

Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

Final report

Research: **Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014 – 2020**

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Interreg
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EXECUTIVE SUMMARY

The Institute of Baltic Studies (IBS) in collaboration with experts from Latvia (Oxford Research Institute), has conducted a programme impact evaluation for the Interreg V-A - Estonia-Latvia Programme.

The overall goal of this evaluation is to assess whether the funds contributed by the programme caused positive changes in the programme area and possibly outside it. The evaluation examines why some interventions worked with the desired results and some did not, and what are the internal and external constraints that may prevent the programme from achieving the desired impact.

The results of the evaluation shall help to improve the quality of the design and implementation of programme, and assess their effectiveness, efficiency, impact, relevance, added value and sustainability of project activities. The study includes interviews with programme authorities, an online survey of funded project partners and interviews with project partners in both Estonia and Latvia. Data received from the programme authorities as well as other relevant secondary data was used to validate and enhance the evaluation findings.

The subject of the analysis in the framework of the evaluation are the contracted projects of the first (29), second (6), third (6) and fourth (5) call for proposals and the pre-defined project (1) under priority 3. The evaluation period covers the period from approving the Programme by the European Commission (EC) on 4 December 2015 until 31 December 2019.

The key finding from the evaluation is that in broad terms Estonia-Latvia programme is relevant, achieving its intended objectives and introducing impactful projects. Added value of the programme is clear, projects are contributing to sustainable activities and partnerships are being created that value cross-border cooperation. The impact on programme direct beneficiaries, i.e. project partners, has been especially strong. The Estonia-Latvia programme is, therefore, a relevant source of funding for projects in the border area and project activities have made a positive impact in the programme area. The positive impact in the programme area most prominently manifested itself on the project partner level. This is a short-term impact that has yet to manifest in the RI-s but it can be expected that in the long term these impacts could have positive spill-overs for the region. For some SO-s, programme effects are more visible than in others, which is mostly related to the correct setting of the objective and result indicators for measuring the impact of the SO-s.

The key evaluation questions and themes for this evaluation were specified in Terms of Reference document. The reference document specifies that the evaluation must answer 23 specific questions related to the concrete SO-s. These questions and summaries of the evaluation results are provided in the tables below.

Priority 1 - Active and attractive business environment

SO 1.1: Increased entrepreneurial cross-border cooperation in the programme area.

- 1) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the Programme under this SO? What were the benefits and impact of the interventions?**

- The projects under SO 1.1 far exceeded the output indicators of the programme which means that programme activities, ranging from consultations and trainings to joint networking events and trade missions, have reached a much larger number of people and companies than initially expected.
- Creating and strengthening connections and increased knowledge of cross-border cooperation have been the biggest achievements of the programme according to project partners.
- Project partners are also confident that their project's target groups, e.g. SMEs and entrepreneurs, are ready for and will pursue cross-border cooperation opportunities.
- Business support organizations formed new contacts with the target groups, gained new knowledge on how to facilitate cross-border cooperation and to run international projects, and in some cases, increased their service portfolio.

2) What has influenced the decrease of the fulfilment of the RI-s in 2018 compared to the set baseline value?

- There is no clear reason for the decrease in the RI.
- The most plausible explanation relates to the more globalized world economy and further markets becoming more important targets for Estonian and Latvian companies than those across the border.
- Alternatively, the decline could be explained by the different proportions within the samples used in the baseline and mid-term RI evaluations.
- Overall, RI 1.1 is not able to capture the impact of the programme well as the companies who have benefitted from the programme activities might not be captured by the random sampling method used in the RI evaluation studies.

3) Based on the evaluation findings: if and how the Programme should adapt?

- The overall purpose of this SO is relevant and appealing to the target groups.
- The programme should carry on with activities that help companies to network and form stronger connections across the border.
- Programme administrative burden related to project implementation is found to be one of the main challenges for project partners

SO 1.2: More jointly developed products and services in the Programme area.

4) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by programme under this SO? What were the benefits and impact of the interventions?

- The most visible positive effect in the programme area are the concrete products and services produced by the projects.
- Joint product development has also led to positive spill-overs such as better products on the market and new job opportunities.
- The programme support for joint product development has been beneficial to companies involved in the programme. Some innovative ideas would have never been realized without forming a partnership, whereas others would have taken a lot longer or would have been put on hold indefinitely.

5) What were the specific effects of the jointly developed product/service in the project partners' companies in terms of:

- a. turnover;
- b. clientele;
- c. some other indicator;
- d. future joint plans or activities?

- Impact on "hard economic figures" are still less visible than the "soft" benefits related to the project implementation or cooperation experience. The jointly developed products and services have brought

about benefits to project partners mainly in terms of new experience and knowledge, new plans for joint cooperation, new employees, and in some cases, an increase in turnover.

6) Has the cooperation of Estonian and Latvian partner SME-s encouraged cooperation among other companies? If yes, then in which areas and to which extent?

- Effect on cooperation among other companies not clearly visible.
- Impact on the RI is limited to the companies involved the programme.

7) What has influenced the decrease of the fulfilment of the RI-s in 2018 compared to the set baseline value?

- There is no clear reason what might have caused the decline. But factors which may have caused this decline are twofold: either the change in the economic situation made Estonian/Latvian cooperation less relevant **OR** that the methodology does not capture the reality well. As the baseline and 2018 mid-term figures were calculated based on random sampling from all the companies in the programme regions then the very small decline from 14% to 13% can be just attributed to statistical error.
- In such studies the fluctuation of just 1% is not an indicator of significant change. In other words, the situation has not necessarily gone worse compared to the baseline.

Other considerations on priority 1

- The programme has been successful in attracting companies. The evaluation identified that for companies the attractive elements are that the programme allows to cover salaries and marketing costs and that there are pre-payments available after the first reporting period.
- The main weakness of the programme for many SO 1.1 and SO 1.2 partners is the complicated bureaucracy of the programme. The programme needs to be careful not to put too much administrative and bureaucratic burden on the applicants and project partners to remain attractive for them.
- Both SO 1.1 and SO 1.2 are needed to stimulate an active and attractive business environment in the programme area. There is a need for more general projects having wider set of target groups as financed under SO 1.1 in order to build the foundation for cooperation and to remove fears for cooperation, but then also SO 1.2 type of projects are needed to get more tangible and durable results.

Priority 2 - Clean and valued living environment

SO 2.1: More diversified and sustainable use of natural and cultural heritage.

8) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the programme under this SO? What were the benefits and impact of the interventions?

- The target for improving natural or cultural heritage sites has been reached and exceeded already in 2020.
- The affected sites have become more attractive and visitor friendly.
- The capacity of consortia to set goals and plan strategically, both within their organization and on the local level, has been increased.
- The communication and marketing skills, and local and cross-border networks of project partners were developed and improved.
- The positive impact spread beyond the programme area as well through study trips, joint campaigns, and various other activities. Improved understanding of benefits brought by development of natural and cultural heritage into tourist attraction.

