

EX-ANTE EVALUATION
ESTONIA - LATVIA
CROSS-BORDER COOPERATION PROGRAMME
2007 – 2013

EX-ANTE EVALUATION REPORT

March 2007

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Introduction

The report encounters main findings of the Ex-Ante Evaluation (further in the text – Evaluation) of the Cross-Border Cooperation (CBC) Programme between Estonia and Latvia for the period 2007-2013 (further in the text – the Programme).

The objective of the assignment was to carry out Evaluation of the CBC Programme between Estonia and Latvia for the period 2007 – 2013. According to the draft Council Regulation laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund, the purpose of the ex-ante evaluation is to improve programming quality and optimize budgetary resources under operational programmes. Evaluation also aimed at identifying and appraising the disparities, gaps and potential for development, as well as the goals, the expected results, the quantified targets of the programme. In addition, the ex-ante evaluation assessed procedures for implementation, monitoring, evaluation and financial management.

The Evaluation has been carried out in accordance with Article 48(2) of the General Regulation. The Evaluation has followed the methodology outlined in the Draft Working Paper on Ex Ante Evaluation (the European Commission, August 2006), provisions of the Terms of Reference of the assignment, and according to the Inception Report approved in July 2006.

In addition to the Introduction, the Evaluation Report contains the following chapters:

1. Appraisal of the socio-economic analysis and the relevance of the strategy to the needs identified.
2. Evaluation of the rationale of the strategy and its consistency.
3. Appraisal of the coherence of the strategy with EU, regional and national.
4. Evaluation of the expected results and impacts.
5. Appraisal of the proposed implementation system.
6. Overall conclusions.

The Evaluation was carried out in parallel with the programming process. It was an interactive and iterative process with the Task Force, the National Committees and BSR Interreg III B Joint Secretariat. Each of the different components of the Programme was evaluated as they were drafted. Therefore, the Programme was updated according to the ex-ante findings and recommendations and as such it is reflected in the final version of the document.

In each stage of the preparation of the Programme, the drafts of the Programme were presented and discussed in the Task Force meetings attended by representatives of both countries. The ex-ante evaluators participated in the Task Force meetings and provided feedback on the draft programme and recommendations for improvement of it.

The history and substance of involvement of the ex-ante evaluators into the programming process was as follows:

Meeting	Version of the Programme	Substance of ex-ante evaluation
Public Consultations, 30 May 2006, Sangaste, Estonia	SWOT analysis and potential programme priorities and directions of support	N/A
2 nd TF meeting, 5 July 2006, Riga, Latvia	Programme draft (04.07.2006.)	<ul style="list-style-type: none"> ▪ Selection of eligible areas; ▪ Priorities of support; ▪ Directions of support.
3 rd TF meeting, 14 September 2006, Valga, Estonia	Programme draft (08.09.2006)	<ul style="list-style-type: none"> ▪ Appraisal of socio-economic analysis and SWOT; ▪ Relevance of directions of support and its coherence with development needs (SWOT);
4 th TF meeting, 23-24 November 2006, Valmiera, Latvia	Programme draft (22.11.2006.)	<ul style="list-style-type: none"> ▪ Rationale and consistency of the Programme; ▪ Appraisal of the coherence of the strategy with regional and national policies and the community strategic guidelines; ▪ Implementation arrangements.
5 th TF meeting, 27	Programme draft	<ul style="list-style-type: none"> ▪ Indicators for Monitoring and Evaluation

February 2007, Tallinn, Estonia	(21.02.2007)	
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Abbreviations used in the document:

AA	Audit Authority
BSR	Baltic Sea Region
CA	Certifying Authority
CBC	Cross border cooperation
ERDF	European Regional Development Fund
EU	European Union
GDP	Gross Domestic Product
ICT	Information Communication Technologies
JTS	Joint Technical Secretariat
MA	Managing Authority
NGO	Non-governmental organization
Programme	Estonia and Latvia Cross Border Cooperation Programme 2007-2013
SMEs	Small and Medium Sized enterprises
SWOT Analysis	Strengths, Weaknesses, Opportunities and Threats Analysis
TF	Task Force

1. Appraisal of the Socio-Economic Analysis and the Relevance of the Strategy to the Needs Identified

This section of the report reveals ex-ante findings on the socio-economic analysis of the Programme and its relevance to the needs identified - the basis for formulation of the Programme's strategy.

