
8.3 Common Secretariat .....	47
8.4 Management systems .....	48
8.5 Joint Financial Body.....	48
8.6 Commission relations.....	49
8.7 Integration of Structural Funds and Phare/Tacis programmes.....	49
8.8 Programme effects.....	50
8.9 Project generation and progress .....	50
8.10 Use of technical assistance.....	51

# **1. INTRODUCTION**

This report comprises the presentation of results from the Interim Assessment of the Interreg IIC Baltic Sea Programme. The report was commissioned by the Interreg IIC Monitoring Committee as the interim evaluation of the programme and was co-financed by the European Regional Development Fund. The report was researched and written by John Bachtler, Ruth Downes and John Macquarrie of the European Policies Research Centre and Kerry Young and Kevin Bradley of Bradley Dunbar Associates and reflects solely the views of the authors.

## **1.1 Aim and Objectives**

The aim of the study was to undertake a brief preliminary assessment of the implementation of the Interreg IIC Programme for the Baltic Sea Region and had five specific objectives:

- i) to review implementation procedures, particularly with respect to application procedures, practical implementation procedures, both technical and financial; and the transnational management aspects of the programme;
- ii) to review and analyse progress with programme implementation, involving an analysis of programme commitment and disbursement rates (commitment levels per measure; the geographic spread across Objective areas; types of lead partners; and project size and type) particularly with a view to the transnational objective of the programme;
- iii) to undertake a preliminary assessment of the programme's effects, based on information gathered from projects already approved; and
- iv) to analyse existing and potential technical assistance activities, based on findings at project and programme levels.
- v) to review the indicators defined in the Operational Programme at programme, measure and sub-measure level, and make recommendations for adjustments.

## **1.2 Method**

The study was undertaken through a mix of desk research and fieldwork. The team had access to a substantial amount of programme and project information provided by the Secretariat, notably:

- project applications;
- assessment sheets, summarising key elements of the project applications;
- synthesis information relating to projects, project partners, project status, budgeting data and other statistics derived from the databank managed by the Common Secretariat;
- minutes of Monitoring Committee and Steering Committee meetings; and
- background papers prepared by the Secretariat for Monitoring and Steering Committee meetings providing a preliminary analysis of applications and awards

and qualitative assessment of the project portfolio in terms of transnationality, cross-sectorality, strategic orientation etc.

This information was reviewed by the project team. The application form and assessment form data was collated via a spreadsheet of responses (and assessment of responses) to the questions on the programme's effects. The budget data was also examined.

This desk research was supplemented by a targeted interview programme with a mix of face-to-face and telephone interviews involving the main staff of the Common Secretariat on different aspects (from the main Rostock office and the branch office in Karlskrona), the Joint Financial Body and key participants in the Monitoring/Steering Committee. In addition, a telephone interview survey of lead project applicants was undertaken, covering about 40 percent of successful projects (14) in the first and second application rounds. The sample of project interviewees was structured to ensure a spread of projects by measure, project size, project type and number of partners.

### **1.3 Structure of the report**

The report is structured in seven substantive sections. Following this introduction, the second section reviews the main characteristics of the programme – evolution, rationale, objectives and eligible areas. The management structure and implementation procedures of the programme are discussed in the third section, considering each element of the structure and procedures in turn. The fourth section examines the projects approved under the first and second application rounds – by project type, measure, geographic spread, partner and funding source. Section 5 reviews project development and progress based on the survey of successful projects. The sixth section reviews the indicators set out in the Operational Programme at programme, measure and sub-measure level, making recommendations for a new framework which can be used to identify indicators through to project level. Section 7 assesses the anticipated project and programme effects. The final section, 8, summarises the conclusions and puts forward recommendations.

## **2. PROGRAMME OBJECTIVES**

### **2.1 Background**

The Baltic Sea Region (BSR) Operational Programme was launched in December 1997 under the Interreg IIC Community Initiative, which promotes transnational co-operation in the fields of regional and spatial planning. This new strand of Interreg had been launched the previous year to address funding needs in the field of spatial planning which had become evident over the preceding years.

The origins of the Baltic Sea Region Programme lie in the discussions between the European Commission and Member States, particularly through the Committee for Spatial Development, in late 1995 and early 1996. Initially, following publication of the Interreg IIC guideline, the Commission circulated a questionnaire to Member States asking them to identify possible themes for future co-operation. Several Member States (Denmark, Finland, Germany and Sweden) identified co-operation in the Baltic Sea Region as being of high priority. In the Baltic Sea area, momentum for co-operation already existed, partly through long-established co-operation between the Nordic countries and also through the VASAB process and the results of other projects, such as the Baltic 21 project, carried out in parallel to the Interreg II C work during 1997. The initial response of the Nordic Member States to the European Commission questionnaire on transnational co-operation was co-ordinated, to a certain extent, through the Nordic Senior Officials' Committee for Regional Policy (NÄRP). More formal meetings of the regional policy and spatial planning interests from Baltic Sea Member States were held in Copenhagen, Hamburg and Stockholm between May and August 1996 establishing agreement on priorities for a joint programme. The deliberations intensified in the latter part of the year as the detailed programme was prepared.

The process of plan preparation was essentially managed internally by a partnership of representatives from ministries responsible for spatial planning and EU Structural Funds; external consultants were minimally involved. Apart from the EU Member States (Denmark, Finland, Germany, Sweden), Norway was involved at an early stage, as was the VASAB Secretariat. The VASAB 2010 document, jointly elaborated by the 11 EU and non-EU countries and agreed by their spatial planning ministers, formed the main basis for the Operational Programme. During the drafting process for the Operational Programme, the candidate countries were formally invited to comment on drafts of the programme. However, the difficulties of matching the different financing instruments of Interreg, Phare and Tacis hampered the creation of a sense of ownership and joint participation by these countries. Sub-national and regional authorities have been involved in a different way in individual countries, including through regional information events for regional and local authorities (Finland, Germany) or through the direct involvement of sub-national authorities (the German *Länder*) and regional representatives in the drafting process. The programme was submitted to the European Commission in early 1997, negotiated with the Commission in the course of the year and finally approved on 11 December 1997.

Following approval, the programme was quickly launched to run throughout 1998 and 1999, with an EU budget of 25 million EURO from the European Regional Development Fund. Norway is also contributing 2 million EURO, and Central

European and NIS participants may apply for funding on a project by project basis through the EU Phare and Tacis CBC programmes.

**Table 1: Timetable of the Interreg IIC Baltic Sea Programme**

11 Dec 1997	Approval of the Operational Programme
15 Dec 1997	First Monitoring Committee meeting, Copenhagen
15 Dec 1997	First Steering Committee meeting, Copenhagen
Jan-Feb 1998	Start-up of Common Secretariat in Rostock/Karlskrona
17 Mar 1998	Second Monitoring Committee meeting, Helsinki
18 Mar 1998	Second Steering Committee meeting, Helsinki
April 1998	Launch of first application round
1 May 1998	Closure of first application round
25-26 June 1998	Third Steering Committee meeting, Rostock
26 June 1998	Approval of first round projects
1 Oct 1998	Closure of second application round
2-3 Dec 1998	Fourth Steering Committee Meeting, Kiel
3 Dec 1998	Approval of second round projects
4 Dec 1998	Third Monitoring Committee meeting
15 Mar 1999	Fifth Steering Committee Meeting, Gdansk
April 1999	Launch of third applications round
1 June 1999	Closure of third applications round
2-3 Sept 1999	Sixth Steering Committee Meeting, Umea
19 Nov 1998	Fourth Monitoring Committee Meeting, Copenhagen
31 Dec 1999	Deadline for commitment of all EU funds
31 Dec 2001	Deadline for project implementation and finalisation of payments

A common secretariat was established as the Baltic Spatial Development Agency, with operations split between Rostock (based in the Investitionsbank Schleswig-Holstein and located in the offices of the Landesbank Schleswig-Holstein) and Karlskrona (based in the Baltic Institute). The Investitionsbank also took responsibility for acting as the Joint Financial Body. Three rounds of applications have been undertaken: in Spring/Summer 1998; Autumn/Winter 1998; and Spring/Summer 1999. Three Monitoring Committee and Five Steering Committee meetings have taken place from December 1997 to March 1999. The programme is now moving into its final phase with the need to commit all EU funds by the end of 1999.

## 2.2 Rationale and objectives

The overall objectives of the Operational Programme (OP) are to support the development of a future-oriented spatial structure and to help improve living conditions by strengthening the area's development potential, increasing economic and social cohesion, ensuring sustainable and balanced development in the region as a whole. The Programme has been described as a compromise between 'visionaries and pragmatists': it draws heavily on the VASAB document and seeks to merge the interests of spatial planning (including the European Spatial Development

Perspective, ESDP) and those of regional policy, particularly with respect to the transport and tourism priorities.

The Programme aims to contribute to a ‘*common vision*’ of the Baltic Sea Region where:

- it is a recognised and integrated partner of European and global society;
- the territorial balance between different parts of the region in terms of economy, ecology, social and cultural conditions is improved;
- the region’s urban system and settlement structure are polycentric and decentralised with a comprehensive variety of available services;
- transport, communication and energy networks link the cities with adequate services with more peripheral areas; and
- specific areas such as the coastal zone, islands, border areas, natural and cultural landscapes have been developed and preserved in a balanced way, forming an asset to the economy and quality of life in the region.

To this end, the programme supports transnational cooperation projects in spatial planning which promote these objectives. As noted above, the OP integrates spatial strategies from the area’s Framework for Spatial Development Strategies (VASAB 2010) with the Commission’s ESDP and regional development needs in the area.

The OP has three specific priorities:

1. Promotion of sustainable spatial development measures in the Baltic Sea region with a view to increasing economic and social cohesion by:

- 1.1 supporting a balanced and polycentric urban system and settlement structure in the Baltic Sea region;
- 1.2 improving communications and promoting energy and transport solutions as part of sustainable regional development;
- 1.2 promoting integrated management and sustainable development of coastal zones, islands and other specific areas.

2. Promotion of a spatial development approach in the Baltic Sea Region, through:

- 2.1 further development of spatial planning strategies and exchange of experience in the field of spatial planning;
- 2.2 management of spatial planning relations in particular to natural and cultural heritage and tourism development.

3. Technical Assistance for programme management and to support transnational cooperation.

### 2.3 Participants

The Programme involves four EU Member States (Denmark, Germany, Finland, Sweden), the southern territories of Norway, the northern parts of Poland, the three Baltic States (Estonia, Latvia, Lithuania) and parts of Russia and Belarus, as follows:

<b>Country</b>	<b>Participating regions/areas</b>
Denmark	Counties of Nordjylland, Aarhus, Velje, Sønderjylland, Fyn, Storstrøm, Vestsjælland, Bornholm and the five counties of Greater Copenhagen
Finland	Entire country
Germany	Bundesländer of Berlin, Brandenburg, Hamburg including Regierungsbezirk Lüneburg (Niedersachsen), Mecklenburg-Vorpommern and Schleswig-Holstein
Sweden	The whole country except the Objective 6 area
Norway	South-eastern parts
Estonia	Entire country
Latvia	Entire country
Lithuania	Entire country
Poland	All voivodships stretching north of the line Berlin-Poznan-Warsaw-Lithuanian border
Belarus	Grodno, Vitebsk and Minsk Oblast
Russia	Kaliningrad area, St Petersburg area surrounded by Leningrad Oblast, Republic of Karelia and Murmansk Oblast

### **3. PROGRAMME MANAGEMENT AND IMPLEMENTATION**

#### **3.1 Management structures**

The management structure of the programme comprises several elements:

- a joint Monitoring Committee, responsible for ensuring compliance with the regulatory provisions, overseeing and providing guidance on the overall implementation of the programme;
- a joint Steering Committee, responsible for the operational implementation of the programme, including decision-making on the allocation of EU funds;
- a Common Secretariat, responsible for the day-to-day management of the programme, including administrative support to the Monitoring Committee and Steering Committee;
- a Joint Financial Body, responsible for the financial administration of EU funds in accordance with decisions of the Steering Committee, including the contractual allocation of funds to project applicants; and
- National Sub-Committees, established in participating countries to involve regional and local authorities as well as other relevant institutions.

The management and implementation of the Programme is broadly similar to other Interreg IIC programmes although a number of distinctive elements can be highlighted. It has a Common Secretariat established by the Investitionsbank (IB) Schleswig Holstein (see section 4.4) outwith the management structure of the participating government departments, which is split between two locations in different countries - Rostock (Germany) and Karlskrona (Sweden). Despite the relatively small size of the Programme (in funding terms), it has a Monitoring Committee *and* a Steering Committee, both of which largely comprise representatives of the same organisations. A distinctive element of this otherwise common committee structure is its 'rotating chairmanship' between Finland and Denmark. A further distinctive approach is the Joint Financial Body (see section 4.3).

This structure represents a compromise between the participating countries. Both Germany and Sweden were keen to host the management of the Programme, in the German case offering the services of the Investitionsbank as the Joint Financial Body and location of the secretariat. The outcome was a split of the secretariat functions between a main office in Rostock and a branch office in Karlskrona. The knock-on effects of these decisions influenced both Finland and Denmark in wanting to have a central role in the management structure, subsequently agreeing to have a rotating chairmanship of the Monitoring Committee and Steering Committee between the two countries.