9) What is the evidence that the use of natural and cultural heritage sites has become more diversified?

- The interventions revitalized and developed the natural and cultural heritage sites that were formerly either unknown or overlooked, derelict or in disrepair, or needing thorough improvements or reconceptualization.
- Through developing these sites, local services and means of recreation they offer were diversified, in addition to helping promote not only the single site but the larger area.
- The increased flow of visitors has also given rise to new services on some sites.
- The interventions helped instil confidence and pride in their traditions and methods in local producers and service providers.

10) To what extent have the interventions of the Estonia-Latvia Programme influenced the increase in numbers of visitors to the tourism sites listed for assessing the fulfilment of the RI under this SO.

- Most survey respondents and all interviewees agreed, and the official visitation statistics confirm that project activities have increased the number of visitors to natural and cultural heritage sites.

SO 2.2: Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources.

11) What was the contribution or added-value of the Estonia-Latvia Programme interventions in increasing the awareness of energy saving, re-use and sorting waste?

- The programme had an overall positive impact on people’s awareness of energy saving, re-use, and sorting waste.
- However, while overall awareness is on the rise in the region, changing people’s habits is a long-term process that cannot be accomplished with a single project, even though the projects had a strong impact on their target groups and contributed to this goal.
- The projects also contributed to raising the institutional capacity of the participating organizations and helped them build and expand their cross-border and local networks.
- The evaluation also highlighted the differences between official statistics and self-reported data, which always carries a degree of unreliability.

12) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the programme under this SO? What were the benefits and impact of the interventions?

- Even though some of the water management projects have been necessary both from a state and environmental perspective, the extra funding has helped to accomplish these goals in a much bigger, more impactful way.
- The impact of projects focusing on surface water were immediately evident whereas the environmental impact of projects focusing on ground water will become evident in the future.
- Developing joint understandings and methodologies of ground water monitoring and management is very valuable.

13) What are the long-term benefits for common water bodies and their users due to Estonia-Latvia Programme interventions?

- In case of ground water, the immediate changes are difficult to gauge; however, all the partner institutions pooled their best knowledge and research into the topic, which makes achieving a positive outcome likely.
- Project partners accumulated new knowledge and scientific findings in their field.
- In case of surface water projects, the benefits for common water bodies have been many, ranging from marine safety to jointly developed management systems.

14) How is the continuation of these benefits and initiatives ensured?

- The partners will continue applying their new skills, knowledge and resources, and relevant research will continue.
- The continuation of work is especially relevant considering that management of ground water is also enforced by EU directives and regulations, which the two countries must comply with.

15) What is the impact of the cross-border cooperation on the project partner organizations?

- All survey respondents found project activities to be beneficial for all partners involved.
- The cooperation intensity between institutions has increased.

16) What is the influence on the countries' policies in management of common water resources?

- The aim of ground water management projects is not to directly change or influence the countries' policies but to act in accordance with them and do so in a cooperative, comprehensive manner.
- Joint methodologies and agreements that have been reached during the projects will help monitor and manage joint water resources.
- The finalized surface water projects have already influenced nitrogen level management and marine safety and are important achievements in their respective fields.

Other considerations on priority 2

- Self-reported data may be an unreliable way to assess the environmental awareness of people.
- SO 2.1 projects could have bigger budgets in order to be able to realize even larger and more impactful projects.
- All project materials and manuals should be available in local languages as well.

Priority 3 - Better network of harbours

SO 3.1: An improved network of small harbours with good levels of service.

17) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by programme under this SO? What were the benefits and impact of the interventions?

- The main impact of the programme intervention under SO 3.1 have been the large-scale investments into the infrastructure of the harbours as they could not have been developed in a similar fashion without the Estonia-Latvia programme.
- The investments have brought about increased safety for sailors.
- Improved and new services have increased convenience for sailors.
- There is now an opportunity to integrate the Gulf of Riga harbour network with networks in Finland and Sweden.
- However, the evaluation also identified that additional promotion is needed to capitalize on the investments made at the harbours.

18) Is the network of harbours along the coast of the Livonian Bay considered to be operative and up to internationally accepted quality standards? If yes, then please give the reasons.

- The network of harbours is operative and up to internationally accepted quality standards according to survey respondents.
- The reason are the completion of necessary investments and the better functioning of the network.

19) What were specific impacts of the Estonia-Latvia Programme in formation of the network of harbours?

- The network has become functional according to interviewees.

- The programme has increased cooperation among the harbours and a stronger sense of community has emerged.
- The mandatory criteria set for the harbours was helpful in aligning the network and ensuring the even quality of all harbours. This means that the lengthy preparatory work in preparing this priority and pre-defined project had been fruitful in unifying the network of harbours.
- Thanks to the programme, sailors can expect a consistent quality when travelling along the Gulf of Riga.

20) To what extent have the harbours attracted more visitors because of interventions of the Estonia-Latvia Programme?

- Both the survey respondents and interviewees indicated that the harbours were now attracting more people, including both foreign tourist as well as locals
- However, while the official figures show a steady growth over the past three years, the RI target is still far away. The growth in figures has not been great yet because most harbours were still under construction during the last sailing season.
- According to programme authority interviewees, the target value was likely an over estimation and achieving it might not be realistic.
- Furthermore, some interviewees thought that the current RI does not capture the actual impact of the programme and counting “number of nights” or increase in “business opportunities, services and other new functions” would be more adequate.
- The COVID-19 outbreak came at an awkward moment as many harbours had just finished their construction and were ready to start accepting visitors for the 2020 summer season. This is another obstacle in achieving the target value.
- However, as the investments were planned with a 15-20 years perspective and the results are expected to manifest over the years, then even if the programme does not have an immediate short term impact it could still have a long term impact on the programme area.

Other considerations on priority 3

- For many interviewees, the “ESTLAT harbours” project is a positive example of the entire programme.
- Delays in financial reimbursements and transparency issues were mentioned as weaknesses of the programme.
- There were mixed feelings about the pre-defined project type used in priority 3. Some thought it to be excellent, others thought that pre-defining projects should only be done when there is a clear need and then there were those who said they would not want to have pre-defined projects in the future.

Priority 4 - Integrated labour market

SO 4.1: Improved conditions for accessing jobs across the border

21) Whether and how the conditions have improved for accessing jobs across the border because of the intervention of the Programme?

- Those involved in SO 4.1 projects generally felt that the programme intervention has improved the conditions of labour mobility.
- “Valka-Valga mobility” consisted of organizing events such as job fairs, employers’ breakfasts and informal networking events and study trips. New employment support services were set up, including providing better access to and improving quality of information services. Notably, a work-related newsletter was set up during the project that provided work-related information in Estonian, Latvian and Russian. While the organization of business breakfasts and job fairs have continued outside of the project framework, however, the newsletter has not been continued.

- “ESTLAT-WBL” provided study mobility to 75 students, 21 teachers, as well as 6 managers of traineeships in companies. However, the match between “ESTLAT-WBL” project’s activities and the expected programme result of increased work commuters is weak.