Socio-economic analysis covers entire eligible area for Estonia and Latvia CBC Programme (Estonia: Lõuna-Eesti, Lääne-Eesti; Latvia: Kurzeme, Pierīga, Rīga, Vidzeme). Analysis is based on recent quantitative and qualitative data for period of 2003 up to 2006 available in the programming process. The sources of data presented in the analysis come from official national statistical sources; they are supplemented by regional data in instances where they were available. Eurostat data were used for data comparisons with EU average. The programme provides a coherent and integrated description of the needs identification for the whole eligible Programme region and not separately for Estonia and Latvia. In some instances data supporting socio-economic analysis of Estonia's border regions are more exhaustive than those of Latvia's. This can be attributed to the fact that uniformed series of data were not available on both sides of the border. However, the quality and coverage of data are comparable and objectively characterize the existing socio-economic development on both sides of the border and allows concluding that both Estonia's and Latvia's border regions face similar and common development needs. Exception to the conclusion is the existing difference in ICT coverage and accessibility among border regions of both countries where ICT infrastructure in the Estonia's border regions is better developed if compared to Latvia. Internal cohesion of the programme area in Latvia is not uniform. Data characterizing socio-economic development of Rīga and Pierīga are considerably above the average and deviates from the data characterizing the entire programme area.

The socio-economic analysis exhaustively describes major challenges and potential of the programme area with regard to human resources, infrastructure and economy. Main problems and challenges in the programme area emerging from the socio-economic analysis are as follows:

- (1) Population trends are characterized by **uneven distribution** of population in the territory with general trend of concentration of it in urban areas and, a slightly improving, but still **negative, increase of population** and low birth rates;
- (2) **Quality and coverage of the transport infrastructure** of the border regions does not satisfy mobility, external and internal connectivity needs of population, goods and services;
- (3) Existing disparities in the programme area with **Internet coverage** and access points between rural and urban areas and unused potential of e-services of all kinds, especially in Estonia's border regions with comparatively developed ICT infrastructure, hinder the development of information society in the programme area.
- (4) Territory reports having positive improvements in **natural environment**, however, several issues regarding quality of drinking water, modernizing sewage and heating systems, waste management and awareness of population remain topical for sustainable development of communities.
- (5) Main characteristics of regional **economy** are: concentration of industry and commerce in urban areas, uneven availability of basic services (financial, trade, transport, tourism and communications) in rural areas, low entrepreneurship activity and level of investments by enterprises into research and innovation.
- (6) **Labour market** trends show decreasing unemployment rates but still, comparatively, low economic activity.
- (7) Major concerns in **education, research and development** is associated with the mismatch between demand and supply in the labour market attributed to inadequate vocational education quality and lack of cooperation between education establishments and enterprises.
- (8) **Tourism** has a strong economic development potential in the region, however, variability of tourism services and their equal access in rural areas should be improved to fully employ the existing tourism potential.

SWOT Analysis summarizes the socio-economic analysis of the programme area. The SWOT Analysis includes only those elements that are of cross-border relevance, thus, it must be admitted with confidence that the elaboration of the strategy is based on common analysis of the eligible area.

To address the existing development needs and exploit development potential of the region, the programme is designed on three priority axes for support and each of them encompasses concrete directions of support.

Achievement of the Programme objectives should ideally capitalize on strengths, minimize weaknesses, activate opportunities and control threats. The table below presents cross analysis of how identified disparities and potential is accommodated in the strategy and whether the strategy is relevant to the development needs of the region. This is done by examining whether and how the disparities and opportunities revealed by the SWOT are incorporated in Priorities for support. For illustration colours are used to indicate the relation of the Priority to the SWOT Analysis.

Table 1. Coherence of the SWOT analysis with the Strategy

Priorities:

Priority 1 Increased cohesion of the border regions
Priority 2 Higher competitiveness of the border regions
Priority 3 Active, sustainable and integrated communities

SWOT Analysis:

STRENGTHS	WEAKNESSES
1. Common historical background and traditions with cultural variety	1. Actual and perceived peripherality and poor socio-economic development level of the region in the European Union
2. Similar background, socio-economic structure, development level and problems in most sectors	2. Sparsely populated rural areas and ageing population
3. Region with above average economic growth levels of EU25	3. Low level of entrepreneurship and poor competitiveness of businesses at the EU market
4. Economic activity (mainly SMEs) based on local resources (timber, food, natural resources)	4. Mismatch of demand and supply in the labour market and low labour productivity (1/3 of the EU 15 average)
5. Higher education and science potential	5. Large share of economically inactive inhabitants among labour force
6. Good logistic location as regard to important transport routes	6. Poor connection between vocational education system and labour market demands
7. Region increasingly covered with access to modern communication technologies	7. Insufficient cross-border transport network and poor inner connectivity of the region
8. Clean and diverse natural environment, attractive coastal landscape	8. Poor technical condition of transport infrastructure
9. Tourism potential and a functioning basic tourism infrastructure	9. Uneven development of ICT sector and e-services
10. Developed network of recreation and health services	10. Uneven attainability of services and consumer products in rural areas
11. Increasingly stronger civil society	11. Low environmental awareness among population
12. Unique twin-city Valga-Valka situated on the Estonian-Latvian border	12. Isolation and marginalisation of local communities and inactive village life
OPPORTUNITIES	THREATS
1. Schengen Agreement's entry into force	1. Remaining a relatively poor and unattractive province in the periphery of the European Union
2. Scope for generating new business initiatives; wider promotion of entrepreneurship	2. Growing disparities between rural and urban areas; remaining large areas of rural deprivation

3. Development of niche markets and adding value to and diversifying local products and services; developing sectors with higher growth potential	3. Continuing negative population growth and out-migration of labour force to centres and abroad; rural depopulation
4. Inclusion of marginalised groups and economically inactive people in the regional economy	4. Slowing down of economic growth
5. Enhancing the link between education and labour market	5. Concentration of economic activity in low value added sectors and inward-looking attitude of indigenous SMEs; reduced survival rate of SMEs
6. More active involvement of the higher education and science potential in the development of the region	6. Traditional sectors facing intense competition from the European Union
7. Increasing inner and outer connectivity of the region by creating new transportation links and improving transport infrastructure	7. Marginalisation of people with low education/re-training attainment; little targeted action to increase the employability of low-skilled and economically inactive people
8. Potential of advanced ICT applications for e-learning, tele-working, e-business and marketing	8. Concentration of social infrastructure and public services into regional centres
9. Increased importance of the principles of sustainable development and environment protection	9. Climate changes and constant increase in the prices of primary energy
10. Joint development and marketing of the region as a single tourism destination for both foreign and domestic tourists	10. Increase in environmental damage and pollution and deterioration in the condition of the Gulf of Riga
11. Increasing the potential of rural areas as attractive living and working environments	11. Seasonal nature of tourism and increasing wild tourism
12. Increase in local initiative and action among people, NGOs and local communities	12. Erosion of community identity and social cohesion; increasing poverty and exclusion

The objectives and the corresponding spheres of intervention cover the major elements of the SWOT analysis.

To summarise the findings carried out for appraisal of the socio-economic analysis and its relevance to the strategy, it must be concluded that:

- The analysis presents an accurate overview of the current situation in Estonia and Latvia CBC programme area and contains recent and relevant information on the economic and social situation of the region.
- Existing disparities of socio-economic development within the region. i.e., Riga being a clear leader in socio-economic development, should be considered during elaboration of the Secondary Document of the Programme, in general, and definition of concrete supported activities and implementation mechanisms, in particular.
- Differences in ICT coverage and accessibility among border regions of Estonia and Latvia opens up opportunities for intensive Estonian transfer of experience in improving ICT situation in the Latvia's border regions.
- The main disparities, gaps and development potential relevant to the programme strategy are presented in a concise manner and addresses major problems identified: poor physical accessibility, low economic competitiveness and unattractiveness of large part of the area.
- The objectives of Estonia and Latvia CBC Programme 2007-2013 as formulated in the development strategy of the programme area respond to the major deficits and needs of this region and are concentrated in measures with clear cross-border impacts and effects.

2. Evaluation of the Rationale of the Strategy and its Consistency

This part of the report deals with assessing the rationale of the strategy and evaluating consistency of the planned directions of support and that they are in harmony with the strategic objectives of the Programme.

In order to reach its overall objective, the Programme is divided into three priorities. Each priority targets at eliminating the major hindrances of development and contributing to the overall objective of the Programme. The overall objective of the Programme “*sustainable development and competitiveness of the Programme area*” will be achieved through supporting cross-border activities aiming at: (i) increasing internal and external connectivity of the Programme area, (ii) improving the environment for business activities and (iii) developing sustainable and vital communities.

