INTERACT II EX ANTE EVALUATION:

FINAL REPORT

Submitted to the

Austrian Federal Chancellery

by

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1. Introduction

INTERACT I was launched at the end of 2002 in order to improve the efficiency and effectiveness of the implementation of the three strands of the Community Initiative INTERREG III. This has been pursued mainly through projects and activities enhancing and facilitating the transfer of know-how, supporting the development of common tools and procedures, supporting Accession Countries and encouraging and strengthening territorial co-operation along the external borders of the EU.

INTERACT II (2007-2013) will follow on from INTERACT I (2002-2006). The process of preparation of the INTERACT II OP commenced in December 2005, and was conducted by the Monitoring and Steering Committee of INTERACT I, and specifically its INTERACT II Drafting Group and the INTERACT I Managing Authority (Austrian Federal Chancellery). The process was completed in December 2006.

The Management Committee appointed LRDP KANTOR Ltd to carry out the ex ante evaluation of INTERACT II and, if required, a Strategic Environmental Assessment screening report. The evaluators started work in August 2006 and conducted the ex ante evaluation on an on-going basis, in accordance with the Terms of Reference issued by the Managing Authority and the requirements of EU regulations[1] and EC guidance[2].

The evaluators participated in the programme preparation process by commenting on working drafts and contributing to the debate and development of particular aspects of the OP. Specific contributions included the following:

- Initial discussion with the Managing Authority and INTERACT Secretariat on 28 August 2006 (Vienna);
- Submission of a report with Preliminary Comments and Recommendations (13 September 2006);
- PowerPoint Presentation of the above and participation at the enlarged Drafting Group meeting of 25 September 2006 (Brussels);
- Strategic Environmental Assessment Screening Report (23 October 2006);
- Draft Ex Ante Evaluation report (24 October 2006);
- PowerPoint Presentation of the above and participation at MSC / Drafting Group meeting on 9 November 2006 (Vienna);
- Final Ex Ante Evaluation report (8 December 2006).

This report provides further background in section 2, including on stakeholders' needs and SWOT analysis, and addresses a series of key evaluation questions in Sections 3 to 8, as defined in the Preliminary Comments and Recommendations report, in line with the ToR and EC guidance. Section 9 summarises the main comments and recommendations of the ex ante evaluation.

The Strategic Environmental Assessment Screening Report is in the Annex.

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[1] Article 48(2) of the new General SF Regulation laying down provisions on ERDF, ESF, and Cohesion Fund, and repealing Regulation (EC) No 1260/1999
[2] European Commission's Draft Working Paper on Ex Ante Evaluation (The New Programming Period, 2007-2013: Methodological Working Papers, October 2005)

2.   Background

Main features of INTERACT I

INTERACT I was targeted at Managing and Paying Authorities, Joint Technical Secretariats, public administrations and programme committees involved in the steering, management and control of INTERREG III programmes at national, regional and local level.

The programme aimed to capitalize the vast pool of expertise on cooperation programmes and projects in the different Member States and regions. It sought to enhance the technical and organisational capacity of the institutions and persons directly involved in the realisation of INTERREG Programmes through, inter alia, the development of common tools/procedures and the transfer of know-how between different geographical areas, cooperation programmes and strands of INTERREG. It provided important support to programme partners from the New Member States in managing transition to the new programming period following accession to the EU. Furthermore, INTERACT I was committed to encouraging and strengthening territorial cooperation along the external borders of the EU.

The implementation system of INTERACT I comprised the INTERACT Secretariat and five INTERACT Points (IPs), with subsidiary partners, spread over nine locations. The INTERACT Secretariat provided co-ordination / technical assistance functions and implemented the programme on behalf of the Managing Authority. The IPs played either a vertical role (i.e. IP "Qualification and Transfer" and IP "Managing Transition and External Cooperation") or a horizontal role (i.e. IP "Tool Box", IP "Information and Animation" and IP "INTERREG IIIC Coordination").

Tangible outputs of INTERACT I included most notably:

- European-wide conferences and thematic seminars;
- Training seminars, workshops and study visits;
- Creation and animation of networks of professionals;
- Management tools, studies and surveys on INTERREG programmes, projects and specific topics;
- Data collection on INTERREG programmes and projects of all strands, and on good practice examples;
- INTERACT portal website and communications campaigns;
- 21 complementary INTERACT projects launched under two calls for proposals.