#### **3.2 Monitoring Committee and Steering Committee**

With a total of 24 members, the joint *Monitoring Committee* is composed of two national-level government representatives for each Member State (one responsible for the Structural Funds, the other for spatial planning), a regional representative for each

Member State, a representative of each non-Member State, two representatives of the Commission (from its total entitlement of four) and the chair of the Steering Committee (see Table 2 for further details on the membership)

The Monitoring Committee meets at least twice a year, and its responsibilities include:

- determining assessment criteria for the OP and eligibility criteria for projects;
- ordering evaluation reports;
- setting up rules for monitoring and impact assessment;
- deciding on projects involving infrastructure investments;
- controlling financing of the OP; and
- ensuring compliance with the budgetary rules, Regulations and Community policies.

The Monitoring Committee can also adjust the financing plan and procedures for granting financial assistance.

The joint *Steering Committee* is also made up of 24 representatives, comprising two national-level government representatives for each Member State (again, one responsible for the Structural Funds, the other for spatial planning), a representative of each non-Member State, the chairs of the National Sub-Committees, the chair of the Monitoring Committee and a representative of the Joint Financial Body (in an advisory capacity only). Again meeting at least twice a year, the Steering Committee is responsible for:

- proposing project eligibility criteria to the Monitoring Committee;
- co-ordinating with other European Commission programmes, including those in Objective 1, 2, 5b and 6 regions;
- organising technical and financial monitoring of projects;
- providing reports in accordance with the Structural Fund reporting system; and
- deciding on the use of available Structural Funds.

The meetings of the Monitoring Committee and Steering Committee take place generally in close succession. Three meetings of the Steering Committee have taken place in December 1997 (Copenhagen), March 1998 (Helsinki), June 1998 (Rostock), December 1998 (Kiel) and March 1999 (Gdansk). There have been three meetings of the Monitoring Committee: December 1997 (Copenhagen), March 1998 (Helsinki), and December 1998 (Kiel). In both committees, all countries contributing to the Programme either financially or in kind have full voting rights.

**Table 2: Membership of the Monitoring Committee and Steering Committee**

Country	Institution	Representative	MC	SC
Finland	Ministry of the Interior	Mr Antti Uusi-Hakala	*	*
Finland	Ministry of the Interior	Mr Harry Ekestam <sup>1</sup>	*	*
Finland	Ministry of the Environment	Mr Pekka Kangas	*	
Finland	Ministry of the Environment	Mr Risto Karkkainen		*
Finland	Assoc of Finnish Local and Regional Authorities	Mr Kari Pakarinen	*	
Finland	Regional Council of Central Finland	Mr Martti Ahokas		*
Denmark	Danish Agency for Dev of Trade and Industry	Mr Preben Gregersen <sup>2</sup>	*	
Denmark	Danish Agency for Dev of Trade and Industry	Mr Niels Bjerring Hansen	*	
Denmark	Ministry of Environment and Energy	Ms Helle Fischer <sup>3</sup>	*	*
Denmark	Ministry of Environment and Energy	Mr Niels Ostergard	*	*
Denmark	Assoc of County Councils in Denmark	Ms Inge Hyldebrandt	*	
Denmark	Assoc of County Councils in Denmark	Mr Michael Koch Larsen		*
Denmark	Ministry of Trade and Industry	Ms Kaja Korgard		*
Germany	Bundesministerium für Wirtschaft	Mr Axel Senftleben	*	*
Germany	Bundesministerium für Raumordnung	Mr Welf Selke	*	*
Germany	Bundesministerium für Raumordnung	Mr Wilfried Gormar <sup>4</sup>	*	*
Germany	Min Justiz, Bundes- und Europaangelegenheiten – Schleswig-Holstein	Mr Dietrich Seele	*	*
Sweden	Ministry of Industry and Trade	Ms Inger Kristiansson	*	
Sweden	Ministry of the Interior	Ms Paula Nobis	*	
Sweden	Katerineholms kommun	Ms Marita Bengtsson	*	
Sweden	National Board of Housing, Building and Planning	Ms Lisbeth Fall		*
Sweden	Umea kommun	Ms M-L Ronnmark		*
Sweden	NUTEK	Mr Bjorn Nasvall		*
Norway	Ministry of Local Government and Labour	Mr Jan Edoy	*	*
Norway	Telemark County Municipality	Mr Bjorn Reisz		*
Russia	Nat Committee of Russian Fed on Housing & Construction Policy	Mr Vladimir Golubev	*	
Russia	Board (Council) of Gosstroy	Mr Valeriy Borisov		*
Russia	Institute of Urbanistics for Research and Design	Mr Vladimir Schitinsky	*	
Belarus	Institute for Urban and Reg Planning of Belarus	Mr Dmitry Semenkevich	*	*
Estonia	Ministry of Environment	Mr Jaak Maandi	*	*
Latvia	Ministry of Environmental Protection and Regional Development of the Republic of Latvia	Ms Aivita Zavadska	*	
Latvia	Ministry of Environmental Protection and Regional Development of the Republic of Latvia	Ms Alda Nikodemusa		*
Lithuania	Min of Foreign Affairs of the Republic of Lithuania	Ms Rasa Bubeliene	*	
Lithuania	Min of Environment of the Republic of Lithuania	Mr A Gordevicius		*
Poland	Division of Urban Regional Planning	Mr Janusz Krukowski	*	
Poland	Department of Regional Policy – Govt Centre for Strategic Studies	Mr Marek Potrykowski		*
Poland	City Planning and Development Office	Mr Wiktor Szydarowski		*
CEC	European Commission	Mr Kurt Hotte	*	
CEC	European Commission	Mr Niessler	*	
JFB	JFB/Investitionsbank Schleswig-Holstein	Mr Klaus Rave		*

<sup>1</sup> Not formally member of MC, but has assisted Mr Uusi-Hakala

<sup>2</sup> not formally a member of MC, but will step in as Chair 19.11.99

<sup>3</sup> not formally a member of SC, but has assisted Mr Ostergard (Chair)

<sup>4</sup> deputy for Mr Selke

There is considerable overlap in membership between the Monitoring Committee and Steering Committee. As indicated in Table 2, half of the participating authorities are represented on both committees, in many cases by the same person. The main differences are that the European Commission is only represented on the Monitoring Committee, while implementation bodies (eg. the Swedish national boards such as NUTEK and Boverket) and some regional/local authorities are only represented on the Steering Committee. In relation to participation, it should also be noted that the participation from the candidate countries has not included those ministries responsible for potential matching cross-border funding within the Phare programme, but has focused on sectoral ministries (regional planning, environment, territorial planning). This approach is a barrier to any effective consideration of common funding at a programme level.

The existence of the two bodies is widely considered to be unsatisfactory, related partly to issues of additional time and cost. While the procedural distinction between the two Committees relates formally to areas of responsibility - the Steering Committee operating principally at project level and the Monitoring Committee at programme level - this distinction has often been less clear in practice. For example, according to the list of duties, the role of the Steering Committee is to “propose eligibility criteria” and to “organise monitoring”, while the Monitoring Committee “determines eligibility criteria” and “sets up rules for monitoring”. The agenda of both committees appears to be dominated by detailed matters – especially, in the early days, legalistic and procedural issues such as the status of the Åland Islands – and it is questionable whether either committee is capable of strategically ‘steering’ the Programme. Inevitably, since the European Commission is not represented on the Steering Committee, the Monitoring Committee is the only opportunity for the Commission to question issues of project content. This leads to some repetition of committee debate and some adversarial attitudes between the national programme partners and the Commission services.

A further problem is the limited involvement of partners from some of the ‘candidate countries’ of Central Europe and from Russia and Belarus. While Polish representatives are actively engaged with the programme, reflecting their significant role in the VASAB process, other countries are less involved. This is due to several factors. First, the countries were brought late to the process and were not consulted during the initial programme design. Second, the economic situation of these countries has affected their ability to co-finance projects. Third, and crucially, the programme has been established without any resolution of the issues of combined Phare/Tacis/Interreg IIC funding. This weakness has not been overcome during the lifetime of the programme. This means that the transition countries have been disadvantaged in their participation in the Programme and has sometimes meant that in practical terms these countries were effectively ‘observers’ who could participate in discussions but experienced difficulties in terms of involvement in concrete initiatives. While a number of projects have received good levels of co-financing for transition country partners, the involvement of these countries in the Programme was still limited more than would be desirable. These fundamental issues have also been compounded by organisational difficulties, such as disputes over representation (Russia) and financial constraints on foreign travel (Russia, Belarus).

### 3.3 Joint Financial Body

The Joint Financial Body is the Investitionsbank (IB) Schleswig-Holstein which is a public development bank acting on behalf of the *Land* Government of Schleswig-Holstein in areas such as economic support, infrastructure financing, agriculture, urban construction and municipal affairs. The Joint Financial Body undertakes the financial administration of the Community funding under the OP, eg. allocating aid to applicants, managing accounting procedures and drafting periodic progress reports.

The IB has, in principle, made a strong commitment to the Programme by offering to act as the Joint Financial Body (JFB), overseeing the Common Secretariat and providing premises, as well as seconding a member of staff to work with the Common Secretariat in Rostock. At the outset of the implementation of the Operational Programme, the IB was centrally involved in drawing up regulations relating to the use of the funds. These included: agreements between the EU partners and the IB; management agreements between the participating federal German *Länder*; agreement of the transfer of responsibilities between Schleswig Holstein and the IB; the subsidy contract between the lead partners and the IB; and the framework agreement between the Baltic Institute and the IB. This process proved to be difficult and more time-consuming than had originally been anticipated.

The main operational tasks of the JFB, as outlined in the Operational Programme, include the following:

- finalising the subsidy contracts;
- the financial management of the initial EU funds;
- preparing the auditing procedures;
- reporting to the European Commission and the Monitoring Committee;
- advising lead partners on the financial management of projects throughout the whole programming period.

While the financial management of the Programme is still in its early stages (the first tranches of funding were only paid out at the start of 1999 and progress reports have yet to be submitted), it is unclear whether the commitment of the IB is being adequately followed through in practice. Certainly the work requirements of the JFB/IB will increase as the financial management of the individual projects comes on stream. A report by the Secretariat in December 1998 highlights some of the perceived difficulties, stating that “*the concrete tasks and responsibilities of the JFB were not clearly defined..no budget plan.. no particular fee for JFB services was agreed... reporting routines of the JFB to the Monitoring Committee are not quite clear... there was not agreement at which stage the JFB would be involved in the day-to-day operations related to programme implementation*”. One consequence is that many of the tasks potentially undertaken by the JFB have been carried out by the Secretariat. Whereas the IB may regard its role as organising the flow of funds (*finanzielle Abwicklung*), other parts of the Programme management structure had anticipated a more active role for the bank, particularly in terms of active involvement in meetings, the development of assessment procedures and systems, reconciling

different national traditions and systems with respect to the audit requirements for projects. This has occurred to some degree. The JFB has, for example, organised two lead applicant seminars for the successful applicants from the first two application rounds. These seminars, held in September 1998 and January 1999, were designed to provide a forum for wide-ranging discussion on practical fund administration, and payment requests and the subsidy contracts in particular. Further, the IB was involved in the drafting of a 'Bridging Loan Model', which was approved at the Monitoring Committee meeting in December 1998.

A lack of clarity regarding the specification of roles and responsibilities of the IB relative to other parts of the Programme management does, however, seem to persist. Resolving this problem may require more IB staff involvement in the Programme. Indeed, the issue of personnel is a key one facing the JFB. The current staff of only one certainly limits the level of possible involvement. This will be particularly true as the workload of the JFB increases in parallel with the financial management of an increasing number of implemented projects. The ability of the JFB to be actively involved in other activities such as the on-going maintenance of the databank created by the Common Secretariat (see section 4.4) or support of Monitoring Committee activities will thereby be restricted. The original proposal from the IB had been to involve two people in the operation of the JFB but, principally on cost grounds, only one person was ultimately employed.

### **3.4 Common Secretariat**

At the heart of the Programme management structures is the Common Secretariat. The Secretariat was established in Rostock (Mecklenburg-Western Pomerania, Germany) by the Investitionsbank in February 1998 to implement the BSR Interreg II C programme. A branch office was established in Karlskrona (Sweden) at the Baltic Institute. Named the 'Baltic Spatial Development Agency', the role of the Secretariat is to carry out the operational work of the programme and to support - in conjunction with the Joint Financial Body - the work of the Monitoring Committee and Steering Committee. The main tasks of the Secretariat, as specified in the Operational Programme, have shifted to some degree in practice and *inter alia* are:

- to draw up proposals for decision by the Monitoring Committee and Steering Committee;
- to prepare the Monitoring and Steering Committee meetings, including the necessary documentation;
- to prepare and contribute to Monitoring and Steering Committee task force meetings as necessary;
- to implement decisions of the Steering Committee on grants awards to projects and to initiate the allocation of funds by the JFB;
- to assist applicants in preparing their applications, finding the required partners, promoting innovative and experimental project methodologies;
- to ensure that bilateral and multilateral projects have a lead applicant (never undertaken in practice due to lack of bilateral projects);

- to assess project applications;
- to co-ordinate applications for supplementary funds from competent national and regional bodies;
- to draft all reports relevant to the implementation such as the Annual Report to the European Commission;
- to co-operate closely with the ESDP, VASAB 2010 and other networks and linkages relating to the Baltic Sea Region as well as other Interreg IIC programmes;
- to promote the programme at relevant events related to the Baltic Sea and European spatial planning; and,
- to assess the regional environmental and socio-economic impact of transnational co-operation activities.