The strategy for the programme has been developed so that the topics addressed have the greatest potential of common interest, expected outputs are the greatest, and where the chance of reaching the strategic vision of the Programme is most likely.

To evaluate the internal consistency of the Programme, the analysis of the relationships and complementarities among various fields of activities and their coherence with the overall and specific objectives was carried out.

Directions of support under the Priority 1 contribute to reaching the objectives of the Priorities 2 and 3, as internal and external connectivity improves competitiveness of businesses and people as well as are important for revitalizing communities. Directions of support under Priority 2, in addition to increasing the competitiveness of the programme area, will leave positive effects on creating sustainable and vital communities in the core of which are competitive and employable human resources with developed entrepreneurship spirit. Directions of support under the Priority 3 creates the pre-conditions for cross-border activities, helps to build attractive communities based on the results of activities implemented under the Priorities 1 and 2.

The analysis of internal coherence and complementarities of the strategy is presented in the table 2. “*Coherence of the Strategy*”. It allows to conclude that the identified priority activities within spheres and fields contribute not only towards the relevant priority objectives but also complement to reaching the objectives of other priorities of the programme. No visible conflicts among priorities can be identified. The selected priorities and directions of support are appropriate to the type of actions logically falling into the category of public interventions. Provided that the directions of support under Priority 2 will concentrate on creating environment and tools for fostering innovation and entrepreneurship avoiding direct grants to business entities, the intervention will not present risks for creation of market distortion.

Selected directions of support are standard measures for addressing internal and external cohesion, competitiveness and sustainability supported under ERDF financing instruments. The innovative approach of the Programme is seen in including measures that facilitate creating attractive living environments in communities in rural and small-town areas. Due to unbalanced urban rural development in the programme area, out migration and ageing population is a serious problem, thus all investments into infrastructure, ICT and entrepreneurship should be complemented with special measures aimed at revitalization of local communities, investing into increasing availability of public and business services, extending the opportunities for employment and recreation in rural areas to ensure that people find it attractive and beneficial to stay and work there.

As seen from the distribution of ERDF funding among all priorities, Priority 1 is given 47% of ERDF funding, 38% goes to financing Priority 2, 9% to Priority 3 and 6% of the total funding is allocated to Technical Assistance. In the light of currently elaborated indicator system for measuring impacts of the programme, it is difficult to assess whether the allocated financial resources are adequate for reaching the set overall and specific objectives of the Programme. Empirically assessing the proposed directions of support and fields of activities, it can be concluded that those will contribute to overcoming existing constraints and gaps in socio-economic development of the Programme area.

Table 2. Consistency of the strategy

General objective	Priorities Specific objectives	Main fields of activities	Priority activities within sphere and fields	Contribution of priority activities to the specific objectives & priorities			
				1	2	3	
To promote sustainable development and economic competitiveness of the Programme area through achieving an integrated and cross-border approach to economic, social and environmental development in ways, which involve and benefit local people and communities	1. Increased cohesion Increasing internal and external connectivity of the programme area	1.1. Reducing isolation through improved internal and external connectivity of the programme area	1.1.1. Elaboration and application of new transport and logistic solutions				
			1.1.2. Repairing and restoration of unused connection links				
			1.1.3. Advance development along the international transport corridors				
			1.1.4. Application of innovative ICT solutions and services				
	2. Higher competitiveness Improving the environment for business activities and adapting to structural changes in the economy	1.2. Enhancing joint management of public services and resources	1.2.1. Joint solutions and management of public services and resources	1.2.1.1. Joint solutions and management of public services and resources			
				1.2.2. Joint management of protected areas, nature reserves, water and energy			
		2.1. Facilitating business start-up and development	2.1.1. Promotion of entrepreneurship spirit among young people	2.1.1.1. Promotion of entrepreneurship spirit among young people			
				2.1.2. Providing business support infrastructure and service for start-ups			
				2.1.3. Adding value & diversifying products and services, developing niche products			
				2.1.4. Extending existing business activities			
		2.2. Increasing the attractiveness for visitors	2.2.1. Development of tourism infrastructure	2.2.1.1. Development of tourism infrastructure			
				2.2.2. Joint marketing action of the programme area			
		2.3. Enhancing employable skills and human resources	2.3.1. Strengthening the link between educational establishments and enterprises	2.3.1.1. Strengthening the link between educational establishments and enterprises			
				2.3.2. Investments into cross-border education infrastructure			
				2.3.3. Development of a lifelong learning system			
				2.3.4. CBC activities in education and training			
	3. Sustainable communities Enhancing the sustainability of the programme area by promoting vitality of the local communities	3.1. Improving the environment for active and sustainable communities	3.1.1. Long-term sustainable planning	3.1.1.1. Long-term sustainable planning			
				3.1.2. Development and implementation of CBC projects			
				3.1.3. Accessibility and quality of public services and recreational infrastructure			
				3.1.4. Establishment of a multifunctional village centres			
3.1.5. Preserving the cultural value of settlements and strengthening local identity							
3.2. Promoting grass-root level actions		3.2.1. People-to-people activities in culture, school exchanges	3.2.1.1. People-to-people activities in culture, school exchanges				
			3.2.2. Creation of new and intensifying CBC contacts				
			3.2.2.1. Creation of new and intensifying CBC contacts				