Main differences between INTERACT I and II

When comparing the INTERACT II Operational Programme with its predecessor, the following may be observed as the most important changes:

- Discontinuing support for projects promoted by Territorial Co-operation stakeholders: no projects will be implemented under aegis of INTERACT II and

the programme will focus on service delivery. It is hoped that this will free the levels of resources needed within the IPs (which overall will be similar INTERACT I) to ensure "localisation", "widening" and "deepening" of the impact of INTERACT II.

- Distinct treatment of external borders: the European Neighborhood Partnership Instrument (ENPI) will be implemented by DG External Relations / EuropeAid Co-operation Office. INTERACT II envisages a flexible interface between the Territorial Co-operation Objective and ENPI. It is expected that separate funding will be made available from the ENPI budget to INTERACT II for this purpose, in which case institutions engaged in INTERACT will be able to supply complementary but distinct services for the ENPI/CBC component.

- Introducing four multi-functional IPs, with regional networks: IPs will deliver all products and services generated in the Managing System, customised to a particular geographical area. In addition, individual IPs may be charged with tasks related to specific programme types (trans-national, interregional, IPA).

- Introducing a network of National Contact Persons (NCPs): Member States are invited to nominate NCPs (i.e. key persons responsible for and dealing with territorial cooperation) to provide feedback and help to identify and localise needs of the INTERACT community.

Stakeholders Needs

The O.P. sets out to address broadly the needs of the Territorial Cooperation Community and the real needs of stakeholders in territorial cooperation. In its final version, it specifies as its main beneficiaries and target groups, those institutions and bodies set up around Europe to manage European Territorial Co-operation Programmes. Therefore, it is the needs of these groups that INTERACT II aims to address.

The original needs assessment study and subsequent feedback by the INTERACT Secretariat show that there is a large pool of knowledge and experience amongst stakeholders:

- especially good knowledge on compliance with EU regulatory requirements; and, on facilitating programme implementation, particularly the project development process;
- but more can/should be done for the sharing of information on good practice.

The needs assessment study and the Mid-term Evaluation (MTE) and Update have highlighted particular needs facing regional/local actors in border regions affected by a relatively high degree of isolation, and on external EU borders, and in Southern Europe regions.

The O.P. has recognised that:

- more programme level stakeholders could and should be reached and be activated.
- there are specific and extensive needs and barriers affecting regional/local actors, such as language and limited resources

The MTE has stressed the importance of maintaining responsiveness to emerging and evolving end users needs and this has been recognised in the O.P.

SWOT Analysis

The draft O.P. presented a strengths and weaknesses table. The evaluators have made the following suggestions concerning Opportunities and Threats for INTERACT II:

OPPORTUNITIES in providing support for territorial cooperation programmes	THREATS associated with:
By widening and deepening and localising INTERACT **activities** … …to reach / activate more stakeholders	The design of the **priorities and activities** of the programme: • potential over-emphasis on technical aspects of programme/project management; • insufficient recognition of / attention to the needs of different groups of beneficiaries • weak links with related programmes, in particular with regard to the ENPI interface, if no agreement is reached on the financing of a separate IP for ENPI purposes
[Also, consider opportunities through extending the **knowledge base**]	The design of the implementation system (**structure**), in particular with regard to: • the **mode of operation** and the **resources available**, especially INTERACT Points • inconsistent and potentially weak NCP network due to their non-mandatory status
	The **resources** available to each priority and type of activity

3.   APPROPRIATENESS OF STRATEGY

Does the programme represent an appropriate strategy to meet the challenges confronting the Territorial Cooperation Community?

OP preparation process

The MSC and the drafting group debated the focus of the overall strategy at the beginning of the OP preparation process, with the benefit *inter alia* of inputs such as the MTE and MTE Update, focus group discussion and a number of working / position papers by the MA and INTERACT Secretariat.

It was generally accepted that the strategy of INTERACT I had to be re-focused to take account of the new TC objective of the ERDF, the enlargement of the EU and the experience of INTERACT I.

During the preparation of the OP the ex ante evaluators highlighted the importance of ensuring that a narrow focus on "governance" does not result in the substance of TC being neglected. It has been clarified by the MSC that the substance of TC will be addressed by INTERACT II only so far as it is related to the management of TC programmes and that links with content-oriented sources, such as thematic networks, will be promoted. They also stressed the need to define unambiguously in the OP its main beneficiaries and target groups.

Main points in the OP

The main focus of INTERACT II is **good governance**, with special reference to the complexity of European TC programmes.

The mission of INTERACT II is to capture, document and disseminate good governance approaches and practices of cross-border, trans-european and interregional co-operation across the EU.