An additional task for the Common Secretariat, decided at the Copenhagen task force meeting in March 1999, was to manage and implement activities financed from the remaining technical assistance budget (see section 8.6). This includes, for example, organising and contributing to the Monitoring Workshops, running the tender for the *ex ante* evaluation and preparing a programme brochure.

The Secretariat has four full-time staff plus a part-time assistant (to be full-time from September 1999) in the Karlskrona office. The Rostock office has occasionally had a student or trainee placement. The main personnel of the Secretariat are:

- *Susanne Scherrer*, head of the Common Secretariat and programme manager, based in Rostock, and responsible for the overall implementation of the programme including the operations of the Karlskrona office;
- *Bo Lowendahl*, responsible for the Karlskrona office, project generation and advice on methodological and spatial planning issues; and
- *Matti Lipsanen*, based in Rostock, responsible for operational project and monitoring issues (joined in May 1998).
- *Regina Seifert*, office manager in Rostock and also working for the Joint Financial Body.
- *Jeanette Csaszar*, part-time programme assistant based in Karlskrona

In the early days of the Programme it was suggested that the main secretariat in Rostock would be responsible for the administration and management of the programme, and the role of the Karlskrona office would be to deal with substantive matters related to spatial planning and methods of transnational project implementation. In part this has occurred, but the division of responsibilities has not been operated rigidly, with a pragmatic and co-operative approach to programme administration between the members of the Secretariat.

The Secretariat has been operating for a relatively short period (18 months), but four main problems are evident. First, while the two offices allow a greater access to potential project partners, the division of the Secretariat between two locations is not satisfactory, especially given the distance of both offices from international airports

and capital cities. Although the barrier of distance can be reduced through electronic communication, and the Secretariat staff from the Rostock and Karlskrona offices appear to work well together, the separation of the two parts of the Secretariat is inefficient, creating some extra costs in travel time and expense, especially for a small secretariat running a relatively small programme.

Second, the key difficulty for the Secretariat has been the lack of experience in Structural Fund programming. The Secretariat staff bring together a range of valuable experience – in Phare, spatial planning and regional affairs – but the absence of experience on ERDF matters has meant frequent recourse to external advice, particularly to the Finnish Ministry of Interior. A further issue, which is common to many transnational co-operation programmes, is the steep ‘learning curve’ of managing and delivering such programmes. In ascending this curve, as with any secretariat, effectiveness depends on informal working relationships with key project partners which, in general, appear to have been achieved. The third problem is that relations with the European Commission have sometimes been characterised by insufficient trust and co-operation. The relationship is an exception to the otherwise satisfactory working relationships mentioned above.

Finally, there are certain difficulties associated with the databank created by the Common Secretariat. This is a useful resource, created to deliver a wide range of relevant information on the Programme. However, the databank is not a management information system integrated with all aspects of the application, award and monitoring process. This constrains the administration of the Programme as well as restricting monitoring and evaluation requirements. Active involvement of the JFB would also be useful in this context, given their financial administration role. While the JFB have been involved to some degree with the databank creation, staffing resource constraints are likely to limit future input at a time when the input of hard project-related financial information would be beneficial.

### **3.5 National Sub-Committees**

Under the Programme, provisions were made for each participating state to set up a National Sub-Committee to involve regional and local authorities as well as the relevant sectoral authorities and social partners. The National Sub-Committees have advisory status and are not involved in project approval.

National Sub-Committees have been established in the four EU Member States and in Norway. It appears that they do not operate elsewhere; the Baltic States have taken the view that there is no need to establish Sub-Committees given the limited funding available and the lack of established regional authorities. The Sub-Committees have different functions in each country; they are used to publicise the Programme, and to advise on project approval from the national viewpoint. In some countries, a ranking list of projects is produced (Denmark) while other national sub-committees (Germany) discuss the proposals and prepare additional information and recommendations. The Sub-Committees meet shortly before the Steering Committee to comment on the summary sheets circulated by the Secretariat.

### 3.6 Application and award process

The application and award process of the Programme has several stages. These begin with pre-application marketing of the programme and project generation and lead through the preparation of application procedures, opening and closure of application rounds, review and assessment of applications by the secretariat supported by an ‘assessment team’, approval by the Steering Committee, conclusion of subsidy contracts, and payment in phases.

*Programme marketing.* The programme has been intensively marketed, partly by the Secretariat – through a professional and informative website, participation in ESDP, BSR, Council of Baltic Sea States/Committee of Senior Officials (CSO) and national sub-committee meetings, seminars for project applicants and media coverage – as well by the government departments represented on the Monitoring Committee and Steering Committee. The VASAB network has been instrumental in disseminating information and alerting potential applicants before the BSR Programme was officially launched. Pre-application advice has been freely provided by the secretariat.

*Preparation of application/award procedures.* The application, selection and award procedures for the Programme were substantially prepared in early 1998 for the first application round, based partly on previous Phare experience and the advice of the Steering Committee members. With some refinements they have remained unchanged for the second and third application rounds.

*Applications.* The timetable of the opening and closure of application rounds was noted earlier. Each round was launched with an open call for project applications. In the first round, the application period was only one month; in the second and third rounds the application period was about two months. Application forms are provided online on the BSR Website together with guidance for potential applicants. Important difficulties with the application procedure from the viewpoint of the applicants are outlined in section 6.1.

**Table 3: External Assessment Experts**

Name	Institution	First Round	Second Round
Mr O Lundgren	CAB Uppsala, Sweden	*	*
Mr J Zaucha	VASAB 2010 and Secretariat Gdansk, Poland	*	*
Mr H Rudolf	Phare/Tacis CBS Office, Kiel, Germany	*	
Ms B Molinder	CAB, Kalmar, Sweden		*
Ms B Wotha	Technical College, Lübeck, Germany		*

*Preliminary review of applications.* At the heart of the selection process is an ‘assessment team’ of independent external experts nominated by the participating countries (see Table 3 for list of team members). After the application closing date, the Secretariat completes an initial registration list, a project ID sheet and draft breakdown of the applications and convenes a meeting of the assessment team. All applications undergo a formal conformity check to establish whether projects meet

minimum criteria – provision of adequate financial information, requisite number of (at least three) participating countries, fit into the measure selected; provision of required letters of commitment etc. A formal checklist is completed for each project and ‘minor completions’ are identified, such as calculation mistakes or small technical omissions; project applicants are given a further 1-3 weeks to provide or rectify such details.

*Detailed assessment of applications.* Members of the assessment team are allocated project applications, each project having at least two assessors examining the management and substantive aspects of the application respectively. Assessors complete detailed, standardised assessment sheets, commenting on each element of the application. The assessment team then meets again for 2-3 days to agree conclusions and the recommendations for each project application. These are synthesised by the Secretariat and ‘summary sheets’ are circulated to members of the Steering Committee.

Projects are given a ranking, as follows:

- A Project should be approved
- Ac Project should be approved under certain conditions
- B Project should be discussed by the Steering Committee
- Bc Project should be discussed by the Steering Committee but, if approved, subject to conditions
- C Project should not be approved
- C+ Project should not be approved, but it could be interesting as such

The categories are slightly different in the third round.

*Approval of applications.* The Steering Committee meets to consider applications. In most cases the recommendations of the secretariat have been approved, especially those ranked A or B. However, C (rejection) recommendations have occasionally been overturned, mainly for political reasons such as the importance of having a certain partner involved in the programme or the perceived potential of the project. Approvals are issued with conditions in most cases. In both rounds, many of the projects were approved subject to conditions, such as the following:

- redrafting of action plans with more concrete actions and clearer demonstration of their contribution to the objectives of the programme such as spatial development benefits and environmental impact;
- redrafting of budget plans to meet financial conditions, and/or reduced amounts allocated to certain items eg. co-ordination costs, travel and accommodation;
- requirement to involve a broader or different range of partners, especially from Central Europe, and the inclusion of relevant local partners;
- need for clearer project management information, especially responsibilities of partners in management and monitoring of the project, more precise description of reporting routines, clearer information on dissemination activities;

- recognition of links (complementarity/duplication) with other Baltic initiatives, and exploitation of synergies with other Interreg II C projects (see below); and

Informing of applicants. Immediately after the Steering Committee meeting, letters of approval are sent to applicants, with conditions where applicable. In many cases these relate to the overlap and potential synergies between projects, requiring applicants to agree joint liaison or co-operation arrangements and to inform the Secretariat accordingly within a specified period. The formal final decision is made through written procedure.

*Contractual arrangements.* Successful applicants sign a contract with the Joint Financial Body (JFB Schleswig-Holstein). Following the first application round, this took over six months, overlapping with approvals from the second round. The standard form of the subsidy contract was only agreed between the JFB and national representatives in November 1998, and subsidy contracts were only concluded from December 1998 and January 1999 onwards.

*Payments.* Following conclusion of the contract, projects can request ten percent of the award as an advance payment. The first such payments were made in January/February 1999. By June 1999, 16 of the successful first and second round projects had requested advance payments.

### **3.7 Reporting procedures**

The approach to project monitoring is based on the approved action/activity plans. The Secretariat intends to assess the progress of actions based on fulfilment or deviation from the specific actions and activities proposed, using a simple form to be completed by project leaders indicating the relationship between expectations and reality and a justification of the differences.

Project applicants are required to submit regular, six-monthly project progress reports, detailing project activities and results according to the action plan of the application form. Differences between planned and realised activities and results need to be justified, and specific information is required on investment, personnel and overhead costs. A separate financial progress report is also required listing expenditure (by funding source) on project co-ordination/management and specific project activities. The financial report will also be passed to the JFB for auditing purposes.

The first progress reports are currently being prepared by project partners but, at the time of writing (June 1999) no reports had been submitted.

The evaluators will help set up the monitoring system and assist in the understanding and use of progress reports at the project level through the Monitoring Workshops, foreseen for October and November 1999.

## **4. PROGRAMME IMPLEMENTATION: PROJECT APPROVALS**

As noted above, the BSR Programme has been implemented through three project application rounds. A total of 38 projects were approved under the first two rounds; the third round being under way as this study was carried out. This section surveys the approved projects and reviews the characteristics of the projects financed to date.

### **4.1 Commitment by application rounds**

The first application round closed on 1 May 1998. Reflecting the high demand for funding, 36 project applications were submitted with a total value of 22.4 MEURO - or over 95 percent of the overall budget for the Programme. The first funding decisions were approved by the Steering Committee in mid-June 1998, and 16 projects of the 22 formally eligible projects were approved. Five projects were approved with certain conditions, all of which were formally fulfilled with final approval in mid-September 1998. Programme co-financing totalled 9.4 MEURO, c. 40 percent of the total available funding.

The second round of project applications was opened at the end of June 1998 and closed on 1 October 1998. Forty one project applications were submitted, two of which were formally ineligible and three of which were subsequently withdrawn by the applicants. The overall financial request of these 36 applicant projects was 3.6 MEURO in excess of the available remaining Programme budget. The Steering Group made initial project decisions at the start of December, approving 22 projects, 16 with conditions, and accounting for an Interreg contribution of 11 MEURO. The total budget committed through the first two application rounds, therefore, was 20.4 MEURO, 86 percent of the total programme budget. The final application round was launched on 1 April 1999 with a closing date of 1 June 1999.

### **4.2 Commitment by project type**

The projects submitted under the Programme all comply with the formal objectives and measure structure of the Programme (see Section 3.2 above). However, the nature of spatial planning, and the interrelationships between different parts of the Programme, mean that many projects could often be categorised under different measures. In this context, it is useful to provide a brief overview of the projects by type and direction to provide an awareness of the content of financed projects.

*Transport* is one of the most common issues addressed in the first and second round projects, featuring in at least ten of the 38 approved projects. Specific modes of transport are considered in several projects including traffic infrastructure for passenger and freight transport (TransLogis, BALTICOM) or road systems (E18), air transport and airport/airline co-operation (Seabird), inland shipping and waterways (INLATRANS), and the marine transportation system, ports and port hinterlands (MATROS). Other projects focus on the wider, integrated transport system of the region (SEBTrans) or include transport as part of a wider cooperation initiative (Via Baltica, Baltic Bridge).

Two other themes appear relatively often among the approved projects. The first is *tourism*, which features significantly in at least eight projects. Many examine tourism

in the context of sustainable development as well as the need to create better co-operation and co-ordination structures in the Baltic Sea area or between given partners (High Quality Tourism, BEST, Bothnian Arc 3). Some projects focus on particular types of tourism eg. cultural assets (HOLM, Balder) although still emphasising the importance of networking and overall quality management. One project (Disadvantaged rural areas) has a greater geographical specificity, examining the contribution of spatial development in disadvantaged rural areas through tourism.

A further, relatively common theme is *information systems*. Projects with this focus range from the creation of region-wide data and GIS planning tools (MapBSR, PSSD) to a networked regional database for land use and transport (Network) as well as more general cooperation initiatives (STRING).