22) What were the specific impacts of the Estonia-Latvia Programme in facilitating labour mobility?

- Overall, survey respondents and interviewees felt that the projects had a positive impact in facilitating labour mobility.
- The two projects have mostly been successful in implementing their promised activities.
- During “Valka-Valga mobility” information was actively shared via the newspaper and different networking events were organized.
- The immediate impact of “ESTLAT-WBL” has been that students have had the opportunity to partake in work-based learning across the border.
- According to the interviewees, internship cooperation is now on a new footing, several partners are interested in cooperating in the future and are planning to provide further matchmaking activities or services after the project’s lifetime. However, it is unclear whether the students would consider working across the border in the future.

23) Has the number of Latvian clients at Estonian unemployment offices and the number of Estonian clients in Latvian unemployment offices increased (compared to the time before the project implementation)? To what extent the activities financed by the programme could influence those changes?

- No clear pattern emerges from the official unemployment data received from Nodarbinātības Valsts Aģentūra and Eesti Töötukassa. The impact of the programme on the fluctuations of the figures is unclear.
- Considering the content of project’s activities, it is unlikely that “ESTLAT-WBL” has had any impact on unemployment figures as the focus was on student mobility.
- “Valka-Valga mobility” project had a much stronger connection to the question at hand as both unemployment agencies were project partners. Within the project various events and a newsletter were organized, which potentially could have increased awareness of unemployment offices services and workers’ rights. However, the official figures do not show a clear impact.

Other considerations on priority 4

- The priority area had not worked out as expected by programme authorities.
- There was a mismatch between the initial purpose and the actual socio-economic reality and interest from potential applicants.
- Two lessons were drawn. 1) the programme needs to be careful in framing the priorities affected by external socio-economic conditions too narrowly as it might make it difficult to attract projects. 2) the programme in general should have the ability to react to changing conditions.
- The priority area could still be relevant in light of increased unemployment due to COVID-19 and considering the continuous population decrease in the programme area.

Beyond the questions related to concrete SO-s, the **two main horizontal evaluation questions** were addressed:

A. Why some interventions worked with the desired effect and others did not?

The evaluation has found the cross-border cooperation aspect of the programme to be the most impactful factor for ensuring the success of project activities. Cooperation enabled project partners to increase the scale

of their project activities by combining their resources and working together to achieve their objectives. The added benefit to this is the increase in the capacity of project partner organizations and confidence in durable project results.

Lack of managerial capacity of the project partners was found to negatively impact project operations which can ultimately impact the results. This can be due to a lack of knowledge or experience with programme reporting procedures or lack of sufficient staff which can lead to redundancies such as excessive back and forth communication between the JS and project partners to edit reports. These issues can be made worse if the project manager changes and the programme authorities need to rebuild the capacity of the project manager. Fortunately, the successful completion of project OI-s across SO-s suggest that most projects have been effective at implementing their activities.

B. Which were/are the constraints (internal and/or external) that have prevented the programme from having achieved its desired impact?

Internal and external constraints were shown to inhibit the effectiveness of programme activities. Internally, the most common challenges were related to the cumbersome reporting processes for project activities and financial reporting and slow financial flows. In some cases, these challenges lead to delays in funding and project activities, which can lead to a diminished impact in the project area. Particularly for smaller SMEs and NGOs who may lack the capacity to cope without funds for an extended period of time, delays in financial flow creates a real threat to the project results or sometimes even for the existence of the organization. There are also some doubts as to the accuracy of some of the indicators which highlights internal constraints at a programme level.

External constraints can be linked to market factors and the COVID-19 crisis. Change in market conditions can affect the relevance of RI-s, where changes in the economic situation for border regions may make the specific objectives for some project activities less relevant (as was the case for SO 4.1). Additionally, changes in the cost for project activities from the planning stage to the implementation stage due to inflation can limit the scale of project activities, thus decreasing the potential impact. COVID-19 has the most impact for ongoing projects who may need to adjust their project activities to accommodate the COVID restrictions. For projects whose output indicators are tied to the number of events or guests travelling into the programme area, the COVID-19 crisis will be particularly challenging. Despite these challenges, projects have still been able to achieve a high level of success based especially on the OI-s.

Four main recommendations were drafted for the programme going forward:

1. Strengthen links between indicators and the impact in the programme area.

Results indicate the link between the indicators and the impact in the programme area are not well connected for some SO-s. Results from programme activities have shown that the impact is strongest for target groups directly benefitting from the programme activities, which shows the effectiveness and impact on project level. In the current programming period, particularly for SO-s 1.1, 1.2, 2.2A, and 4.1, the desired impact of programme funded projects for these specific objectives is too broad and actual activities may not introduce a relevant impact to the programme area, nevertheless being contributing towards the goal. Additionally, some RI-s have been found to be too broad and not well matched with the amount of funding necessary to elicit a real impact in the programme area.

The evaluation team recommends that the programme narrows the scope for problematic RI-s to focus more directly on project beneficiaries or include a different set of indicators that would measure the impact on the project level to create a stronger link to the programme funding.

2. Clarify the methodology for setting and measuring the results indicators in SO-s 1.1, 1.2, 2.2A and 3.1.

Related to recommendation 1, issues related to the methodology for setting and measuring the result indicators were identified as a potential reason for the disconnect between project activities and the desired impact in the programme area. This was particularly the case for SO-s 1.1, 1.2, 2.2A and 3.1 where doubts have been raised about the validity of the RI-s for these SO-s.

The evaluation team recommends that the programme authorities clarify their methodology for measuring the performance indicators in future programming periods and to better align them with the output and impact of the projects themselves, not the impact on the target groups in general, i.e. those who do not directly benefit from project activities. Even though this may not reveal the actual share of impact of the programme in regional context and on wider statistics, it captures the results of projects and their potential long-term effect on the development in the region.

3. Consider addressing larger funding to more focused activities.

The impact of the programme may remain limited in terms of the actual regional development in the programme target area considering the limited programme budget that has been divided between four priorities and seven SO-s. The programme should, therefore, continue to narrow its focus.

In topics which are most important in border area regional development goals clear focus and larger contribution can make more visible impact. Whether it is through well and carefully managed pre-defined projects (as was done in SO 3.1) or just dedicated larger funds to specific area projects, e.g. increasing the maximum budget limit in specific areas for one project, it could bring about a clearer impact of the programme.

4. Improve and simplify the controlling procedures.

The main criticisms from project partners have been linked to burdensome reporting procedures which can be confusing and complicated for the project partners and poor financial flow of resources to project partners. To the extent that is possible, controlling procedures should be expedited to ensure timely flow of financial resources to project partners. It will be to the benefit of the programme to streamline the reporting procedures, e.g. establishing a “one-time asking rule” and improve or offer more training services or simplified guidelines for project partners.