The programme beneficiaries and target groups are the institutions and bodies involved in the management of the TC programmes.

Comments/recommendations

Overall the strategy of the OP is appropriate to the new challenges facing INTERACT and it represents a logical evolution of the strategy of INTERACT I. The lessons drawn by the MTE and other assessment reports have been taken sufficiently into account.

Most of the specific aspects of the strategy are correctly oriented and fully developed, including the importance attached to sharing knowledge and quality management in governance. Certain aspects are less well covered, especially:

- the definition of the needs of different groups of beneficiaries;
- the scope of INTERACT II concerning external borders and enlargement;
- the remit and resources of "localised" components of the implementation system (INTERACT Points).

These aspects require considerable attention during implementation.

4.   INTERNAL COHERENCE OF STRATEGY

Is the strategy well defined with clear objectives and priorities and is there internal coherence and consistency between priorities (and generally between the various aspects and components of the programme)?

OP preparation process

The drafting process built extensively on the experience of INTERACT I. This led to two key changes:

- a decision not to support projects proposed by local/regional stakeholders (as this would dilute the focus on governance, and will divert resources);
- a rationalisation of activities and clear grouping of them by type of intervention.

The evaluators' original comment was to revise the draft O.P. so that each type of activity envisaged is clearly presented, without overlaps with other activities, and accurately cross-referred in the Chart / Overview Box. This was taken on board in later drafts.

Main points in the OP

The OP comprises two priority axes.

Priority 1 (Service Development and Delivery) covers four groups of activities:
- Information Resources:
    o Knowledge Base
    o Tools
- Co-operation:
    o Network Co-ordination
    o Exchange
- Dissemination and Publicity
- Quality Management

Priority 2 (Technical Assistance) covers management, monitoring and evaluation, information and audit activities.

Priority 1 is by far the most extensive in terms of its range of activities and financial resources devoted to it (94% of the total).

Comments/recommendations

Overall the objectives and priorities are clearly defined and there is internal consistency, bearing in mind that the programme should maintain a high degree of responsiveness to evolving needs and this can be effected mainly through the Multi-annual Work Plan.

Attention is needed throughout implementation to ensuring that:

- the Multi-annual Work Programme maintains balance and links between the activities of Priority 1;
- Priority 2 is not operated in isolation from Priority 1;
- sufficient links are maintained with thematic networks and other TC content oriented sources, so that issues of governance are of relevance to the substance of TC.

5. EXTERNAL COHERENCE OF STRATEGY

Is the strategy externally coherent with other programmes and policies and how can it contribute to the achievement of the Lisbon objectives?

OP preparation process

In early drafts of the OP, it was assumed that due to the separateness of ENPI in legal, administrative and financial terms, INTERACT II will not be in any way involved.

The ex ante evaluators have commented that:

- generally, links with other programmes and networks need to be made stronger and more explicit, including those with the Interregional Cooperation programme, ESPON, URBACT;

- specifically, the intention to restrict INTERACT II to the internal EU borders represented probably the most significant change from INTERACT I and was receiving only a cursory treatment. It was stressed that the exclusion of external borders and lack of links to ENPI-supported territorial cooperation may undermine the global objective of INTERACT II. Although the financial management and other rules of ENPI programmes will differ from those under Objective 3, many of stakeholders needs will be similar, and the same principles and working methods of territorial cooperation will apply, and this needs to be recognised in the programme. Moreover, the sharing of services and activities would be resource efficient.

Main points in the OP

The OP stresses the intention to establish links with institutional networks aiming to improve knowledge and practice in territorial policies in Europe, notably, ESPON and URBACT.

Regarding external borders, INTERACT II will cover services for IPA co-operation programmes but not for cross-border co-operation under ENPI, due to legal and procedural differences and budgetary constraints. In the latter case, INTERACT II will provide a flexible interface in order to mutually strengthen information and communication flows. The Managing Authority of INTERACT II together with Member State authorities are also seeking an agreement with DG External Relations/EuropeAid Co-operation Office to finance the operation of a distinct (i.e fifth) IP in SE Europe with an ENPI focus (and possibly an expanded operation in one of the four INTERACT II IPs in NE Europe, with ENPI focus).

The OP has adopted a more strategic orientation and focus on the Lisbon and Gothenburg agendas, and is expected to deepen the understanding of good governance of multi-level and cross-sector policies as a key factor for improving regional competitiveness.

Comments/recommendations

Creating effective links with other programmes and networks remains an issue of utmost importance for the Multi-annual Work Programme.