The major findings regarding rationale of the strategy and its consistency are as follows:

- Directions of support are well balanced and contribute to reaching the overall and specific objectives of the Programme. Relationships and complementarities are obviously established among directions of support – each of them contribute to reaching the specific objectives of the Priority and provides for complementary inputs to reaching the objectives of other priorities included in the Programme.
- Equal opportunities are not clearly articulated in the directions of support of the Programme. Although the general statement in the strategy of the programme outlines that the principle of equal opportunities should be guiding in the programme operations.
- No conflicts among priorities and directions of support can be observed. However, an overlap might eventually be possible between two directions of support of the programme, i.e., 1.2. “Enhancing joint management of public services and resources” and 3.2. “Promoting grass-root level actions” as both of them foresee measures increasing the accessibility to public services. This possible overlap should be considered and actions to avoid it taken during elaboration of the Secondary Document of the Programme.

3. Appraisal of the coherence of the strategy with EU, regional and national policies

The Programme, its priorities and directions of support are assessed against a number of the EU, national and regional policy documents to ensure that it is drawn up in line with the set out strategies and contributes to their achievement. In relation to national policy documents, it is incremental that the planned directions of support do not in any way overlap with the measures planned for support under the Structural Funds. This chapter presents main conclusions drawn up from appraisal of the Programme and its coherence with Community Strategic Guidelines, the Lisbon Strategy, and the national and regional policy documents.

EU Policies

Community strategic guidelines

Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines 2007-2013 states three main goals: making Europe and its regions more attractive places to invest and work, improving knowledge and innovation for growth, more and better jobs. The priorities of the Programme support and contribute to attaining all the goals and targets of the Guidelines.

The Lisbon strategy for growth and employment

The Programme supports and contributes to attaining the strategy objectives in the knowledge society, internal market, business climate, labour market and environmental sustainability.

The Gothenburg strategy

The Programme supports and contributes to attaining the key objectives in environmental protection, social equity and cohesion, economic prosperity. The Programme priorities are in line with the policy guiding principles stated in the strategy.

Table 3. *Coherence of the Programme with EU policy documents*

STRATEGIC DOCUMENT (PRIORITIES)	Strategic Objectives and directions of support of the Programme						
	Priority 1: Increased cohesion		Priority 2: Higher Competitiveness			Priority 3: Active, sustainable and integrated communities	
	1.1. Internal / external accessibility	1.2. Joint management of public services and	2.1. Business start-ups	2.2. Attractiveness to visitors	2.3. Skills and human resources	3.1. Active and sustainable communities	3.2. Grass-root level actions
Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines 2007-2013							
G 1: Making Europe & its regions more attractive places to invest and work							
1. Expand and improve transport infrastructures	●						
2. To strengthen the synergies between environmental protection and growth		●					
3. Address Europe's intensive use of traditional energy resources							
G 2: Improving knowledge and innovation for growth							
1. Increase and improve investment in RTD							
2. Facilitate innovation and promote entrepreneurship			●				
3. Promote the information society for all	●						
4. Improve access to finance							
G 3: More and better jobs							
1. Attract and retain more					●		