Other project types which are less common in the range of approved projects include *energy* and *urban development/urban networking*. The Baltic Clearing House project has the increase of energy efficiency as a sub-objective of the overall project. In the urban field, projects look both at urban development (eg. Neighbour, analysing the spread effects of urban areas on their neighbouring regions; and IUPM, which looks at urban management, renewal and participatory planning), as well as urban networking (eg. MetAreas, which aims to create co-operation and networking between cities and capital regions).

*Spatial co-operation, regional networking* and *sustainable development* appear more as thematic foci through a large number of the approved projects. Given the nature and purpose of the Programme, it is not surprising that these emerge as cross-cutting themes. These foci are often mentioned as part of the overall aims and objectives, in some cases with a more specific emphasis eg. sustainable tourism development. The VASAB 2010+ is one of the most all-encompassing transnational spatial planning and co-operation projects, building on previous experience in this area.

Contact between projects with a similar theme has been encouraged. In the first round, for example, it was recommended that contact be made between the Baltic Bridge and Translogis projects in the transport field and the MapBSR and PSSD projects in the information field. While this contact was not a condition of approval, it was considered beneficial and nevertheless established.

### **4.3 Commitment by measure**

The range of project types is reflected in the balance of the approved projects between the individual measures. Correspondingly, in the first round of applications, the bias was towards measure 1.2 (improving communications and promoting energy and transport solutions) which accounted for six of the total 16 approved projects. Conversely, measure 2.2 (management of spatial planning related to natural and cultural heritage and tourism development) had no approved projects, although one tourism related project (High Quality Tourism) was approved but categorised under measure 1.3 (integrated management and sustainable development of coastal zones, islands and other specific areas). In the second round, 16 of the total 22 approved projects were focused on communications, energy and transport (measure 1.2), integrated and sustainable management of coastal and island zones (measure 1.3) and

spatial planning strategies (measure 2.1). Table 4 presents a summary of the division of projects from both rounds across the measures.

**Table 4: Approved projects by measure (first and second rounds)**

Measure	No. of approved projects	% of total
1.1 – supporting a balanced and polycentric urban system and settlement structure in the Baltic Sea Region	6	15.8
1.2 – improving communications and promoting energy and transport solutions as part of sustainable regional development	13	34.2
1.3 – promoting integrated management and sustainable development of coastal zones, islands and other specific areas	8	21.1
2.1 – Further development of spatial planning strategies and exchange of experience in the field of spatial planning	8	21.1
2.2 – Management of spatial planning relations in particular to natural and cultural heritage and tourism development	3	7.9

A number of discrepancies emerge between different sources of documentation relating to the allocation of projects to measures. This clearly has ramifications for the analysis of project distribution and financing by measure and is principally related to subsequent decisions by the Steering Committee to shift certain projects between measures. In particular, Table 5 presents projects which were re-allocated following their approval:

**Table 5: Measure re-allocation of projects**

Project (Number)	Original measure	New measure
Baltic Bridge (10)	2.1	1.2
Bothnian Arc 3 (41)	2.2	1.3
Kaspnet (52)	2.1	1.3
SEBTrans (53)	1.2	1.3
IUPM (61)	2.1	1.1
Archibalo (76)	2.2	1.3

The re-allocation of projects between measures has been done for a number of reasons, including an improved match of project content and measure description, and the financial balance between measures. The decision to shift projects was made by the Steering Committee, although the initiative originated in some cases with the Common Secretariat. These shifts have not always been clearly documented and contrasting figures are confusing in tracking the spread and balance of projects and their financing between measures. A small number of budgetary discrepancies were also noted, for example between the Interreg IIC contributions cited on individual

project descriptions and in the overview sheet of approved projects. In most cases, however, these are related to only minor administrative errors.

In the context of the above difficulties, Table 6 presents the latest project division and financial allocation of the projects by measure. This table takes into account the withdrawal in July 1999 of the BaltEnerNet project (no. 45), resulting in an additional 225,000 EURO being made available within measure 1.2 – a development also taken into account in the third round financing decisions.

**Table 6: Financial and project allocation by measure**

Measure	Round 1 IRIC allocation	Round 2 IRIC allocation	Total	% of measure total	Number of projects (first and second rounds)
1.1	2,771,669	1,519,320	4,290,989	99	8
1.2	2,761,929	2,684,476	5,446,405	86	10
1.3	2,309,214	3,837,607	6,146,821	75	10
2.1	1,545,500	639,000	2,184,500	103	6
2.2	0	2,101,846	2,101,846	77	3
<b>Prog. Total</b>	<b>9,388,312</b>	<b>10,782,249</b>	<b>20,170,561</b>	<b>83</b>	<b>37</b>

Table 5 shows that Measure 2.1 (the development of and exchange of experience in spatial planning strategies) is oversubscribed. According to the project measure allocation used in the Table above, this measure accounts for 8.9 percent of the total finance but 15.7 percent of the total number of projects. Three projects have been committed in excess of EURO 1 million – two under Measure 1.3 (SuPortNet and Waterfront Urban Development) and one under Measure 1.1 (Metropolitan Areas).

#### **4.3.1 Third application round**

A total of 4,070,000 EURO were still available for project financing under the third application round of the BSR Interreg IIC programme. By the closing date of 1 June 1999, 15 project applications had been received comprising nine new ideas, four revised applications from rejected second round projects and two applications for additional financing from existing approved projects (Seabird and IUPM). One project was rejected as ineligible and minor formal completions were required from another eight. The Common Secretariat has proposed the approval of 11 of the projects, in some cases with conditions or recommendations. The shortcomings of the remaining three projects were considered too serious for approval.

Table 7 provides an overview of the financing proposals of the assessment team for the 11 projects recommended for approval. In the case of topping up finance for applications from existing projects, only the additional finance is included and not the full budget of the project as a whole. If these recommendations are approved, ca. 1 million EURO will remain for allocation to Priorities 1 and 2 before the end of 1999.

**Table 7: Financing proposals for third application round**

Total budget for projects	1 <sup>st</sup> and 2 <sup>nd</sup> round commitments	% used after 2 <sup>nd</sup> round	3 <sup>rd</sup> round project recommendations	Used after 3 <sup>rd</sup> round recommendations	% used after 3 <sup>rd</sup> round	Remaining funds after 3 <sup>rd</sup> round
24,241,000	20,171,000	83	2,983,786	23,154,786	96	1,086,214

In light of the main topics and available financing, it was proposed that the measure allocation of two projects would be shifted from 2.2 to 1.3, resulting in the following measure allocation of financing. Table 8 presents the division of the final proposed project spending by measure.

**Table 8: Financing by measure after third application round**

Measure	Available after second round	Third round project recommendations	Remainder after third round
1.1	231,000	896,692	-665,692
1.2	651,000	453,000	198,000
1.3	2,068,000	1,270,809	797,191
2.1	-67,000	0	-67,000
2.2	633,000	363,285	269,715
Indexation	554,000	0	544,000
	4,070,000	2,983,786	1,086,214

#### 4.4 Geographic spread

An analysis of the 38 projects supported to date under both rounds of the Interreg IIC Programme identifies Germany as having the project leadership role (14 projects in total) most frequently. Sweden leads nine projects, Finland eight and Denmark seven. In terms of national representation in the projects, Sweden ranks highest of the EU Member States with involvement in some capacity in 33 projects while Germany is involved in 31 and Finland in 26 projects. The other national figures are then lower, with Poland (19) having a higher involvement than Denmark (18). Belarus is the only country not involved in a single project. It was originally part of the Urban Systems project, but subsequently withdrew. It did, however, send a letter of commitment in 1999 for involvement in the VASAB 2010 Plus project which involves all 11 countries. Some other overview statistics differ slightly from this total, putting Swedish involvement in 34 and Danish in 20 projects. Clearly these figures refer purely to numerical involvement in projects and do not reflect the scale or depth of national involvement in individual projects or the programme as a whole.

In terms of overall number of partners involved in approved projects from the first and second rounds, the BSDA database statistics show that, of a total of 403 project partners, Germany has the largest number of project partners (101 in total) with Finland and Sweden ranking next with 91 and 83 partners respectively. There is a considerable drop to the next Polish total of 34 and Danish 29 project partners before falling again to the other countries all with fewer than 20 partners. These calculations are done on the basis of those partners cited on the partner list, with signed letters of

commitment and individual budget plans. However, in some cases, other organisations may be involved under the umbrella participation of a single representative and therefore a degree of caution is required in interpreting these figures.

Table 9 shows the allocation of Programme finance for the first two rounds with an indication of the percentage of total allocated finance spent.

**Table 9: Programme grant allocation by country**

Country	Total Grant Allocation	Average Grant Size	Largest Single Grant	% of total national allocation
Germany	8,502,943	425,147	1,306,420	70.0
Finland	4,932,290	189,703	478,443	112.0
Sweden	4,611,038	135,618	564,739	78.8
Denmark	2,350,018	117,500	386,295	92.5

The Operational Programme does not include grant allocations by country and national financing decisions have only been compared with the share of individual Member States in the programme. The total EU funding of MEURO 24.96 consists of the following contributions of the four Member States: MEURO 12.2 (49 percent) for Germany; MEURO 5.85 for Sweden (23 percent); MEURO 4.38 for Finland (18 percent); and MEURO 2.54 for Denmark (10 percent). The finance is placed in a common pool in order to finance projects on the basis of quality. This takes away the need to reallocate finance on the basis of countries, just on the basis of measures. The exception to this is Denmark which, because of their national legislation, cannot give project partners more money than Denmark has contributed to the programme budget. Table 9 shows that Denmark has already been allocated the majority of its national share and, after calculations including indexation money and technical assistance budget, is left with ca. 225,000 EURO for the third application round.

In terms of the third round project applications and the recommended 11 projects for approval (see section 5.3), all BSR countries are represented in the proposed projects with the exception of Belarus. Sweden and Germany have been the most active countries, which is in line with the third-round guidelines issued by the Steering Committee, and based on the differences between allocations and contributions.

#### **4.4.1 Distribution by Objective area**

The eligible area under the Baltic Sea Interreg IIC programme incorporates areas designated under Objective 1 (in Germany) and Objective 6 (in Finland). Table 10 presents the commitment by Objective area after the first 2 project application rounds.

**Table 10: Financial commitments by Objective area**

Area	OP budget (MECU)	% of total budget	First round commitment	Second round commitment	Remaining budget
Objective 1	6.8	28.7	3.37	2.70	0.73
Objective 6	1.5	6.3	0.52	1.02	0.48

An important aspect not shown in Table 7 is the EU financing of the Common Secretariat, located in Rostock in the German Objective 1 area. The committed funds of 790,000 ECU for this purpose must also be added to the Objective 1 area budget. This results in an overspend in the Objective 1 area of 0.06 MECU and creates a budget allocation issue. In the case that the Objective 1 area funds cannot be topped up, a number of options have been identified. These include co-financing from private or own funds or the application for up to 50 percent co-financing from EU funds (as opposed to 75 percent technically possible in the Objective 1 area) with a matching national contribution.

The funds available in Objective 6 face the opposite problem. Sweden and Finland both have Objective 6 areas but only the Finnish ones are included under the BSR Interreg IIC programme. This means that Finnish partners are required for projects to use this financial source, presenting a challenge to generate sufficient interest for third round project applications.

#### 4.5 Type of partner

The number of countries ie. the transnationality of the projects varies considerably. According to the Programme requirements, projects must include partners from at least three states from the Baltic Sea Region, of which at least two must come from EU Member States. The majority of projects from the first and second application rounds include 3-5 countries while a more limited number have a much wider transnational element. This finding is also highlighted in the initial qualitative assessment of the project portfolio after the first two rounds which shows that the majority of projects include 2-4 Member States and 2-3 non-Member States. Only one project (Urban Systems and Urban Networking) originally involved all 11 countries associated with the Programme and Belarus subsequently withdrew its participation. The VASAB 2010 Plus project, however, currently has commitment from all 11 countries.

The number of country partners involved in individual projects ranges from single representatives per country to multiple partners from certain countries. The latter is more common for the EU Member States, while the CECs generally have only one partner represented in each project. This is particularly true for the Baltic States which rarely have more than one partner involved in projects.

The overall number of partners involved in the projects also varies widely (see Table 11 for overview). In addition to the lead partner, some projects have only a further 2-3 partners involved. Of the 38 approved projects from the first two rounds, 24 have fewer than ten partners in addition to the lead. There are three projects with in excess of 20 partners: the Waterfront Urban Development (21 partners); the Balticom maritime transport cooperation project (25 partners); and the E18 European road

cooperation project (27 partners). In addition, the SuPortNet integrated tourism and economic development projects includes groups of 21 Polish and 22 German municipalities.

**Table 11: Number of partners involved in individual projects**

<b>1-4 partners</b>	<b>5-9 partners</b>	<b>10-14 partners</b>	<b>15-19 partners</b>	<b>20-24 partners</b>	<b>25+ partners</b>
9	15	5	5	1	3

The majority of partners are public sector bodies and often regional or city councils – the BSDA database figures indicate that 58 percent of the partners are either municipalities or regional authorities/councils. Municipalities have the highest single representation by far, accounting for 111 partners out of a total of 405 (27 percent). Many of the German led projects have *Land* level Ministries as lead partners such as the Joint *Land* Planning Department of Berlin and Brandenburg, the Ministries of Economic Affairs and Urban Development and Spatial Planning in Hamburg and the Ministry for Construction, Regional Development and Environment in Schwerin. Sectoral or specialist organisations also often adopt the project leadership role including, for example, the Finnish National Land Survey and the West Finland Regional Environment Centre, the Danish Energy Agency, the Swedish Institute for Transport and Commercial Analysis and the Swedish Tourism Agency. There are only ten private companies involved as partners according to BSDA figures, taking the lead in only a very small number of cases.