ABBREVIATIONS

List of Abbreviations

ERDF – European Regional Development Fund

EU – European Union

EQ – Evaluation Question

JS – Joint Secretariat of the Estonia-Latvia programme

LP – Lead Partner

MC – Monitoring Committee of the Estonia-Latvia programme

OI – Output indicator, terminology of the Estonia-Latvia programme

RI – Result indicator, terminology of the Estonia-Latvia programme

SO – Specific objective, terminology of the Estonia-Latvia programme

1. INTRODUCTION

Institute of Baltic Studies (IBS) has conducted an extensive programme impact evaluation for the Interreg V-A - Estonia-Latvia Programme (hereinafter referred to as the „programme“). In this evaluation, IBS has collaborated with experts from the region, particularly with experts from Latvia (Oxford Research Institute), who also have extensive experience with programme evaluations.

The overall goal of this evaluation is to assess whether the funds contributed by the programme caused positive changes in the programme area and possibly outside it. The evaluation examines why some interventions worked with the desired results and some did not, and what are the internal and external constraints that may prevent the programme from achieving the desired impact.

The results of the evaluation shall help to improve the quality of the design and implementation of the programme, as well as to assess the effectiveness, efficiency, impact, relevance, added value and sustainability of project activities in the programme area. The study includes interviews with programme authorities, an online survey of funded project partners and interviews with project partners in both Estonia and Latvia. Data received from the programme authorities was also used to validate and enhance the evaluation findings.

Background and progress of the Estonia-Latvia Programme

Interreg V-A – Estonia-Latvia Programme is one of the 60 cross-border cooperation programmes operating along the internal borders of the European Union. Starting in 2014 and running to 2020, the Estonia-Latvia Programme is a continuation of the 2007-2013 Cross-border Cooperation Operational Programme between Estonia and Latvia.

Figure 1.1: Programme area



Source: Programme website. Retrieved from: <https://estlat.eu/en/about-estlat/programme-area>, 2020

The programme is funded under the goal of the European Territorial Cooperation, better known as Interreg, and aims at strengthening cooperation among regions across the borders of Estonia and Latvia. The programme area includes Hiiu, Jõgeva, Lääne, Põlva, Pärnu, Saare, Tartu, Valga, Viljandi and Võru counties in Estonia and Kurzeme, Pierīga, Rīga and Vidzeme regions in Latvia (Figure 1.1).

The guiding vision for the programme is that **“Estonia and Latvia are places with excellent opportunities for people to lead successful and fulfilling lives, among the happiest in Europe”** , and is supported by the programme’s mission to support the ideas that help Estonia and Latvia grow through neighbourly cooperation. Further, the programme also aims to strengthen the economic, social, and territorial cohesion and reduce urban-rural disparities which are prevalent in the border region.

To achieve this, a total budget of 36.27 million euros from the European Regional Development Fund have been allocated to support cooperation projects between Estonian and Latvian organizations. These funds are divided between four priorities, representing 52 different projects. Those priorities are:

1. Priority 1: Active and attractive business environment;
2. Priority 2: Clean and valued living environment;
3. Priority 3: Better network of harbours;
4. Priority 4: Integrated labour market.

Each priority addresses several specific objectives (SO) and each SO carried with it a target impact which they are trying to address and that is measured by a result indicator. The target group of the programme are inhabitants of the programme area (approx. 2 million people). This intervention logic can be observed below in Table 1.1.

Table 1.1: Programme intervention logic¹

Priority	Specific objective (SO)	Result indicator (RI)
1 – Active and attractive business environment	SO 1.1 – Increased entrepreneurial cross-border cooperation	Share of entrepreneurs and new businesses in the region (not older than 3 years), which are ready for cross-border cooperation
	SO 1.2 – More jointly developed products and services in the programme area	Share of entrepreneurs carrying out joint product or service development
2 – Clean and valued living environment	SO 2.1 – More diversified and sustainable use of natural and cultural heritage	Visitors to the natural and cultural heritage sites
	SO 2.2A– Increased awareness of energy-saving, sorting waste, and re-use	Awareness of people about resource efficiency with a focus on waste and energy saving

¹ “SO 2.3 – More integrated Valga-Valka central urban area” was left out of the table as it is not a part of this evaluation

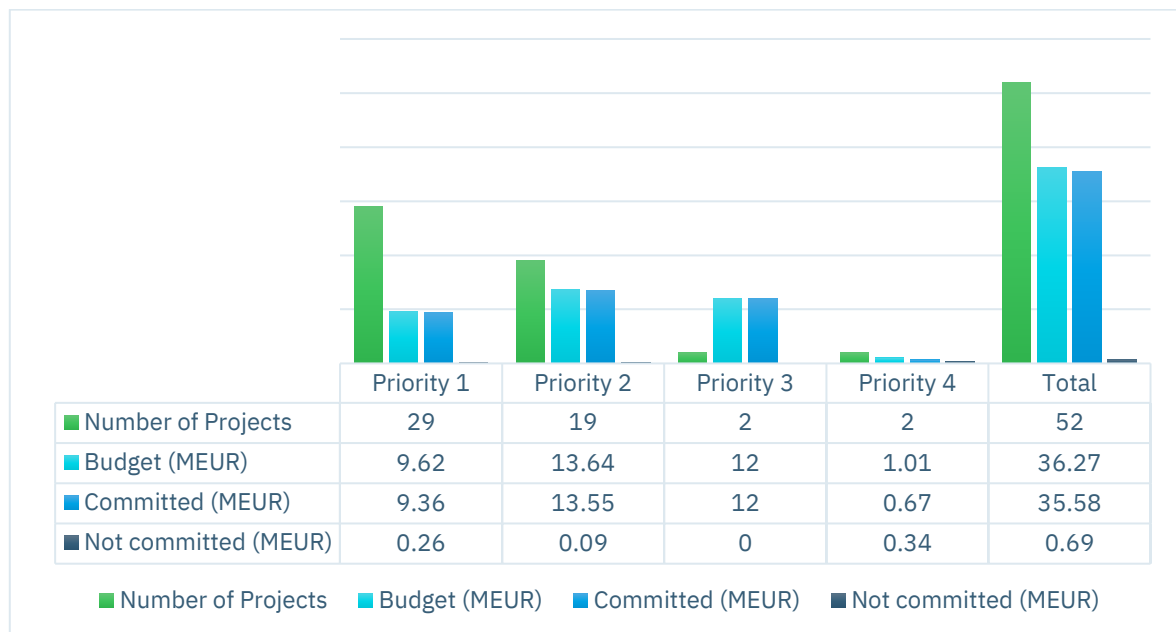
	SO 2.2W – The more efficient management of common water sources	Cooperation intensity between institutions on management of water bodies and coastal areas
3 – Better network of harbours	SO 3.1 – Better network of harbours	Number of visiting vessels at small harbours
4 – Integrated labour market	SO 4.1 – Integrated labour market	Work commuters crossing the border

Source: Authors own, based on programme website data. Retrieved from: <https://estlat.eu/en/about-estlat/evaluation-and-surveys>, 2020

Programme priorities and activities are aligned with strategic EU and national level objectives. Specifically, programme activities support the EU 2020 strategic objectives “Inclusive Growth”, “Smart Growth” and “Sustainable Growth”; the EUSBSR strategic objectives “Increase Prosperity” and “Connect the Region”; the Latvia 2030 strategic objectives “Long-Term Investments in Human Capital”, “The Development of Culture Space”, “An Innovative and Eco-efficient Economy”, “Nature as Future Capital” and “Spatial Development Perspective”; the Sustainable Estonia 21 strategic goals “The growth of Welfare”, “A Coherent Society”, “The Viability of the Estonian Cultural Space” and “Ecological Balance”; and the Estonian “Conception of the Small Harbour Network 2014-2020”.