people in employment and modernise social protection systems							
2. Improve adaptability of workers and enterprises and flexibility of labour market					•		
3. Increase investment in human capital through better education and skills					•		
4. Administrative capacity						•	
5. Help maintain a healthy labour force						•	
The Lisbon strategy for growth and employment							
The knowledge society: increasing Europe's attractiveness for researchers and scientists, making R&D a top priority, promoting use of ICTs	•						
The Internal market: completion of the internal market for the free movement of goods and capital, & urgent action to create a single market for services	•						•
The business climate: reducing total admin. burden; improving the quality of legislation; facilitating the rapid start-up of new enterprises; creating environment more supportive to businesses			•				
The labour market: rapid delivery on the recommendations of the European Employment task force; developing strategies for life-long learning and active ageing; underpinning partnerships for growth and employment					•		
Environmental sustainability: spreading eco-innovations and building leaderships in eco-industry; pursuing policies which lead to long-term and sustained improvements in productivity through eco-efficiency.		•				•	
The Gothenburg strategy (reviewed in the European Council of 15-16 June 2006)		•	•			•	

Regional policies

An Agenda 21 for the Baltic Sea Region – Baltic 21 states the overall goal of a constant improvement of the living and working conditions of the BSR peoples within the framework of sustainable development, sustainable management of natural resources, and protection of the environment. Sustainable development includes three mutually interdependent dimensions: economic, social and environmental.

Estonia and Latvia Cross-Border Cooperation Programme 2007-2013 is in compliance with the principles, goals, scenarios and visions stated in the Baltic 21 document.

Vision and Strategies around the Baltic Sea 2010: Policy document Connecting Potentials, 2005 – VASAB. The core issue of VASAB is developing spatial cohesion of the Baltic Sea Region within and outside its boundaries under 6 key themes of (1) sustainable development, (2) transnational integration, (3) transnational transport, (4) development of rural areas, (5) development of green networks and (6) integrated development of coastal zones and islands.

The priorities set out in Estonia and Latvia Cross-Border Cooperation Programme 2007-2013 covering the issues of environmental, social and economic sectors allow contributing to implementation of the development concepts established in the VASAB 2010 Plus: Spatial Development Action Programme in the Programme area.

Table 4. *Coherence of the Programme with regional policy planning documents*

REGIONAL DOCUMENTS	Strategic Objectives and directions of support of the Programme						
	Priority 1: Increased cohesion		Priority 2: Higher Competitiveness			Priority 3: Active, sustainable and integrated communities	
	1.1. Internal / external accessibility	1.2. Joint management of public services and	2.1. Business start-ups	2.2. Attractiveness to visitors	2.3. Skills and human resources	3.1. Active and sustainable communities	3.2. Grass-root level actions
1. An Agenda 21 for the Baltic Sea Region – Baltic 21	●	●		●		●	
2. Vision and Strategies around the Baltic Sea 2010: Policy document <i>Connecting Potentials</i> , 2005 (VASAB)	●	●	●	●		●	

National strategic planning documents

The Programme priorities were assessed against Latvian and Estonian national policy documents for absorption of the EU Structural Funds in 2007-2013.

Both Estonia and Latvia will implement three Operational Programmes during 2007-2013 under the Convergence Objective.

Estonia:

- Operational Programme for the development of human resource,
- Operational Programme for the development of living environment,
- Operational Programme for the development of economic environment.

Latvia:

- Operational Programme for the development of human resources and employment,
- Operational Programme for the development of entrepreneurship and innovations,
- Operational Programme for the development of infrastructure and services.

Although, the sub-priorities of the Programme overlap with the targets of the Operational Programmes of both countries, the Programme is focused on cross-border cooperation, simultaneous outputs and effects on both sides of the Estonian-Latvian border, thus acting as a complementary instrument to the national Operational Programmes that are implemented separately on the territories of both countries.

Table 5. *Coherence of the Programme with national policy planning documents Estonia and Latvia*

	Strategic Objectives and directions of support of the Programme		
	Priority 1: Increased cohesion	Priority 2: Higher Competitiveness	Priority 3: Active, sustainable and integrated communities

NATIONAL DOCUMENTS	1.1. Internal / external accessibility	1.2. Joint management of public services and	2.1. Business start-ups	2.2. Attractiveness to visitors	2.3. Skills and human resources	3.1. Active and sustainable communities	3.2. Grass-root
Operational programmes 2007-2013 Estonia							
1. Development of human resources			●		●	●	
2. Development of the living environment	●	●					
3. Development of economic environment	●	●	●				
National Strategic Reference Framework 2007-2013 (Latvia)							
1. Development of human resources and employment					●	●	
2. Development of entrepreneurship and innovations			●				
3. Development of infrastructure and services	●	●				●	