The interface with ENPI remains an open issue, as it may be only effected through a fifth INTERACT Point, which entirely depends on additional funding and a separate agreement which had not been concluded by the time of the finalisation of the INTERACT II O.P.

INTERACT II is sufficiently oriented to the Lisbon and Gothenburg agendas and can make a contribution to improved regional competitiveness, but it should be recognised that overall it is of marginal relevance.

6.   ADEQUACY OF RESOURCES

Can the objectives be realistically achieved with the resources allocated to the different priorities?

OP preparation process

The availability of financial resources has been derived by the allocation of ERDF moneys to the programme by the European Commission. Member States have considered two options concerning the level of national co-financing, 15% and 25%, and have finally decided on 15%.

The ex ante evaluators have commented during the OP preparation that careful consideration should be given to the resourcing of the INTERACT Points when planning the activities and designing the implementing system, and vice versa, so as to be able to achieve the "localisation", "widening" and "deepening" that INTERACT II aspires to.

Main points in the OP

The total financial resources for INTERACT II for the period 2007-2013 are **€ 40 039 426** (€ 34 033 512 Community funding and 6 005 914 National funding), allocated between priority axes, as follows:

- Priority 1: € 37 637 060
- Priority 2: € 2 402 366

This level of funding is estimated by the MA to correspond to 30 staff positions for the INTERACT Points for most of the period 2007-2013 and between 2 and 3 positions for the INTERACT Secretariat. The final number of INTERACT Points will be four, as decided at the MSC meeting of 9/10 November 2006.

Additional resources may allow for establishing an additional IP for ENPI purposes linked to the INTERACT structures (and expanding one of the four INTERACT II IPs), if agreement is reached between DG External Relations/EuropeAid Co-operation Office and the Managing Authority of INTERACT II and relevant Member State authorities.

Comments/recommendations

The overall level of resources available is broadly similar to INTERACT I. Evaluators expressed their concern that resources freed from supporting projects – 21 projects have been implemented under INTERACT I – may still not be adequate to effectively "localise", "widen" and "deepen" INTERACT, especially through regionalised operations of INTERACT Points. Therefore, the detailed method of operation of the INTERACT Points should be carefully designed, as part of the agreements with hosting authorities and Annual Work Plans, to take account of the resources available.

It is understood that the allocation of funds between the groups of activities in Priority 1 will be decided as part of the Multi-Annual Work Programme. The adequacy and balance between the groups should therefore be carefully monitored during implementation.

7. INDICATORS AND TARGETS

Are there appropriate indicators and quantified targets identified for the objectives at priority level and can they form the basis for future monitoring and evaluation of performance?

OP preparation process

INTERACT I recently adopted (July 2005) an "enhanced indicator framework" and this has provided the basis for the relevant section of the indicators for monitoring and evaluation included in INTERACT II.

Main points in the OP

The OP includes a comprehensive system of result and impact indicators, based on a structure of objectives/results/outputs for each of the priorities and group of activities.

The OP does not include quantitative targets.

Comments/recommendations

The proposed indicators system is comprehensive and well suited to the nature of INTERACT II, with well defined outputs for each of the activities to be supported by the programme and a good balance between qualitative and quantitative definitions.

As there are no financial allocations to groups of activities, it is not possible at present to arrive at quantitative targets. This is essential to be done as part of the Multi-Annual Work Programme and Annual Work Plans.

8. MANAGEMENT AND IMPLEMENTATION SYSTEM

Is the management and implementation system appropriate to deliver the objectives of the programme?

OP preparation process

From the start of the process, there has been a systematic effort from the MSC and drafting group to review the performance of the implementation system in use in INTERACT I and to draw conclusions for INTERACT II. This has included a report entitled "An Assessment of the Progress of INTERACT Points".

The main changes from INTERACT I emanating from this review have been:

- a streamlining of the role of the INTERACT Secretariat, which has both technical support functions (Priority 2) and co-ordinating operational functions for programme implementation (Priority 1);
- a switch from thematic to multi-functional INTERACT Points, responsible for the implementation of the activities under Priority 1;
- a strengthening of the involvement of member state and associated country representatives.

A major issue of debate during the preparation of the O.P. has been the appropriate number, location and remit of INTERACT Points. During the OP preparation, the ex ante evaluators drew attention to the need to develop and agree a more detailed specification for the INTERACT Points, covering number and location of IPs; language and method of operation; human and financial resources; links with national and regional level stakeholders.