To address these goals, funding has been allocated to each priority to address the specific objectives (SO-s) in each category. Figure 1.2 provides a breakdown of funding by priority.

Figure 1.2: Projects and funding by priority

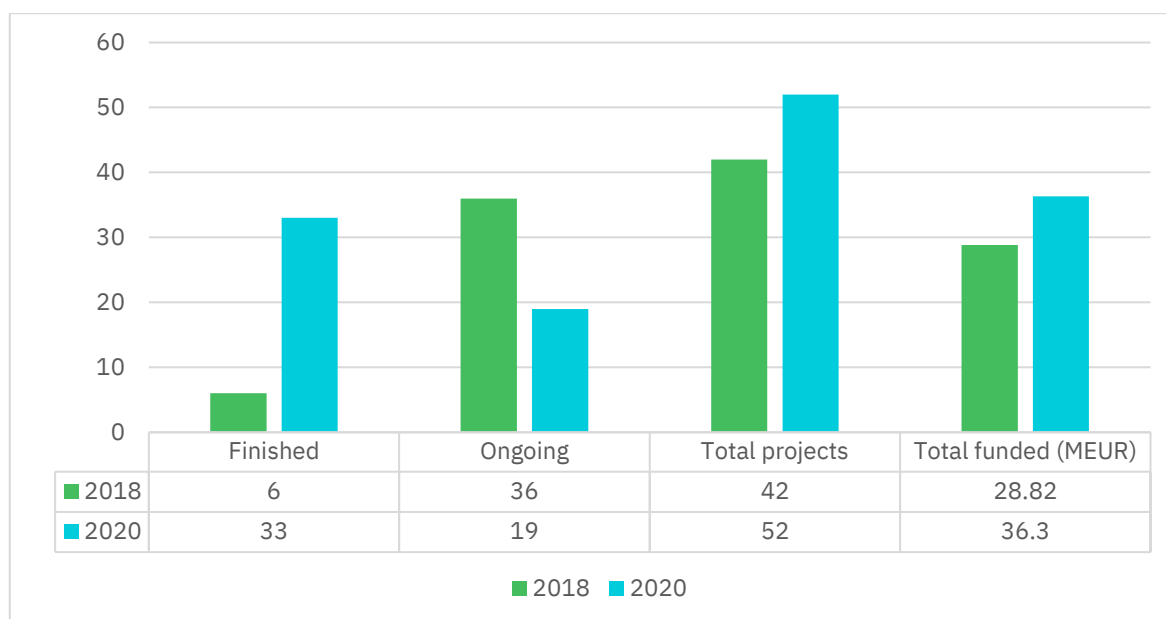


Source: Authors own, based on programme website data as of August 2020. Retrieved from: <https://estlat.eu/assets/upload/ESTLAT-programme-in-numbers%20august-2020.pdf>

The last comprehensive evaluation of the programme activities impact on the result indicators (RI-s) was done in 2018. The results of the survey show that the programme interventions have been mostly successful with all but two indicators showing growth from the baseline survey conducted in 2014/2015. What is more, RI 4.1 has already surpassed their 2023 targets. Results for RI 1.1 and 1.2 (Priority 1) show a decrease from the baseline survey to 2018 (see Chapter 3).

Since 2018, the number of projects, number of finished projects, and the amount of funding has increased (See Figure 1.3).

Figure 1.3: Programme growth from 2018-2020



Source: Authors own, based on “Annual implementation Report 2018” and “Interreg Estonia-Latvia programme 2014-2020 in August 2020”, 2020.

The number of projects whose activities have ended has increased by 27 between 2018 and 2020 so it can be expected that the impact on the programme area has also changed. Thus, it is important to evaluate the progress of the programme to measure the success of project activities to date.²

Purpose of the evaluation

The overall goal of this evaluation is to assess whether the funds contributed by the programme caused positive changes in the programme area and possibly outside it. The programme impact evaluation is the most substantial evaluation for the programme.

According to the specifications of the “Terms of reference: Programme impact evaluation of Interreg V-A – Estonia-Latvia Programme 2014-2020” of the procurement, the evaluation shall **help to improve the quality of the design and implementation of programme, as well as to assess the effectiveness, efficiency and impact of the programme**³. The legal basis is Article 54 of the Regulation (EU) 1303/2013 of the European

² However, assessment of RIs was not part of this evaluation and a separate study will be tendered for this in the coming years.

³ In addition, IBS also assessed the relevance, added value, and sustainability of programme results.

Parliament and the Council. According to Article 54(1), the impact evaluation is also included in the Programme’s Evaluation Plan, which has been approved by the Monitoring Committee.

The subject to the analysis in the framework of the evaluation are the contracted (running and finished) projects of the first (29), second (6), third (6) and fourth (5) call for proposals and the pre-defined project (1) under priority 3. **The evaluation period** covers the period from approving the programme by the European Commission (EC) on 4 December 2015 until 31 December 2019.⁴

According to the tender document the evaluation had to concentrate more thoroughly on specific objectives (SO) **1.1, 1.2, 2.1, 2.2 (for the management of water bodies and coastal areas) and 3.1** and less on SO 2.2 (for the part of awareness of people in terms of resource efficiency) and SO 4.1, because of the smaller financial allocations and bigger external factors compared to other SO-s like national campaigns and targeted programmes, also overall global trends with regards to energy efficiency, re-use and re-cycling or general changes on the labour market.

The **key evaluation questions and themes for this evaluation** were specified in Terms of Reference documents. The main or horizontal evaluation questions include:

- a) **Why some interventions worked with the desired effects achieved and some others did not work?**
- b) **Which were/are the constraints (internal and/or external) that have prevented the Programme from having achieved its desired impact?**

Further, the reference document specifies that the evaluation must also answer evaluation questions (EQs) related to the concrete SO and RI which are outlined in Table 1.2 below:

Table 1.2: Specific objectives and their corresponding evaluation questions

Specific objective	Evaluation questions
SO 1.1: Increased entrepreneurial cross-border cooperation in the programme area.	1) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the Programme under this SO? What were the benefits and impact of the interventions? 2) What has influenced the decrease of the fulfilment of the RI-s in 2018 compared to the set baseline value? 3) Based on the evaluation findings: if and how the Programme should adapt?
SO 1.2: More jointly developed products and services in the Programme area.	4) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by programme under this SO? What were the benefits and impact of the interventions? 5) What were the specific effects of the jointly developed product/service in the project partners’ companies in terms of: <ul style="list-style-type: none"> a. turnover; b. clientele;

⁴ The evaluation task was limited to projects that had begun by December 2019, i.e. 47 projects. As the invitation to the survey was sent by the JS to their contact list, then it is possible that four Call 5 projects that had begun later also took part in the survey. The 52nd project "EASTBALTIC Harbours" began after the survey was conducted.