In terms of grant allocations, the regional and municipal partners mentioned above account for 63 percent of the total finance allocated in the first two rounds of the programme. The 111 municipality partners have received 25 percent of funding. This pattern is continued in the proposed recommendations for the third round projects, where, if approved, 90 percent of the financing would be awarded to local or regional actors. In the first two rounds, the 14 university partners have received ca. four percent of the funding, and the private companies account for just over three percent of the total.

#### **4.6 Disbursements**

Financial disbursements to approved projects, including those selected in the first application round, have only been undertaken in the second quarter of 1999. This is principally related to delays in finalising the details of the subsidy contracts to be signed by project partners. The first contracts were finalised at the start of 1999 and, at time of writing, 35 of the approved 38 projects from the first two application rounds had been completed. Advance payments had been made to 21 projects involving a total financial outlay of 1.1 MEURO. Table 12 provides a breakdown of disbursements by measure. The level of disbursement is universally ten percent of the total Interreg IIC programme commitment, except in the case of four projects (SUBERBS, Baltic Bridge, Waterfront Urban and Baltic Manual), where it is lower.

**Table 12: Financial Disbursements by Measure**

<b>Measure Project (No.; application round)</b>	<b>Contracting Date</b>	<b>Advance Payment</b>	<b>Interreg IIC commitment</b>
<b>Measure 1.1</b>			
CityNet (34; 1)	04.02.99	20,000	200,000
Being Neighbour (47; 2)	08.06.99	42,825	428,250
IUPM (61; 2)	30.04.99	45,000	459,420
SUBERBS (68; 2)	20.04.99	16,350	236,650
<b>Measure 1.2</b>			
TransLogis (4; 1)	08.02.99	74,600	746,000
Baltic Bridge (10; 1)	30.06.99	26,085	493,025
Seabird (11; 1)	18.01.99	65,406	654,064
Via Baltica (16; 1)	07.01.99	29,200	292,000
INLATRANS (27; 1)	11.02.99	29,750	297,500
BALTICOM (44; 2)	09.03.99	85,581	855,816
STRING (66; 2)	01.04.99	67,200	672,000
E18 (74; 2)	10.02.99	43,140	431,400
<b>Measure 1.3</b>			
Waterfront Urban (17; 1)	30.04.99	27,625	1,350,000
BERNET (22; 1)	10.03.99	48,696	486,964
Kaspnet (52; 2)	01.04.99	77,150	771,500
SuPortNet (60; 2)	20.04.99	134,782	1,347,829
<b>Measure 2.1</b>			
PSSD (5; 1)	18.01.99	88,600	886,000
Network of Regions (26; 1)	29.01.99	33,800	338,000
Baltic Manual (43; 2)	17.03.99	18,000	194,000
<b>Measure 2.2</b>			
HOLM (58; 2)	20.04.99	56,878	568,781
Disadvantaged Areas (65;2)	20.04.99	80,000	800,000
<b>Total</b>		<b>1,110,668</b>	<b>12,509,199</b>

## 5. PROJECT PROGRESS

In assessing the implementation of the Programme, a key issue is project delivery and impact. The study has examined this issue in two ways. First, as noted in the Introduction, a telephone interview survey of 14 projects approved in the first and second rounds (39 percent of the 36 projects approved) was undertaken during May and June 1999. The sample was selected on a structured basis to ensure a representative mix of projects in terms of project size, project types, measure type and number of partners. Interviews were conducted confidentially, and project names are only cited where the information could not be considered prejudicial or unhelpful by the interviewee. Interviews addressed the following issues.

- *Origins of the project*: initiation and development of the project; awareness of the programme, timetable of project preparation; difficulties encountered; input of Programme authorities (Secretariat, national authorities etc).
- *Project progress*: activities, outputs to date; schedule; partner involvement.
- *Project impact*: confirmation of anticipated outcomes; outputs.
- *Programme assessment*: assessment of Programme management; management bodies.

Second, data from the application forms and assessment sheets was examined. A spreadsheet collating this data from all projects was compiled in order to derive an overview of the expected outcomes and outputs of the project.

The following section provides a synthesis of both the interview and spreadsheet work, considering in turn: the experiences of preparing projects and applications; the progress of project implementation to date; and project impacts in terms of overall results, and transnational, sustainable and strategic benefits.

### 5.1 Project preparation

The launch of the Programme has clearly benefited from a high level of awareness among potential project applicants. In publicising the Programme, informal networks have played a major role. Many project applicants appear to have been associated with (or kept informed of) the preparation of the BSR programme by national/regional authorities, enabling them to prepare applications before the official start of the Programme. Very few applicants learned of the Programme 'second hand' through media such as the local press or Internet.

As previous research on transnational co-operation has demonstrated, the initiation and development of co-operation takes considerable time and effort. Projects funded under the BSR Programme often involved a long gestation period. In a small number of cases, the time-period between identifying the concept or idea to submitting the application was six months or less, but most projects took a year or more to develop (up to 3 years in a few cases).

Pre-existing links were often crucial. While some BSR projects were initiated in response to the launch of the Interreg II C Programme, several were based on co-operation initiatives dating back almost ten years. For example, apart from the influence of the VASAB network (reflected in the VASAB 2010+, Urban Systems, Via Baltica projects), INLATRANS dates back to a proposal made at a meeting of the Baltic Sea States Sub-Regional Cooperation in 1995; BEST builds on inter-island developing co-operation begun in 1989; and the partners in the Tourism/Rural Disadvantage project were already working together in an ADAPT project.

Project preparation generally involved three sets of challenges for applicants. First, the Programme regulations and application procedures were considered complex, although they only caused real difficulties for those applicants without previous experience of preparing programme applications. A widespread complaint was the overlap between questions on the application form. Second, the process of partner identification, communication and co-ordination was sometimes laborious and time-consuming. Third, preparation of the financial table was problematic, partly in securing national co-financing, but particularly determining the financial participation of transition countries in projects because of the incompatibilities between Interreg IIC and Phare/Tacis.

However, there appears to have been no shortage of advice in overcoming the above problems during the project preparation period. In virtually all cases, the Secretariat played a useful role in advising on project preparation; there is widespread appreciation for the practical and concrete advice provided by Secretariat staff through 'applicant seminars' and bilateral contacts. Two Transnational Conferences for potential partners, held in Rostock (June 1997) and Karlskrona (December 1997), played an important role in speeding up the preparation process for first round projects. Helpful advice was also provided by national members of the Monitoring Committee and Steering Committee.

## **5.2 Project implementation**

As indicated in the previous section, the selection and award process was generally carried out within three months, and applicants were immediately informed of the award decisions following the approval/rejection of applications at Monitoring Committee/Steering Committee meetings. In many cases, final approval was conditional on certain criteria being met (see section 4.6), but these rarely presented problems.

According to applicant information, the majority of projects have a three tiered management structure: steering committee, co-ordinator and partners. At the strategic level, most projects have a steering committee to oversee the running of the project. Management of the programme is invariably undertaken by the lead applicant, or project co-ordinator, with responsibility for organising the partners or groups of partners. The lead applicant and project co-ordinator are not always synonymous, the latter in some cases being an external consultant recruited specifically to manage the project (eg. Urban Systems, VASAB 2010+). Some larger projects have special thematic groups (eg. PSSD) or working groups (eg. Waterfront Urban Development).

Project management is not always clearly determined prior to submission of the application. Most project applications provide information on the roles and responsibilities of the partners (SEBTrans is a good example), but the relationship between the partners, their representation on committees or in groups, and the monitoring and reporting procedures are rarely addressed at the proposal stage. The BEST project, for instance, simply gives an assurance that reporting and monitoring will be carried out through “well established and commonly known co-operation”. While this may be acceptable in the case of BEST, where co-operation has been under way for almost ten years, in other approved projects the inception period has been prolonged while the partner relationships are agreed.

Project progress has so far been limited. Many projects are still in an inception phase, having organised 1-2 meetings of the partners to develop conceptual ideas, establish workplans, allocate responsibilities and organise contractual matters. At this stage it appears that partners (at least, the ‘core’ partners) are motivated and committed to the projects; there are no reports of insufficient involvement.

Apart from study plans and action plans, there are as yet few examples of substantive results, some of the exceptions being the creation of computer software (INLATRANS) and promotional activities such as websites (PSSD) and dissemination of flyers (Tourism/Rural Disadvantage). On the basis of the sample of projects interviewed, about half of the projects appear to be on schedule but a significant number are experiencing delays of up to six months because of organisational problems (slow recruitment of key personnel, initial unavailability of partners) and funding difficulties (delayed decisions on Phare co-funding).

During this phase of activity, there is again considerable appreciation for the support provided by the Secretariat. Comments such as “very customer and service oriented”, “good and obliging support”, “helpful and efficient” are typical of how the sampled project applicants assess the performance of the Secretariat during the inception phase of projects approved in the first and second rounds.

Notwithstanding these positive comments, several applicants questioned whether the management of the Programme was sufficiently well organised and resourced. Project leaders complained that they have had to clarify numerous, detailed technical issues with the Secretariat (which in turn has had to clarify the required information elsewhere) because of the lack of administrative/technical experience or reference manuals in the Secretariat. An example cited from one project was that, even though the deadline for the first progress report is coming up in the next month, the project leader has not received details of invoicing and reporting requirements from the relevant national authority or the JFB. Other project applicants suggested that more templates or guidelines for common tasks should be available to support activities such as contract organisation, financial management, partner co-ordination and project logistics. This applies, in particular, to projects with large numbers of partners.

## **6. REVIEW OF PROGRAMME INDICATORS**

In addition to the interim assessment of programme implementation, the evaluator has to review the monitoring structures and indicators. As a first step this requires the review of indicators in the OP at programme, measure and sub-measure level, with recommendations for adjustment. This is so integrally linked with the implementation of the programme that it was felt most appropriate to include the review and recommendations within this interim assessment report. The review looks at indicators within Interreg IIC programmes generally, within the BSR OP in particular and proposes a framework for the BSR programme using the new terminology proposed by the Commission for the programming period 2000-2006.

### **6.1 Use of indicators within Interreg IIC programmes**

According to normal Structural Funds procedures, indicators should be able to measure:

- i) To what extent the beneficiary has changed his/her behaviour because of the grant received from the programme and
- ii) The success of the projects and to what extent the projects fulfil the aims and expected outputs of the programme.

Ideally the identification of verifiable indicators has to be explicit from the beginning otherwise monitoring and evaluation become extremely difficult for the managing authority, the monitoring committees and external evaluators.

When identifying indicators for Interreg IIC programmes it must be taken into consideration that the nature of these programmes, compared with a mainstream Structural Fund programme, is to support processes and act as catalysts. The programme cannot finance investment itself. Only through supporting joint planning initiatives can it indirectly contribute to joint development and investment initiatives.

It also appears from the Commission's official text<sup>5</sup>, that the Interreg IIC programme is different from mainstream Structural Funds programme in terms of the extent of the area covered (larger) and the number of actors involved. The emphasis is placed on spatial planning and the elaboration of strategic visions for the development of the areas in question, based on the European Spatial Development Perspective.

Nevertheless, the use of the normal Structural Funds procedures and methodologies for monitoring and evaluation can help to prepare and strengthen the framework within which the programme and the projects can be evaluated.

---

<sup>5</sup> "The Communication to the Member States laying down guidelines for operational programmes to establish the framework of a Community Interreg Initiative concerning transnational cooperation on spatial planning" 96/C 200/07

## **6.2 Review of indicators for the BSR at programme, measure and sub-measure level**

The Interreg IIC programme for the BSR has chosen to draw heavily on the existing spatial development plan for the area - VASAB 2010, which is by nature a very broad and comprehensive document with a number of long term goals and perspectives covering a number of sectors.

Choosing to draw on VASAB 2010, the Operational Programme has consequently a very large number of objectives (4 overall objectives, 20 specific objectives and 6 measures). Many of the objectives, as well as some of the measures, are formulated in rather vague and general terms. An example is one of the objectives under measure 7.1.2 "supporting effective and environmentally sound transnational co-operation in the BSR and regional cohesion". Measure 7.1.3. is an example of a slightly more focused approach towards specific areas (Islands), where objectives to some extent have been formulated on the basis of their special features (i.e. a set of pilot projects to manage sustainable development of specific areas).

Taking into account the limited resources for the programme compared to the large number of objectives there is a high risk that funds are being spread so thinly that it will be difficult to measure real effects. This problem is highlighted when looking in details at identification of specific indicators. But it has to be said that it is not likely to be an issue that can be resolved through the identification of clear indicators. It is a more essential issue that will not be resolved within the current programme, because the objectives are already set. It is therefore recommended that a successor programme should be focused on a more limited number of objectives, in order to achieve a higher impact.