The debate concluded with a decision to have four multi-functional IPs to deliver all products and services generated in the Managing System in a specific geographical area. Some IPs may additionally be charged with tasks related to specific programme types (trans-national, interregional, IPA).

Main points in the OP

A Monitoring Committee, which will continue to assume steering functions for the selection of operations, in place of the Monitoring and Steering Committee of INTERACT I which was also responsible for project selection.

Managing, Certifying and Audit Authority functions, will be assumed by relevant divisions of the Austrian Federal Chancellery.

The functions of the INTERACT Secretariat exceed the typical functions of ERDF programme secretariats due to the nature of INTERACT. The INTERACT Secretariat will thus inform, facilitate, enable and co-ordinate the implementing structures of INTERACT II.

Each Member State and associated country will be invited to appoint one key person as NCP (National Contact Person).

Each of the four INTERACT Points will be responsible for a regional network comprising a group of OPs/cooperation areas and NCPs.

All trans-national programmes will be assigned to one INTERACT Point and the same approach will be followed in the case of the interregional cooperation programme and IPA supported territorial co-operation programmes.

Comments/recommendations

The new role envisaged for INTERACT Points is crucial for achieving the localisation, widening and deepening of INTERACT. It appears to be an appropriate choice of

instrument. However, their success will depend on several factors which have not yet been determined, most importantly:

- the detailed specifications of the IPs, which remain the subject of the Multi-Annual Work Programme / Annual Work Plan;
- the allocation of tasks, which need to be carefully balanced against the available resources.

The role of NCPs can also be important, but the non-mandatory nature of their prescription in the O.P. leaves doubts as to how far (and how consistently) they are likely to be implemented.

Therefore, expectations with regard to the effective achievement of the localisation, widening and deepening of INTERACT II will have to be modest at the present stage.

9. SUMMARY OF MAIN COMMENTS AND RECOMMENDATIONS

In conclusion, the successful implementation of ITERACT II will require particular attention to be paid to the following:

- The large extent to which the OP depends on the Multi-Annual Work Programme (MAWP) and Annual Work Plans (AWPs).
- The need for well thought and well resourced operation of the INTERACT Points.
- The need to invest substantial efforts in operationalising links with other programmes and networks, especially ENPI.

More specifically, potential risks may arise from the following, unless they are addressed and developed further in the MAWP and the AWPs:

- Insufficient recognition of / attention to the needs of different groups of beneficiaries.
- A potential over-emphasis on technical aspects of programme management without sufficient links to the content of territorial cooperation.
- Weak links or absence of links with other programmes, notably inter-regional cooperation and ENPI.
- An inadequately developed new mode of operation of INTERACT Points (and possibly also inadequately resourced, for their new role, IPs).
- Inconsistent and weak NCP network due to their non-mandatory status.

LIST OF MAIN DOCUMENTS REVIEWED

1) The New Programming Period, 2007 – 2013: Methodological Working Papers. Draft Working Paper on Ex Ante Evaluation *(EC, October 05)*

2) Cohesion Policy in Support of Growth and Jobs: Community Strategic Guidelines, 2007 – 2013 *(Commission of the European Communities, July 05)*

3) INTERACT Programme Complement *(March 03)*

4) Research aimed at assessing the needs of the Target Groups for INTERACT Activities, Final Report: Summary Report *(LRDP, October 03)*

5) Mid-term Evaluation of the INTERACT 2002 – 06 Community Initiative Programme *(Taylor, Bachtler, Josser and and Yuill, EPRC, February 04)*

6) Mid-term Evaluation of the INTERACT 2002 – 06 Community Initiative Programme, Part II: Preparation of Enhanced Indicator Framework *(EPRC, July 05)*

7) INTERACT Mid-term Evaluation Update Report (Ferry, EPRC, November 05)

8) An Assessment of the Progress of INTERACT Points: Draft report to the Federal Chancellery *(Ferry, Gross and Bachtler, EPRC, April 06)*

9) Working Paper: INTERACT II 2007 – 2013: Good Governance of Territorial Co-operation Programmes: Part I – Review *(Austrian Federal Chancellery, April 06)*

10) Preparing for INTERACT II: Summary report to the MSC on the Focus Group meeting on 3-4 April 06: Information document for the members of the INTERACT Monitoring and Steering Committee *(INTERACT programme secretariat, April 06)*

11) INTERACT II Focus Group Meeting: 3rd/4th April 2006, Full Report *(Lukesch, Hayes and Hummelbrunner)*