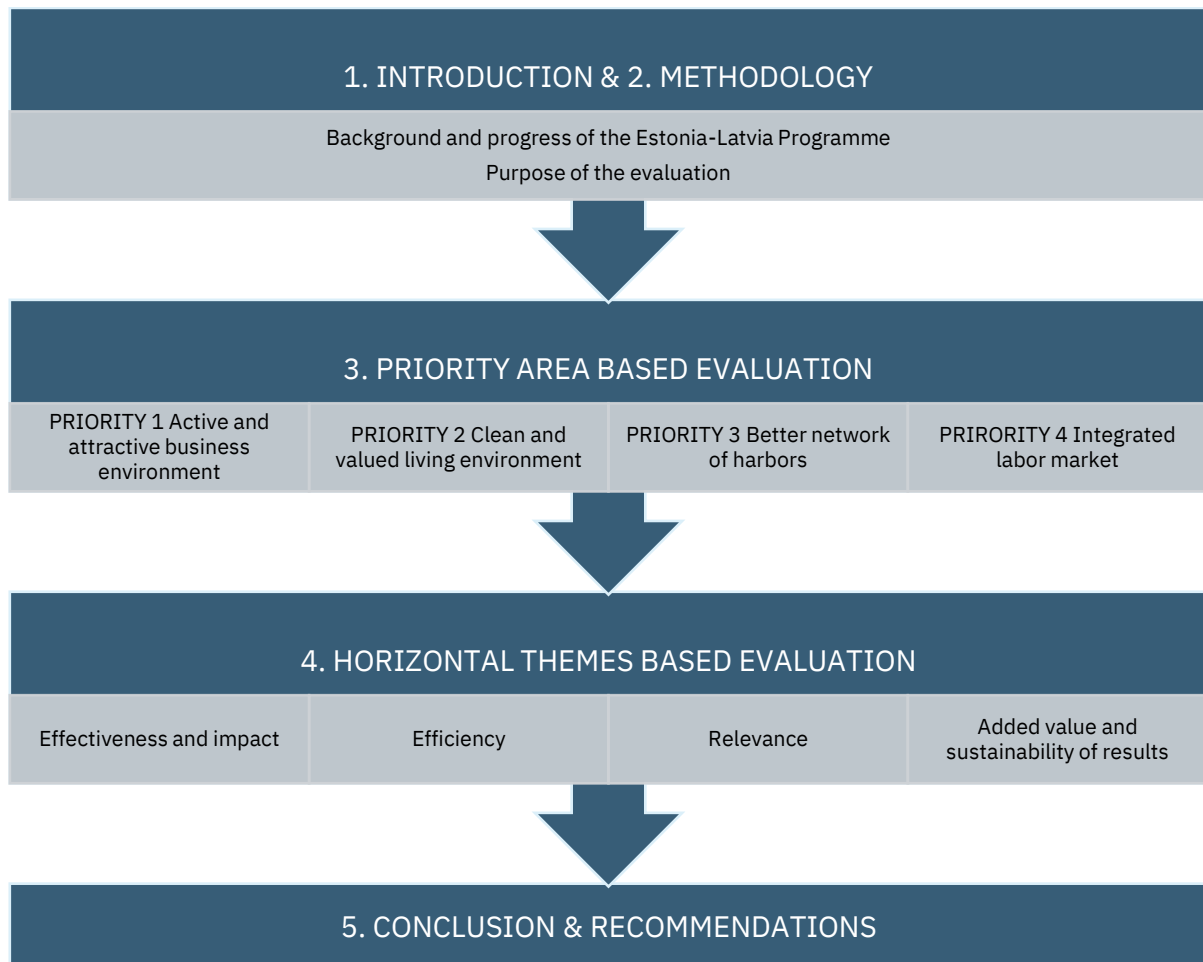
	<ul style="list-style-type: none"> c. some other indicator; d. future joint plans or activities? <p>6) Has the cooperation of Estonian and Latvian partner SME-s encouraged cooperation among other companies? If yes, then in which areas and to which extent?</p> <p>7) What has influenced the decrease of the fulfilment of the RI-s in 2018 compared to the set baseline value?</p>
SO 2.1: More diversified and sustainable use of natural and cultural heritage.	<p>8) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the programme under this SO? What were the benefits and impact of the interventions?</p> <p>9) What is the evidence that the use of natural and cultural heritage sites has become more diversified?</p> <p>10) To what extent have the interventions of the Estonia-Latvia Programme influenced the increase in numbers of visitors to the tourism sites listed for assessing the fulfilment of the RI under this SO.</p>
SO 2.2: Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources.	<p>SO 2.2 Awareness:</p> <p>11) What was the contribution or added-value of the Estonia-Latvia Programme interventions in increasing the awareness of energy saving, re-use and sorting waste?</p> <p>SO 2.2 Water management:</p> <p>12) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the programme under this SO? What were the benefits and impact of the interventions?</p> <p>13) What are the long-term benefits for common water bodies and their users due to Estonia-Latvia Programme interventions?</p> <p>14) How is the continuation of these benefits and initiatives ensured?</p> <p>15) What is the impact of the cross-border cooperation on the project partner organizations?</p> <p>16) What is the influence on the countries' policies in management of common water resources?</p>
SO 3.1: An improved network of small harbours with good levels of service.	<p>17) What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the programme under this SO? What were the benefits and impact of the interventions?</p> <p>18) Is the network of harbours along the coast of the Livonian Bay considered to be operative and up to internationally accepted quality standards? If yes, then please give the reasons.</p> <p>19) What were specific impacts of the Estonia-Latvia Programme in formation of the network of harbours?</p> <p>20) To what extent have the harbours attracted more visitors because of interventions of the Estonia-Latvia Programme?</p>
SO 4.1: Improved conditions for accessing jobs across the border	<p>21) Whether and how the conditions have improved for accessing jobs across the border because of the intervention of the Programme?</p>

- 22) What were the specific impacts of the Estonia-Latvia Programme in facilitating labour mobility?
- 23) Has the number of Latvian clients at Estonian unemployment offices and the number of Estonian clients in Latvian unemployment offices increased (compared to the time before the project implementation)? To what extent the activities financed by the programme could influence those changes?

Source: Authors own, based on “Terms of Reference: Programme impact evaluation of Interreg V-A – Estonia-Latvia Programme 2014-2020”.

This evaluation report consists of five parts: introduction and description of methodology, priority area-based evaluation that focuses on the evaluation questions corresponding to SO-s, analysis of horizontal evaluation themes and conclusions and recommendations (see also Figure 1.4).