## **6.3 The use of indicators in the OP**

Baseline data is used to refer to the initial situation against which impact indicators are measured. The OP has a description and analysis of the Baltic Sea Region, to some extent a quantified description of the current situation in terms of area and population, economic potential, trade, language and cultural identity, disparities and development gaps, environment, energy and telecommunication. This data describes the current context in which the programme operates, although it would have been much more operational if this data had been systemised in relation to the programme objectives, and used to help define indicators at a programme level.

Concerning the use of indicators in the OP the following can be observed:

- The OP does not define indicators at the overall objective level.
- The OP only partly defines indicators at measure level using the words “intended results/indicators”. The indicators are quite numerous, but they have not been sorted according to outputs, results and impacts and many of the indicators used only refer to activities/outputs, not to expected result and impact.
- Indicators have been quantified only in a limited number of cases.

Consequently the Interreg IIC programme for the BSR will be difficult to monitor and evaluate, because of the large number of objectives and the lack of initial definition of indicators.

#### 6.4 Information on results, outputs, impacts

The lack of a consistent set-up and terminology of indicators in the OP also has implications for the approach to project outputs, result and impact anticipated in the application process. The application form requires project applicants to provide various sets of information concerning the anticipated effects of the programme:

- *Results*. As part of the action plan, concrete results from each action are required. It is made clear in the application form that results should not be confused with the description of an activity. “Results should be tangible and a clearly defined output or ‘product’ of the action carried out”.
- *Outputs*. All projects are required to have identifiable outputs, quantified if possible and target dates for achieving them. “Wherever possible, outputs should be based on physical indicators, which demonstrate intermediate achievements, and on impact indicators which demonstrate the net effect of a project” (The application advice then goes on to stress the importance of defining concrete and tangible *results*, which are to be distinguished from ‘benefits’).
- *Impacts*. Impacts are defined as changes in method, knowledge, procedures, service, structures, performance etc. Realistic impact indicators are to be identified which measure the changes of the overall project so as “to make judgements on the effectiveness of the projects”. (Again reference is made to the measurement of *results* achieved.)
- *Benefits*. Applicants are asked to list and explain the major benefits from the project. The application guidelines refer to the “different types of outputs and the direct and indirect benefits” expected from the project in a short-term and long-term perspective. In particular, specific information is required on the contribution of the project to:
  - the development of a *strategic vision* for the development of the BSR;
  - *sustainable development* in the region (with reference to sustainability, biodiversity, natural resources or local environments) – tangible environmental impact is a priority selection criteria; and,
  - *transnational* and spatial benefits.

This list comprises a comprehensive set of outcomes that applicants need to identify, but it suffers from several drawbacks. The application guidelines do not distinguish clearly between different types of project outcomes. The difference between results, outputs, impacts and benefits is not specified; indeed, the guidelines refer confusingly to ‘results’, also when discussing outputs and impacts. There is a need to be much more specific about the desired information on outcomes, for example using a typology similar to those recommended for use with mainstream Structural Funds programmes.

The reference to 'benefits' adds further complications. The terminology of the application guidelines is vague, especially the repeated requirements for visionary benefits to be stipulated, likewise so-called 'transnational and spatial benefits'. In addition, the requirement to provide indicators and quantified results is weak and unspecific, allowing applicants themselves to determine whether it is possible to provide such information. Lastly, the Programme justifiably asks applicants to demonstrate the sustainability of projects, but in very general terms. In this area, the application guidelines could have asked for a more concrete environmental assessment with reference to some of the techniques developed under mainstream Structural Fund programmes.

## **6.5 Project submissions**

These drawbacks are clearly illustrated in the project applications. In the best cases, the results are well-described and specific, closely related to the actions and supported by indicators, but it is rare for every section to be completed systematically and in detail. There is considerable variation in the quality of information on project outcomes, with repetition and overlap between the different sections of the application form and mis-location of the required information. There are many sweeping statements about anticipated results, often with no reference as to how they will be achieved. Indicators are not always identified and are rarely quantified; in several cases (as the assessors themselves note) it is likely that the given project indicators will be difficult to measure or quantify. Application of techniques of environmental impact assessment and strategic environmental assessment are often absent. A distinction between short-term and long-term is often lacking or only implicit.

## **6.6 Recommendations for setting up systems of indicators**

In many ways the programme is over-ambitious and a more pragmatic and simple approach is needed in setting up a system of indicators which can be used by the managing authority and the project holders to monitor and evaluate the programme and the projects.

In order to improve the monitoring and evaluation of the programme at this mid term stage the evaluator would propose to:

- 1) Clarify the terminology used for indicators and translate it into a framework, which can be used to identify indicators at objective, priority/sub-measure and project level.
- 2) To introduce the use of planning tools, like the logical framework, among the managing authority and project holders, to identify and improve indicators at programme and project level

### **6.6.1 Terminology**

The European Commission has tried recently, in relation to the new programming period 2000 to 2006, to improve and clarify the methodology for defining indicators and setting- up monitoring systems. In a working paper, Indicators for Monitoring and

Evaluation,<sup>6</sup> the Commission proposes to define verifiable indicators in relation to output, result and impact.

- *Output indicators* relate to activity. They are often measured in physical units (Number of projects /number of new networks/ number of participating institutions/number of studies).
- *Result indicators* represent the direct and immediate effects generated by a programme. They provide information on the changes that affect the behaviour (or performance) of direct beneficiaries. If possible, such indicators should be of a physical or a financial nature (planned or implemented investment in new transport links i.e. new sea routes as a result of joint studies).
- *Impact indicators* refer to the consequences of the programme beyond the immediate effects on its direct beneficiaries. Two concepts of impact can be defined. Specific impacts are those effects occurring after a certain lapse of time but which are, nonetheless, directly linked to the action taken. Global impacts are longer term effects affecting a wider population (reduction in disparities, increased competitiveness, improved environment). Measuring this type of impact is complex and clear causal relationships are often difficult to establish, because of the impact of external factors outside the control of the programme. Measuring impact normally first takes place at the ex-post evaluation.

As a general rule, programme indicators should be defined at all levels; the overall objectives, the specific objectives and the sub-measure/priority level to evaluate how action at project level contributes to the objectives at a specific and overall level.

It is important also to identify external factors to be able to understand to what extent success or failure can be attributed to external factors rather than the programme itself. This is especially relevant for programmes such as the Interreg IIC, where the funds are only a “drop in the ocean” compared to the number of co-operation projects taking place in the BSR and the amount of funding from other EU-Programmes and from national investment schemes.

It is proposed to review the indicators for the Interreg IIC programme using this terminology both at the programme and project level.

### **6.6.2 Tools**

In order to develop a full understanding of the relation between objectives, input and effects of the programme, the evaluator recommends to use the Logical Framework Approach (LFA). The LFA is a good tool both for planning and evaluation. It helps to ensure that the programme is related to the objectives it tries to fulfil, taking into

---

<sup>6</sup> The New Programming period 2000-2006: methodological working papers. Working Paper 3 Indicators for Monitoring and Evaluation: An indicative methodology on Indicators for Monitoring and Evaluation <http://www.inforegio.cec.eu.int/wbdoc/docoffic/evaluation/doc/indic-en.doc>

account the environment in which it operates and the external factors with potential influence on the effect of the programme.

As a *planning tool* the LFA gives an understanding of the main elements and the logical relationship between objectives, sub-objectives and measures. As an *evaluation tool* the LFA gives an overview of the relationship between input, output, results and impact, including the definition of indicators to be used on programme and project level.

The LFA has three elements. It defines :

- the overall objectives and sub-objectives of the programme;
- the input and indicators for output, results and impact of the programme and the sources of information for these indicators; and,
- the external factors influencing the programme

The LFA should be used on both programme and project level.

The table attached as Annex I to this report shows how this approach can be applied to the BSR Interreg IIC programme. The table includes a set of indicators at programme level (first row), and indicators for each of the measures in the programme, including for technical assistance (last row).

Using this table, specific indicators for each project can either be clarified and categorised, if they already exist, or established if they are missing. If a project falls under, for instance, measure 7.1.1., the set of indicators for that category offers the framework in which the project should identify its own indicators (type of information that needs to be provided by the project and which needs to be explicit in the application form or early monitoring reports). Using this common approach for the identification of project indicators should allow more effective monitoring and evaluation of effects at a project, and ultimately programme, level.

## 7. PROGRAMME EFFECTS

As noted earlier, projects are still in their early stages and no progress reports have been submitted. It is, therefore, not possible to assess the effects of the Programme to date. The following section comments on the approach to Programme outcomes in the application process and the results anticipated in the project applications.

### 7.1 Results

In general, the projects provide a substantial amount of information on the overall expected results. There are considerable variations in the depth and quality of information provided, the omission of indicator information and the lack of detail on the 'results by partner' being the main deficiencies. An example of 'good practice' in providing clear and adequate information is the project Tourism/Rural Disadvantage; other good examples are IUPM, E18, Baltic Palette and Metropolitan Areas.

Reflecting the range of projects, the expected results encompass a mix of tangible and non-tangible outcomes with both short-term and long-term returns. In general, they can be categorised as follows (not necessarily mutually exclusive).

- *Documentation.* Examples of results are studies, best-practice manuals, GIS, catalogues of pilot projects, handbooks providing syntheses of data and information (eg. Baltic Bridge, PSSD, Neighbour to Urban Area).
- *Network co-operation.* Results include institutional links, co-operation agreements, Internet meeting places, research consortia and discussion fora (eg. Bothnian Arc 1, 2 and 3, BERNET). In most cases, these are phrased in very general terms, although some are very specific about the co-operation that will ensue in areas such as interlinked traffic management systems (TransLogis).
- *Concepts and ideas.* These cover the development of common concepts and new ideas on issues such as regional development, and new insights and overviews of the systemic operation of regional and urban systems (Urban Systems).
- *Competence.* Results involve increased understanding of regional and spatial planning arrangements (Seabird), harmonisation of business procedures and a better level of education and training among partners (eg. the staff of municipality authorities in the case of Suberbs).

### 7.2 Strategic benefit

There are wide differences in the quality of information provided on strategic benefits. In many cases, project applicants clearly had difficulty in identifying such benefits, particularly where the outputs are intangible and focus on measures such as co-operation, networking and shared knowledge. In the majority of cases, there is no clear distinction between (or even information on) the short-term and long-term benefits. By contrast, those projects dealing with more substantive issues – for example, in the transport, tourism and environmental fields – tended to provide better

information on short and long-term strategic benefits (for example, E18 or Via Baltica).

The strategic benefits identified by project applicants can be broadly summarised under the following four headings.

- *Development of visions and strategies:* spatial planning and management strategies, which will lead to the development of balanced settlement structures and territorial arrangements, better planning of transport, and transregional approaches to tourism. This category also includes a higher profile for the Baltic Sea region, the institutionalisation of BSR urban interests in Europe and strategic information for future planning of the BSR and EU decisions on Interreg III.
- *Economic benefits:* improved international competitiveness of regions/urban areas; additional tourism (flows and visitor nights); more telecommunication traffic. A sub-category comprises specific benefits for cohesiveness of the region, such as stronger regional economic cohesion and common responses to spatial differences.
- *Enhanced knowledge:* better academic co-operation and research; production of best practice know-how; increased levels of knowledge; transfer and diffusion of knowledge and technology; better use of educational resources; learning experiences for partners; and production of a knowledge base. A specific issue is the provision of administrative support for preparations of EU membership among candidate countries.
- *Environmental improvements:* most notably implementation of international conventions, agreement and declarations (eg. under HELCOM, Baltic 21) but also protection of local environments; better management of transport and tourism; improvements in sustainable planning practice.

### **7.3 Sustainable development benefit**

The question of sustainability was one of the most difficult issues for applicants. As with the strategic benefits, failure to provide adequate information may be associated with the nature of the project and the difficulty of identifying environmental consequences over the short or long terms. As noted above, there is also a lack of information on methods/tools to be used as part of project implementation eg. strategic environmental assessment or environmental impact assessments. Types of sustainable development benefits cited were essentially fourfold:

- *Environmental information:* production of environmentally relevant GIS data, satellite image data, environmental measurements, handbooks (eg. VASAB2010, MapBSR, PSSD);
- *Planning mechanisms:* enhancing organisational frameworks for discussing sustainable development issues; promoting awareness of the management of natural resources; improving sustainable development capacity within spatial planning procedures, systems and structures (eg. E18, High Quality Tourism, Baltic Chain, Baltic Manual, VASAB 2010);

- *Environmental assessment techniques*: wider implementation of SEA and EIA tools (eg. Matros, Suberbs, B7, SUSWAT); and,
- *Environmental impacts*: improving sustainable development of cities; reduced environmental pollution through better traffic management, increased teleworking and creation of ‘sound transport solutions’; improved quality of life within urban environments; preservation of natural and cultural values.

#### **7.4 Transnational spatial development**

Transnationality tended to be defined in terms of the characteristics of the project (eg. number of partners, number of countries involved) or the measure under which the project was submitted. The qualitative assessment of the project portfolio after the first two rounds does indicate a reasonably high degree both of transnationality (see section 5.5) and cross-sectorality, with the majority of projects cutting across at least three sectors. Again, however, the project applications included often generalised statements without supporting information to justify the claims and no distinction between short and long term benefits. The contribution to transnational spatial development is generally framed in terms such as: improvement of transnational tourism strategies; improvement of transnational transportation structures; solution to transnational energy problems; production of transnational reports. Mostly, the responses are a repetition or reworking of answers given to previous questions.