The key conclusions for appraisal of the coherence of the Programme with the EU, regional and national policies are:

- The Programme is well aligned with the strategic objectives of the Lisbon Strategy, Community Strategic Guidelines and Gothenburg Strategy. Furthermore, it contributes to attainment of the strategic goals of regional policies, such as Agenda 21 and VASAB.
- Thematically directions of support to a great degree are in line with the national strategic development perspectives that during the period of 2007-2013 will be financed from the EU Structural Funds in both countries. Therefore, coordination of support to avoid the overlap is essential in this perspective and should be considered during elaboration of the Secondary Document of the Programme.

4. Evaluation of Expected Results and Impacts

The programme indicators are vital for effective implementation of the Programme serving for monitoring and evaluation of the extent and efficiency to which the Programme has achieved its objectives.

In the current version of the Programme Document the indicator system contains output indicators defined for each priority, expressed as a number of projects developed and a number of beneficiaries involved in implementation of these projects. Impact of the programme will be measured by the degree of supported co-operation and a number of projects demonstrating joint development, joint implementation, joint financing and joint benefit.

Relevance of the strategy of the Programme will be measured by context indicators, such as, cross-border transport connection links, geographical coverage with internet access, share of waste recycling, area of protected territories, change in GDP per capita, number of enterprises per inhabitants, number of visitors in the Programme area, employment rate, population density and a number of non-governmental organisations.

It is advisable that two levels of indicators are distinguished in the Programme: (i) horizontal and (ii) vertical.

Indicators on the *horizontal* level should comprise measurements referring to transversal principles that need to be upheld at all impact levels of the programme (short-term, medium-term and long-term). Four key areas need to be evaluated: (i) effectiveness (whether the programme produces impacts corresponding to its goals and design), (ii) sustainability (whether the impacts will survive beyond the intervention period), (iii) efficiency (whether the programme was the optimal solution to needs identified) and (iv) relevance (in both: its correspondence to national planning and its responsiveness to local needs).

Vertical indicators should follow the programme design in formulating specific indicators for achievement. Three types of indicators should be distinguished: (i) output indicators: measure consequences of the activity level, (ii) result indicators: measure consequences on the level of spheres/areas of intervention and (iii) impact indicators: indicators at the programme level applying to spheres of intervention exclusively and measure the overall impact of the programme.

Table 6. *Example of Priority 1 indicators that can be used for further development:*

Priority	Direction of support	Output	Quant.	Result	Impact
1. Increased cohesion of the border regions	1.1. Reducing isolation through improved internal and external connectivity	Percentage increase in traffic flow capacity between the two sides of the region beyond projects already planned		Improved capacity of the physical infrastructure to handle increasing flows of people, goods, services and information across the border and in and out of the region at lower costs. <i>Source of verification: traffic flow surveys and analyses, national and regional transport agencies, enterprises</i>	Better accessibility of the region and improved physical connectivity of the two sides of the border
		Number of links constructed to national/European transport corridors			
		Percentage increase in the efficiency of logistics centres			
		Number of joint databases			
		Increase in public transport coverage (in % of population)			
		Percentage increase in number of people with access to Internet and those with access to broadband connection			
		Number of joint databases that can be supported with local server capacity			

The main observations as a result of evaluation of expected results and impacts are as follows:

- To be able to assess the impact of the programme, it is essential to develop coherent system of indicators. Impact and result indicators with defined baseline and time bound quantified targets should be defined and included in the Programming document. Output indicators can be included in the Secondary Document where description of supported activities will be provided.

- In order to provide comprehensive appraisal of the proposed indicator system of the Programme and evaluate the proposed indicators according to definite criteria - *coverage, balance, balance among different levels of indicators, structure and amount and relevance* - an appropriate indicator system should be further elaborated and included in the programming document. Alternatively, the indicators system can be elaborated during the process of drafting the Secondary Document of the Programme.
- The selected context indicators, such as GDP per capita, employment rate, population density and number of non-governmental organisations will not provide accurate measurement of impacts and efficiency of the programme, as it will be difficult to distinguish and measure the specific contribution of the Programme from the effects brought by other EU financed programmes and other development activities.
- For monitoring and evaluation purposes, it is advisable to develop a separate section in the Programme document on expected impacts and results of the Programme.