Figure 1.4: Overview of the structure of the report



Lastly, this evaluation can be viewed as a part of a body of activities which are aimed at planning and developing the next programming period. The ministries and the Joint Secretariat of the programme (JS) are also consulting with various stakeholders to get feedback and ideas for the next programming period. Thus, this evaluation can be considered an additional source of information that will help guide decision makers for the next programming period.

2. METHODOLOGY

The evaluation uses a **bottom-up approach** where the evaluation questions were answered primarily based on project level data that consists of programme data and project reports, a survey among all project partners and interviews with a selection of project partners and programme authorities.

The approach to the evaluation has been structured in accordance with the evaluation questions posited in the tender document (see chapter 3). However, the programme was also assessed according to four key horizontal evaluation issues – effectiveness and impact, efficiency, relevance, and, added value and sustainability (see chapter 4).

The methodology of this report includes three main data sources: desk research, web survey and interviews with project partners and programme authorities.

Desk research was used to generate an understanding of the programme, to guide the process of drafting questionnaires and to inform the analysis of certain evaluation questions. A list of relevant materials from supranational, international, and national sources and the contractor was compiled and reviewed. Programme level data sources such as the programme document⁵, call manuals, baseline, and mid-term surveys for setting the result indicator, Annual Implementation Reports and other relevant data and clarifications received from the JS informed the entire evaluation. An important source in answering the evaluation questions were the projects final reports (19 in total) which were thematically coded for analysis with Cloud.Atlasti software. Where relevant, other secondary sources were used to inform the evaluation. Statistical data, strategies, action plans and other such sources have been cited where relevant. However, it should be emphasized that **assessing programme relevance and impact in wider strategic context was out of scope of this study**.⁶ Desk research was especially important while drafting questionnaires for the web survey and project partner interviews. A guiding principle was to avoid unnecessary repetition in collecting data that the programme had already gathered.

The **web survey** was launched on 2 June 2020 in Estonian, Latvian and English on the survey platform SurveyGizmo and received 126 full responses in total (60% response rate⁷ out of which 56% were Estonian respondents and 45% Latvian). The sample of respondents was confirmed in close cooperation with the contractor, who also ensured that project partners and contact persons consented to sharing their project

⁵ Estonia-Latvia programme document _amended in 2018 (approved by the EC on 12.12.2018.), available at: https://estlat.eu/assets/upload/About%20EstLat/EE-LV_Cooperation_Programme_Version_2.1.pdf

⁶ Evaluating the relevance of the programme usually analyses its adequacy in relation to changes in the social, economic, and environmental context. Since the evaluation is limited to specific evaluation questions, RI assessment is not part of this study. As only 33 projects (19 based by final reports) have been finished, the wider strategic context of the programme will not be subject to this evaluation and impact of the programme on the region cannot be fully assessed. Relevance and impact will be evaluated as much as bottom-up evaluation methodology allows.

⁷ Response rate calculated based on 209 unique partners involved in Call 1 – Call 4 projects. The response rates per SO are provided in Annex 1.

related data and receiving interview and survey requests. The questionnaire was designed to distinguish between different types of respondents and included targeted questions for each specific objective (See Table 2.1 for sample breakdown). Most of the questions were closed questions with a smaller share of semi-open or open questions where the respondents could fill in their own replies, which was to ensure that no key information is missed. Survey responses were analysed, and open answers translated into English. The resulting data is presented in the following report in a graphical and tabular way.

Table 2.1: Survey summary table

	N	%
Total respondents	126	100
Country		
Estonia	70	56
Latvia	56	45
Organisation		
Non-profit (NGO)	25	20
Other	9	7
Private company	38	30
Public entity – like a city, regional, or national authority	54	44
Role		
Lead partner	40	32
Project partner	97	77
SO-s		
SO 1.1	23	18
SO 1.2	26	20
SO 2.1	41	32
SO 2.2	20	16
SO 2.2A	9	7
SO 2.2W	11	9
SO 3.1	11	9
SO 4.1	5	4
Project status (concluded)		
No	40	32
Yes, except final report	23	18
Yes, including final report	63	50

Source: Authors own, based on survey data, 2020

The aim of the **interviews** was to gather more qualitative information on interesting aspects that bring light into evaluation questions and to complement the findings with the opinions of main stakeholders of the programme. The interviews were carried out in Estonian, Latvian and English and followed the semi-structured, open question format. The evaluation team carried out **13 interviews with programme authorities** (three of them group interviews), which included members of the Managing Authority, Monitoring Committee, Joint Secretariat and National Responsible Authorities. Where relevant or practical, group interviews were conducted. **35 interviews** were carried out with project partners (see Annex 2 for a more detailed look on the split between project partners and lead partners, SO-s, and EE and LV interviewees). The interview sample was designed based on the list of project partners who had given their consent to the JS to

participate in the evaluation. The evaluation team ensured that there is a balance between Latvian and Estonian interviewees and in case the selected person was not available for interview, or was not the right person to talk to by their own admission, a substitute was secured from the same institution.

Limitations of the evaluation

This evaluation also has its limits. First, some limitations were already mentioned in the “Purpose of the evaluation” section. Namely, per the tender document this evaluation was supposed to have a more limited scope regarding the analysis of SO 2.2A and SO 4.1 and evaluation was not required on SO 2.3 “More integrated Valga-Valka central urban area.”

Second, the evaluation does not include an assessment of programme result indicators (clarified by the contractor in the Procurement register on 14.02.2020) as these will be done by the programme itself in 2021 and 2023. Based on how altogether 25 evaluation questions were set in the Terms of Reference document and considering the framework of the study, a bottom-up approach has been used to evaluate direct programme effects to date. The relevance and impact of the programme was evaluated as much as the bottom-up methodology allowed.

Third, despite not being an evaluation of the fulfilment of RI-s many of the evaluation questions set in the tender document nonetheless required reflection on the result indicators, the baseline and mid-term surveys. In these cases, the evaluators had to rely on data from 2018. The exceptions were RI 2.1 and RI 3.1 where the JS provided updated data (2019). This is still a limitation because most of the projects were still ongoing during that time and therefore impact on the RI-s was somewhat limited (see Figure 1.3 above).

Fourth, even during this 2020 evaluation, 19 projects of the programme are still ongoing. Although 33 projects have formally finished their activities the evaluation team could only assess final reports from 19 projects as the rest were still being processed. This means that this evaluation is still rather a mid-term assessment of the programme intended to provide suggestions for further implementation of the current programme (as far as feasible) and **provide lessons learned** for the programming of the new INTERREG VI-A Estonia-Latvia programme 2021-2027. Theory based evaluation guiding the selection of methodologies for the current evaluation has been most suitable in this situation. A final ex-post impact evaluation of the current programming period in order to capture possible long-term impacts will need to be conducted once all projects have finished and could involve the mix of counterfactual and theory-based evaluation methods.⁸

Fifth, the methodology of this evaluation relies on project-based and self-reported data, e.g. final reports, survey, and interviews. To some extent, therefore, respondents bias could be expected. However, this limitation was counterbalanced by adding interviews with programme authorities and analysing other external sources, where relevant. It should be said that often statements voiced on the project level were mirrored on the programme authority level. Furthermore, **a combined analysis of data** was used to assess the evaluation questions and highlight shortcomings of the projects and the programme that could affect longer-term impacts (why things worked or not, what are the direct benefits of the programme especially on project partners). When a similar picture formed based on different data sources like the final reports, survey, and interviews across multiple respondents then the reported result can be considered valid.