#### **7.5 Synergies**

In considering the effects of the programme, one final point should be noted with respect to possible synergies between projects. As part of the application/award process, the programme managers actively seek to promote such synergies. In several cases, projects are approved subject to conditions that they agree to communicate with similar or related projects. For example, during the second application round, the Bothnian Arc 3 project was approved with the rider “*In order to benefit from expected synergy effects and to give added value to the funds committed from Interreg II C, please contact the following projects: BEST (38), BALDER Cultural Heritage (56) and ARCHIBALD. Please inform us that contacts between your project and the named projects have been established and exchange of experience has been agreed upon*”.

These contacts were subsequently verified through submission of letters of co-operation between project leaders. The project interviews confirm that these synergies are being taken seriously by projects; in several cases, the project steering committees include representatives from complementary parallel projects, and other liaison and exchange of experience arrangements have also been planned.

#### **7.6 Technical Assistance**

Technical assistance is the third priority of the Interreg IIC programme and has a total budget allocation of 2.376 MECU. Of this overall amount, 1.275 MECU is provided from the EU budget (five percent of the total) and the remaining 1.101 MECU from

the EU Member States (five percent of the national co-financing budget). Norway is also providing additional funds and is responsible for decisions regarding their allocation. The technical assistance budget is allocated for two principal purposes – the management of the programme and the support of transnational cooperation and other activities. Table 13 presents the proposed breakdown of this finance.

**Table 13: Budget for Technical Assistance Priority**

Item	EU/ERDF (MECU)	National sources (MECU)	Total (MECU)
Creation and operation of Common Secretariat	1.185	0.260* 0.395**	1.84
Other activities	0.09	0.446	0.536
<b>Total Technical Assistance</b>	<b>1.275</b>	<b>1.101</b>	<b>2.376</b>

\* 25% of Rostock Secretariat budget – German co-financing

\*\* 50% of Karlskrona branch Secretariat budget – Swedish co-financing

Expenditure items included in the proposal for the creation and operation of the Common Secretariat included furniture, equipment and office rental charges, staff costs and other expenses such as communication and translation, travel costs for meetings and costs associated with seminar or workshop organisation. The members of the external assessment team were also paid through the technical assistance budget.

Considerable debate has occurred between the programme partners (Monitoring Committee and Common Secretariat) and the European Commission about the spending of the 0.536 MECU allocated to other activities under the technical assistance budget. Certain expenditure items proposed by the Common Secretariat were approved relatively quickly by the Commission including: an Internet home page; advisory services for the Monitoring and Steering committee meetings; monitoring workshops; interim and ex post evaluations; and the presentation of the final programme. The total budget of these items, however, was only 0.290 MECU, considerably lower than the 0.536 MECU available.

The remainder of the technical assistance budget was more difficult to decide and a task force, comprising representatives from Member States and Norway, was formed in March 1999 to help finalise this expenditure. In addition to the approved measures mentioned above, the task force proposed 'Quality Forums', with a total budget of 76,000 ECU, designed to provide a forum for thematic exchange of experience between projects in similar areas. Following initial concerns from the Commission about the value of this proposal, it was subsequently accepted with a number of conditions. The allocation of the remainder of the technical assistance budget has been recently decided. The JFB, who will act as the contracting party for service contracts from this budget, must have concluded all technical assistance contracts by the end of 1999.

Overall, the issues which have been central to the debate on the technical assistance expenditure have included the eligibility, justification and cost effectiveness of certain

proposed activities, and the approval of some spending without prior agreement from the Commission. Some national level debate has also centred on the issue of the national co-financing of this measure. Overall, there appears to have been a certain lack of understanding on key issues relating in particular to the scope of the technical assistance budget and its approval procedure.

There is a sense among a number of programme partners that the Commission has taken a rather inflexible and regulatory approach to the proposals from the Secretariat, many of which were considered favourably within the programme partners, particularly given the relatively minor budget involved. However, the Commission has to ensure that the appropriate procedures are followed for this particular budget line.

## 8. CONCLUSIONS AND RECOMMENDATIONS

The Interreg IIC BSR Programme was launched in an area with a long history of co-operation, a multitude of formal co-operation initiatives, declarations and agreements (especially within the Nordic area) and a high level of informal networking. The Programme had a precursor to Interreg in the form of the VASAB process involving many of the authorities, organisations and individuals with an interest in the spatial development of the Baltic Sea Region. This provided a promising context for the launch of the programme in December 1997, operations beginning with the creation of the Secretariat in early 1998. Three rounds of applications have since been opened and closed, the first two generating 77 applications<sup>7</sup> and leading to 38 project approvals.

This report has provided a brief preliminary assessment of programme implementation, reviewing implementation procedures and programme commitments, and commenting on anticipated project/programme results. This final section draws together the main conclusions of the report and puts forward some recommendations.

In many respects, the Programme is a successful transnational initiative. It was developed with a high level of consultation among the Member States, mainly at national level, but also involving regional and local partners. The Programme is well-known throughout the region, many of the potential applicants having been kept informed of its development and launch. Since the start of 1998, major efforts have been made to promote the Programme through participation at key international meetings, the work of the national Sub-Committees, applicant seminars and media exposure. This level of awareness was reflected in the high number of applications; after two rounds 86 percent of the overall EU budget had been committed.

The analysis and review presented in this report has highlighted several specific areas of implementation where there is scope for improvement in the short-term, and in the longer-term in the planning of future programmes of this type.

### 8.1 Programme objectives

It is difficult to identify a consensual view on the specific objectives of the Programme. As noted earlier, any transnational programme is a compromise between different national interests. In addition, the Programme represents a compromise between regional policy and spatial planning authorities, described by one participant as a mix of vision and pragmatism. This has perhaps led to the aims and objectives, as well as some priorities and measures, being framed in rather general and vague terms with little chance of being evaluated effectively. Furthermore, taking into account the limited resources for the programme compared to the large number of objectives, there is a high risk that funds are being spread so thinly that it will be difficult to measure real effects

- *The use of the normal Structural Funds procedures and methodologies for monitoring and evaluation can help to prepare and strengthen the framework*

---

<sup>7</sup> 3 of which were withdrawn

*within which the programme and the projects can be evaluated. In order to improve the monitoring and evaluation of the programme at this mid-term stage, the evaluator recommends clarifying the terminology used for indicators and translate it into a framework, which can be used to identify indicators at objective, priority/sub-measure and project level (attached as Annex I). This will assist with later evaluation of the programme.*

- *It is recommended that any successor programme of this scale should be focused on a more limited number of clearer objectives in order to achieve a higher impact, with targeted measures where successful projects would make a discernible difference.*

## **8.2 Management structure**

The management structure of the programme involves a Monitoring Committee, Steering Committee, Common Secretariat, Joint Financial Body and National Sub-Committees. This structure worked reasonably well, although the bureaucracy and coordination demands are relatively high. Other problems facing the management structure came from the limited experience with this type of Programme, as well as the Structural Funds in general, and a lack of existing models to deal with trans-national work. This meant that many questions had to be addressed in parallel with the implementation of the programme. There is overlap in the remit and membership of the Monitoring and Steering Committees, relating in part to a lack of clarity regarding the distinctive roles of each Committee, and the existence of two bodies takes up extra time and expense on the part of members in attending the meetings and on the part of the Secretariat in servicing the two committees. It is not clear whether either body is exercising a leading role in ‘steering’ the programme.

- *In the short-term it is probably impractical to change to a single committee structure. However, it is recommended that the composition of the Steering Committee is stream-lined, with a significantly reduced membership (perhaps one representative per country plus the European Commission). Further, the roles of the two committees should be clearly separated and followed to ensure that duplication of effort is avoided; the Steering Committee should be actively engaged in steering the programme.*
- *Alternatively, it is recommended that a successor programme should consider having a single committee, which will need to address representation at both national and regional level, to work closely with the Secretariat in the operational steering of the programme. This recommendation will clearly have to take the new Interreg guidelines into account.*

## **8.3 Common Secretariat**

The Secretariat has worked hard, with limited resources and under considerable time pressures to launch the Programme, to establish application and selection procedures, to manage three rounds of applications, to support committee meetings, to market the programme and to support project applicants. The work of the Secretariat is highly regarded by most project applicants. However, for a relatively small programme operating over a short time-scale, a two-location secretariat and rotating chairmanship

is not efficient (although this has been justified on the grounds of reaching a balance of interest). Those involved have made strong efforts to overcome these difficulties, but the work of the Secretariat is constrained by the split between two locations. Furthermore, the lack of experience in Structural Fund programming within the Secretariat has meant ‘learning by doing’ and an over-reliance on external advice on many detailed questions of eligibility and procedure.

- *It is recommended that the Secretariat's staff resources should be strengthened with a person with substantial Member State experience of Structural Fund administration. Furthermore, as noted above, there should be more regular operational contact with key members of the Monitoring Committee to ensure the effective steering of the programme.*
- *It is recommended that in any future programmes the Secretariat should be based in a single location.*

#### **8.4 Management systems**

The Secretariat has established a useful databank capable of delivering a wide range of relevant information on the Programme. However, the databank is not a management information system integrated with all aspects of the application, award and monitoring process. This constrains the administration of the Programme, as well as the monitoring and evaluation requirements (see below).

- *It is recommended that the Secretariat acquires or develops a programme management information system capable of rationalising the administration and delivering enhanced management and monitoring information. There are numerous examples of such systems developed by mainstream Structural Fund programme management bodies.*

#### **8.5 Joint Financial Body**

The input of the Joint Financial Body is still at a preliminary stage, but the early signs are mixed. There appears to be a certain lack of clarity between the JFB and the Secretariat on the allocation of tasks (creating more institutional fragmentation and uncertainty). It has also been suggested that the work of the JFB is insufficiently resourced, and that the commitment of the Investitionsbank to the Programme is not being followed through in practice.

- *It is recommended that the role and responsibilities of the JFB relative to other parts of the programme management are specified clearly and reviewed to ensure that these responsibilities are resourced adequately, particularly given the increasing work-load as projects are implemented. The Investitionsbank should give urgent consideration to seconding a further qualified member of staff to work full-time for the JFB.*

## 8.6 Commission relations

Relations between some parts of the European Commission and other key Programme partners are not good, especially between DGXVI and the Secretariat where there appears to be poor co-operation. The exclusion of the Commission from the Steering Committee appears to be a key factor; the need for better informal lines of communication between Rostock and Brussels is another. The protracted discussions over the use of Technical Assistance indicate the nature and consequences of these strained relationships.

- *It is recommended that all parties should strive for better informal working relationships. An explicit and clearly understood definition of the roles and responsibilities at each level is a key prerequisite for future good working relationships.*

## 8.7 Integration of Structural Funds and Phare/Tacis programmes

The effective operation of the Programme has been severely restricted by the lack of integration between Interreg IIC and the Phare and Tacis programme. There are several reasons for this.

- (a) First, there are different basic regulations which govern the use of Structural Funds, the use of Phare funds, and the use of Tacis funds. In addition, the programmes each have objectives and procedures which have been set up as a result of consultation and agreement between the Commission, the Member States and national governments of the CECs and the NIS. This regulatory and organisation base means that each programme has developed ways of working which are appropriate to their particular purpose, but which do not make combinations of different sources of funding a simple matter. Three key aspects of this in relation to Interreg IIC are: the different approaches to programming; the different budgetary timescales (annual vs. multi-annual); and the mechanisms for project approval and selection.
- (b) Second, whilst the institutional and regulatory barriers to combining funds are significant, the Commission services (DG IA/Phare, DG IA/Tacis and DG XVI) do not appear to have shown real commitment to either understand the realities of different rules or to work together to address practical issues that arise in relation to the implementation of Interreg IIC. Improved operational arrangements for combining funding at the project level could, and should, have been found.
- (c) Third, the limited participation of CECs and NIS countries within the programme is primarily a result of the lack of combined funding. However, the failure of the Member States to involve the CECs and NIS countries at the programme design stage is also a contributory factor. Given the decentralised nature of the Phare programme, with decision-making taking place in capitals rather than Brussels, representatives of all countries need to be involved. The lack of participation of the CECs in the crucial stage of programme design and set-up is a particular weakness and one which has undoubtedly contributed to the inadequate treatment of Phare funding within the Programme. A further problem here is that the representatives of the CECs on Monitoring and

Steering Committees have not always been those directly involved in the decentralised implementation of Phare CBC funds.

These elements have combined to limit the potential of the Interreg IIC programme as an effective east-west transnational spatial planning initiative. The issue has caused frustration and demoralisation at programme and project levels, especially for participants from the CECs, which already face institutional and financial constraints on their involvement in such programme. Consequently, involvement of partners from CECs in the Programme, apart from Poland, is limited.