5. Appraisal of the Proposed Implementation Systems

This section encounters main observations regarding the proposed implementation system of Estonia and Latvia CBC programme.

It has been decided that a new joint implementing structure for administration of the Programme elaborated in accordance with the ERDF Regulation, the General Regulation and the Implementing Regulation will be set up in Estonia. It is described in a clear and comprehensive manner and also provided in the form of a chart in the Programme document.

The responsibility for the proper implementation of the Programme has been given to the Ministry of the Interior that has been designated to act as the Managing Authority (MA), Certifying Authority (CA) and Audit Authority (AA) of the Programme in the meaning of respective provisions of the General Regulation. The principle of separation of functions shall be respected and secured by the Ministry of the Interior.

The functions, tasks and responsibilities of the Managing Authority, Certifying Authority and Audit Authority as well as the Monitoring Committee and the Joint Technical Secretariat (JTS) have been provided and described in sufficient details in the Programme document.

The Ministry of the Interior has appointed the JTS to be hosted by Enterprise Estonia which is a separate legal entity (foundation) established by the Government and controlled by national authorities. Enterprise Estonia has the capacity and previous experience in implementing programmes under the EU pre-accession instruments and Structural Funds in Estonia but no experience in managing cross-border programmes. The Programme document includes the functions, tasks and responsibilities of the JTS, still the detailed rules on its operation will be a subject of a bilateral agreement between the Managing Authority and Enterprise Estonia. In order to provide better service to potential beneficiaries, beside a JTS office on the territory of Estonia (the city of Tartu), an Information Point having a supportive role, will be located on the territory of Latvia. The JTS shall be funded from the Technical Assistance budget.

The principles of generation, application and selection of operations as well as financing the operations, financial management and control, monitoring, evaluation, information and publicity, procedures for the exchange of computerised data to meet the payment, monitoring and evaluation requirements have been described in the Programme document and are in accordance with the ERDF Regulation, the General Regulation and the Implementing Regulation.

Main observations regarding the proposed implementation system are as follows:

- According to the Programme document, CA and AA will be located in the Finance Department and Internal Audit Department of the Ministry of the Interior respectively. Both departments are directly subordinated to the Secretary-General, i.e. the same person. MA will be located in the Regional Development Department that is subordinate to the Deputy Secretary-General for Population and Regional Affairs and this post is in turn under the Secretary-General. Such a situation eventually may form the risk of a conflict of interest.
- Performance of JTS is crucial for successful Programme implementation especially towards the final beneficiaries in both Estonia and Latvia. Therefore capacity building exercises on administration of cross-border cooperation programmes, in general, and transfer of experiences from the BSR Interreg IIIB JTS in Riga, in particular, would be advisable.

6. Overall conclusions and recommendations

- The main disparities, gaps and development potential relevant to the programme strategy are presented in a concise manner and addresses major problems identified in the socio economic analysis of the region: poor physical accessibility, low economic competitiveness and unattractiveness of large part of the area.
- The objectives set out for Estonia and Latvia CBC Programme 2007-2013 respond to the major deficits and needs of the programme area and is concentrated on measures with clear cross-border impact and effects.
- Directions of support are well balanced and contribute to reaching the specific objectives of the priorities as well as to the overall programme's objectives. Relationships and complementarities are clearly established among directions of support – each of them contribute to reaching the specific objectives of the Priority and provide for additional inputs to reaching the objectives of other priorities included in the Programme.
- The programme is well aligned and contributes to reaching the strategic objectives of the key EU and regional policy documents. The programme is also in harmony with the main national development planning documents, however, coordination with measures supported from the EU Structural Funds in the period of 2007-2013 should be ensured to avoid possible overlapping.
- The indicator system for monitoring and evaluation of the Programme, especially for measuring impacts and results of the programme, needs to be further elaborated. It is advisable to develop a separate section in the Programme document.
- Clear independency among Managing Authority, Certifying Authority and Auditing Authority should be observed and ensured for implementation of the Programme in accordance with the respective EC Directives.
- Training and transfer of know-how on administration of cross-border cooperation programmes is recommended to strengthen the capacity of JTS.
- Elaboration of the Secondary Document should take into account the advantages provided by Riga as the most developed city in the Programme area and Estonia's superiority in ICT development. Possible overlapping of activities among different Programme priorities and with the National Structural Fund programmes should be avoided.