- *If a Baltic Sea Programme is to be effective it must allow for full participation by all countries in the region. Ideally this would require common funding regulations to support a common programme, but it is recognised that this will not happen in the next period. Therefore it is recommended that the Commission services together with the Programme management should take steps to identify more clearly the operational possibilities that exist to enable combined funding at the project, if not the programme, level. Several models are possible, but further work would be needed on the details. Crucially, this approach should not be limited to Commission services and Member States, but must actively involve the appropriate representatives of the CECs and the NIS (whilst recognising the basic differences between the decentralised operation of the Phare programme and the centralised nature of the Tacis programme).*

## **8.8 Programme effects**

It is too early to assess the effects of the Programme: most projects are still in an inception phase, and no progress reports have yet been submitted. However, the lack of a consistent set-up and terminology of indicators in the OP has implications for the approach at a project level. The assessment of project and programme effects will be complicated by the lack of a sufficiently clear and structured approach to measuring results at the application stages. Application guidelines do not distinguish effectively between results, outputs, impacts and benefits; the terminology is vague and does not provide adequate guidance. These deficiencies are reflected in the variable (and often poor) quality of information in project applications. In particular, indicators are not always identified and rarely quantified.

- *It is recommended that the approach to identification of programme and project effects should be overhauled, taking account of experience from the monitoring and evaluation of mainstream Structural Fund programmes, with a clear and well-defined hierarchy of outcomes, results and impacts. Applicants need better guidance on identification and presentation of project effects. It is proposed to introduce the use of planning tools like the Logical Framework Approach among the managing authority and project holders to identify and improve indicators at programme and project level.*

## **8.9 Project generation and progress**

The programme was well marketed and interest very high. However, there were criticisms at a project level on the application form requirements and guidelines, although the Secretariat proved very helpful in assisting applicants. Applications

were swiftly and professionally appraised and selected, and award letters were sent out quickly once decisions had been ratified. There is, though, scope for improving the sophistication of the appraisal process.

So far, motivation among project partners appears to be strong. Many projects are on schedule, but a significant number are also experiencing delays because of organisational problems and funding difficulties.

- *Application forms and guidelines are key to the effective implementation of any programme. In future programmes, greater attention to their preparation up-front will be time-saving for both the Secretariat and applicants, and result in better quality project applications.*
- *Notwithstanding the competence of the existing advisory appraisers, the process of appraising applications would be strengthened by the active involvement of secondees from Member State government departments (at national level), especially officials with mainline Structural Fund programming experience. Consideration should be given to using specialists for the different types of application eg. environmental experts for applications under 1.3. Further, the systematic approach to project assessment would be strengthened with the use of more standard terminology (which would be possible if the objectives, indicators and target terminologies are clarified as suggested above).*
- *Especially if further resources are made available, future programmes should make available common logistical support for project leaders and partners. This could take the form of brief manuals, guidance sheets and checklists of what to do at different stages of project management, especially in the early stages for new project leaders. (This is something that the Commission could usefully promote on a common basis – adaptable locally - for all Interreg programmes.)*

## **8.10 Use of technical assistance**

The allocation of the technical assistance budget has been problematic, despite the relatively small budget allocation. The principal aims of the TA budget are the management of the programme and the support of transnational cooperation and other activities. The former aim was covered, with little dispute, by expenditure related to the creation of the Common Secretariat. The remaining budget for other activities, however, has been the subject of sometimes heated debate. Some Programme partners have viewed the intervention of the Commission as often overly regulatory and inflexible, while the Commission has considered there to be a seeming disregard for eligibility and procedures under this particular budget line. Following the approval by the Commission of certain items of expenditure earlier in 1999, a special task force was created in March to deal with the remainder of the budget. Allocation of the remaining TA budget was agreed with the Commission at the end of June 1999.

Suggestions for use of future TA, following on from the recommendations given in the report, are given below. The only available TA budget is within the budget for the Secretariat. Given the budget limitations, options for future activities will have to be prioritised.

- *Funds have already been allocated for Monitoring workshops for project applicants in October and November 1999. It is proposed to work with individual projects on the revision of their project indicators within the hierarchy proposed in this report (annex I)) at the Monitoring workshops. It is also recommended that a member of Secretariat staff is trained in the development of indicators using LFA as a tool and the Structural Fund's terminology. This member of staff would be well positioned for follow up work with project partners during project implementation.*
- *It is recommended that an additional member of staff, with Structural Funds experience, be recruited to the Secretariat, to play a key role in working on project indicators, monitoring and evaluation.*
- *It is recommended that the resources in the JFB be reviewed with a view to recruitment of an additional member of staff to ensure the capacity to deal effectively with contracting and payment procedures.*
- *It is recommended that the Secretariat acquires or develops a programme management information system capable of rationalising the administration and delivering enhanced management and monitoring information.*
- *The Secretariat could consider holding a Monitoring/Evaluation workshop next year for project partners on the approach taken within the Structural Funds methodologies and terminology for indicators.*
- *Subject to the regulations on use of national and Commission funding, consideration could be given to the funding of travel for NIS Committee members where lack of funding is affecting their participation.*
- *Given the importance of the full participation of CEC/NIS partners in future programmes it is recommended that early action be taken to identify the operational possibilities that exist to enable combined funding at the project, if not the programme, level. It may not be appropriate to do this under the programme's TA budget as the work would predominantly be for successor programmes, in which case other sources of funding should be identified.*

## ANNEX I: REVIEW AND DEFINITION OF INDICATORS FOR INTERREG IIC BSR PROGRAMME

OBJECTIVES	INDICATORS	INFORMATION SOURCES	EXTERNAL FACTORS
<p><u>Programme :</u></p> <ul style="list-style-type: none"> <li>- strengthening the development potential of the BSR</li> <li>- increasing economic and social cohesion</li> <li>- ensuring a sustainable development for the region as a whole</li> <li>- promoting a territorial balance by supporting weak points and building on strong points</li> </ul>	<p><u>Output indicators :</u></p> <ul style="list-style-type: none"> <li>• Approved projects by measure</li> <li>• Financial allocation by measure</li> <li>• Geographic spread</li> <li>• Type and number of partners involved</li> </ul> <p><u>Result indicators :</u></p> <ul style="list-style-type: none"> <li>• Number of contributions made to spatial planning in the BSR (studies, workshops, projects, etc) and their level of implementation on national, regional and local level.</li> <li>• Contributions to decision on direct investment in sectors and areas concerned</li> </ul> <p><u>Impact indicators :</u></p> <ul style="list-style-type: none"> <li>• Decrease in economic and social disparities</li> <li>• Improved environment</li> <li>• Improved integration of infrastructure networks (telecoms, transport, etc)</li> </ul>	<p>Secretariat documentation</p> <p>Aggregated information from applications and monitoring reports</p> <p>General statistics – baseline data</p>	<p>Economic and political climate Changes in policy, legislation (eg transport, energy, agriculture, environment)</p>
<p><u>Measure 7.1.1.:</u> "Promoting a Baltic urban system and a balanced settlement structure"</p>	<p><u>Output indicators :</u></p> <ul style="list-style-type: none"> <li>• Number of new cooperation networks (receiving financial support) looking at balanced urban systems and urban-rural relationships</li> <li>• Number of joint studies / recommendations / strategies tackling common problems</li> </ul> <p><u>Result indicators :</u></p> <ul style="list-style-type: none"> <li>• Changes in spatial plans taking into account studies produced</li> <li>• Increased competence in spatial development planning and strategies at national, regional and local levels</li> <li>• Contribution to decisions on direct investment in problem areas</li> </ul>	<p>Applications Monitoring reports</p> <p>Spatial Development Plans produced by national, regional and local authorities</p>	

	<p><u>Impact indicators :</u></p> <ul style="list-style-type: none"> <li>• More coherent settlement structures (reduced emigration, number of enterprises and retailers set up in problem areas)</li> <li>• Decrease in social and economic disparities between urban and other settlements</li> </ul>	Standard economic and social statistics (population - GDP – emigration trends - levels of economic activity - etc) on NUTS II level	Economic and political climate Impact of other IFI programmes
<p><u>Measure 7.1.2. :</u> "Improving communications and promoting energy solutions as part of sustainable regional development"</p>	<p><u>Output indicators :</u></p> <ul style="list-style-type: none"> <li>• Number of cooperation networks looking at transport/telecommunications/energy</li> <li>• Number of joint studies / recommendations / strategies proposing improvement opportunities in these sectors and integrating environmental impact assessment issues</li> </ul> <p><u>Result indicators :</u></p> <ul style="list-style-type: none"> <li>• Contribution to investment schemes in transport, telecommunications and energy</li> </ul> <p><u>Impact indicators :</u></p> <ul style="list-style-type: none"> <li>• New investment in communication and energy networks in the BSR (degree of network completion)</li> <li>• New transport corridors, including for increased intermodality</li> <li>• Reduction in bottlenecks</li> <li>• Changes in pollution levels</li> </ul>	<p>Applications Project Monitoring Reports</p> <p>Feasibility studies Budgetary measures at national, regional and local authorities level</p> <p>Infrastructure statistics : kms of roads, railway lines, ports, transport capacity, number of telephone and internet connections Megawatt production and distribution Energy prices Energy conservation figures</p>	Environmental policy developments Trans-European Networks developments (policy)
<p><u>Measure 7.1.3. :</u> "Promoting integrated management and sustainable development of coastal zones, islands and other specific areas"</p>	<p><u>Output indicators :</u></p> <ul style="list-style-type: none"> <li>• Number of cooperation networks dealing with special area management (coasts-islands-wetlands-etc)</li> <li>• Number of joint studies / recommendations / strategies</li> <li>• Number of pilot projects to manage sustainable development of specific areas</li> </ul> <p><u>Result indicators :</u></p> <ul style="list-style-type: none"> <li>• Improvements in local spatial plans taking</li> </ul>	<p>Applications Project Monitoring Reports</p>	

	<p>recommendations/studies into account</p> <ul style="list-style-type: none"> <li>• Increased awareness of integrated management (linkage between economic development and environmental protection)</li> <li>• Increased competence in spatial planning at regional and local level</li> <li>• Contribution to solution of common problems</li> </ul> <p><u>Impact indicators</u> :</p> <ul style="list-style-type: none"> <li>• Better environment</li> <li>• Increased economic activity</li> <li>• Reduced emigration over 5 years</li> </ul>	<p>Local Spatial Development Plans Economic development plans</p> <p>Standard environmental statistics (especially water quality) Level of economic activity, especially tourism statistics</p>	<p>Impact of European funding instruments operating in specific areas (e.g. SF for islands)</p>
<p><u>Measure 7.2.1</u> : "Further development of spatial planning strategies and exchange of experience in the field of spatial planning"</p>	<p><u>Output indicators</u> :</p> <ul style="list-style-type: none"> <li>• Number of planners working in national, regional and local authorities and involved in networking activities (seminars, conferences, projects, etc)</li> <li>• Number of contributions made to the "operationalisation" of VASAB 2010</li> </ul> <p><u>Result indicators</u> :</p> <ul style="list-style-type: none"> <li>• Increased competence and awareness among the professional planners' community</li> <li>• Production of Best Practice models</li> <li>• Awareness among national, regional and local authorities to recognise the positive contribution of spatial planning</li> </ul> <p><u>Impact indicators</u> :</p> <ul style="list-style-type: none"> <li>• Common Spatial Planning vision for BSR integrated in national, regional and local development plans.(percentage)</li> </ul>	<p>Applications Project Monitoring reports</p> <p>Curriculum developments for planners Conference, workshop materials Best Practice Documents Survey of planning authorities</p> <p>Spatial Development Plans</p>	<p>Political climate for spatial planning (favourable or not) Cultural and language barriers</p>

<p><u>Measure 7.2.2. :</u> "Management of spatial planning relations in particular to natural and cultural heritage and tourism development"</p>	<p><u>Output indicators :</u></p> <ul style="list-style-type: none"> <li>• Number of cooperation networks in the field of tourism and heritage</li> <li>• Number of joint studies / recommendations / strategies for better use of tourism and heritage potential</li> </ul> <p><u>Result indicators :</u></p> <ul style="list-style-type: none"> <li>• Contribution to investment schemes for improvement of existing or development of new facilities</li> </ul> <p><u>Impact indicators :</u></p> <ul style="list-style-type: none"> <li>• New investment in tourism/heritage facilities</li> <li>• Increased number of tourists/visitors</li> <li>• Increase in tourism and culture sectors employment in areas concerned</li> </ul>	<p>Applications Project Monitoring Reports</p> <p>Feasibility studies Budgetary measures for developments Marketing plans</p> <p>Number of visitors to facilities/areas Number of nights Employment statistics</p>	<p>Impact of other funding in areas concerned Economic and political climate</p>
<p><u>Measure 7.3. :</u> "Technical Assistance to increase transnational cooperation"</p>	<p><u>Output indicators :</u></p> <ul style="list-style-type: none"> <li>• Secretariat</li> <li>• Marketing</li> <li>• Number of inquiries</li> <li>• Workshops and training activities for project participants</li> </ul> <p><u>Result indicators :</u></p> <ul style="list-style-type: none"> <li>• Number of applications received, processed and improved</li> <li>• Total amount of grant support allocated</li> </ul> <p><u>Impact indicators :</u></p> <ul style="list-style-type: none"> <li>• Number of successfully implemented projects that have fulfilled the objectives of the programme</li> </ul>	<p>TA budget Marketing materials Application forms, guidelines</p> <p>Received applications Minutes of monitoring and steering committees Budget and accounts</p> <p>Project monitoring reports Reports to monitoring and steering committees Evaluation reports</p>	<p>Changes in policy framework at Commission or Member States level</p>