⁸ See also European Commission. Evalsed Sourcebook. Methods and Techniques. Available at: https://ec.europa.eu/regional_policy/sources/docgener/evaluation/guide/evaluation_sourcebook.pdf
Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

3. PRIORITY AREA BASED EVALUATION

Priority 1 - Active and attractive business environment

Programme priority 1 and its two specific objectives, SO 1.1 and SO 1.2, support projects in the field of entrepreneurship. According to the programme document, the objectives were drafted based on Estonia and Latvia state priorities - to enhance economic growth, develop entrepreneurship, and support employment. Under this priority, **29 projects have been funded with a total of 9.4 MEUR committed**. Out of the entire programme ERDF funding, 26.51% (excluding the Technical Assistance) was allocated to priority 1.⁹

Key findings

Projects under SO 1.1 and SO 1.2 have been effective in meeting the programme output indicators (OI-s) having already exceeded the 2023 target values. The programme has had a positive impact on the cooperation between project partners and in facilitating business connections. SO 1.1 project partners are confident that their project's target group will pursue cross-border cooperation opportunities, indicating future results that are in line with the programme objective. For SO 1.2 companies the programme has had "soft" benefits related to the project implementation or cooperation experience, as well as "hard" benefits, however for many it was a bit too soon to report changes in turnover or clientele.

In both SO-s the decline in the RI-s has been surprising according to the interviewees and there are no immediate explanations for this beyond the fact that the world economy has become more globalized since the baseline calculations and perhaps companies have been looking beyond their neighbouring countries. However, an alternative explanation to the decline in RI-s could be the methodology used in RI assessment. A random sampling of companies in the region does not necessarily capture the companies who have actually benefited from the programme, ergo the fluctuation in the indicator is a bit random, depending on the companies falling into the sample each time. For SO 1.1 projects it is unlikely that the projects have a considerable impact on companies beyond the beneficiaries receiving non-financial support. For SO 1.2 projects the impact beyond the two companies producing a joint product is even more dubious. Therefore, it was recommended in this section to set RI-s of future programming periods in a manner that only those benefitted by the projects would be measured or changing the RI assessment methodology considerably to provide more information about other factors influencing the effect in the area (e.g. using more elements of counterfactual evaluation methods).

⁹ Estonia-Latvia programme document amended in 2018 (approved by the EC on 12.12.2018.)

SO 1.1 Increased entrepreneurial cross-border cooperation in the programme area

SO 1.1 has been allocated 2.7 MEUR of ERDF support. By budget and project number the SO is smaller among the two under priority 1. The programme document foresaw a large role for business support organizations in engaging with the target groups, e.g. SMEs, entrepreneurs, business specialists, entrepreneurial people. Projects under SO 1.1 were expected to carry out activities that facilitate cooperation and information exchange between entrepreneurs in Estonia and Latvia (including training, workshops, mentoring, coaching, and consultations); activities that support businesses in international networking (joint fairs, contact events, information tools); and activities that promote entrepreneurial spirit and facilitate the establishment of new businesses, which are interested in cross-border cooperation. According to the programme document, specific objectives corresponding to the investment priority and expected results are shown in Table 3.1.

Table 3.1: Overview of SO 1.1

Title of the specific objective	Increased entrepreneurial cross-border cooperation in the programme area
Results that the Member States seek to achieve with Union support	This specific objective is targeted primarily at supporting the business environment via supportive actions, which encourage people to become self-sustainable and to create new start-ups, new ideas and new initiatives that support preparedness to cooperate across the border. The programme area needs to intensify cooperation between the Estonian and Latvian business support organizations to overcome the lack of adequate and easily accessed information about the business environment in the neighbouring market. Cooperation between business support organizations is considered as an important trigger for engaging the target groups. Such cooperation development is especially encouraged in Valga-Valka twin town. As a result, the Member States expect to see an increased number of new companies and self-employed people who are ready to cooperate across the border. It means that new companies (these been younger than three years old) in the programme area have established cooperation ties in areas that are relevant for their business development.
Expected result	An increased number of entrepreneurs and new businesses in the region, which are ready for cross-border cooperation.

Source: Authors own, information as presented in the programme document, 2020

The SO 1.1 level result and output indicators can be seen in Table 3.2.

Table 3.2: Programme result and output indicators for SO1.1

RESULT INDICATOR	Baseline	2014/2015	Result 2018	Target 2023
1.1 Share of entrepreneurs and new businesses in the region (not older than 3 years), which are ready for cross-border cooperation.	53%		46%	59%
OUTPUT INDICATOR	Baseline	2014/2015	Output 2020	Target 2023

Participants at project events, except management meetings.¹⁰	N/A	3140	500
Jointly organised events, except management meetings	N/A	154	30
Number of enterprises receiving non-financial support.¹¹	N/A	692	125

Source: Authors own, based on <https://estlat.eu/en/about-estlat/evaluation-and-surveys> and data received from the JS in “Programme Output indicators by SOs”, 2020

As can be seen in Table 3.2, the programme has already far exceeded its output indicators for SO 1.1. The programme has reached much more of the target group than initially expected. Instead of 500 participants and 125 companies receiving non-financial support, the projects have managed to have 3140 participants and 692 companies have received non-financial support. These numbers are around six times higher than planned. As it has been forecasted by projects that there will be a total of 168 events, the participant numbers can be expected to increase even more.

While the picture is overly positive for the output indicators, the result indicator showed a surprising decline in the 2018 mid-term evaluation on RIs. The current evaluation will turn to this conundrum under EQ 2 discussion.

EQ 1. What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the Programme under this SO? What were the benefits and impact of the interventions?

One of the positive aspects of the programme intervention under SO 1.1 has been the large reach of the target audience. This means that a lot of people have been able to reap the benefits of the programme support activities, ranging from consultations and trainings to joint networking events and trade missions. SO 1.1 projects have, among other things, promoted cross-border cooperation among social and creative entrepreneurs, run pre-acceleration programmes for first-time entrepreneurs, organized business summer camps for students, set up a union of regional small producers, and established sectoral cross-border networks. For example, one project partner described their achievements as follows:

“Three trade missions were organised, as well as mentoring activities, guidance, and joint activities to stimulate networking. 19 companies participated in the closing event, all reporting on the growth of their business. Three companies already had their first export deals because of our project, four companies had started to export to other markets than our project, five companies had established a partnership or found a dealer. Thus, the results were very satisfactory.” – Project partner

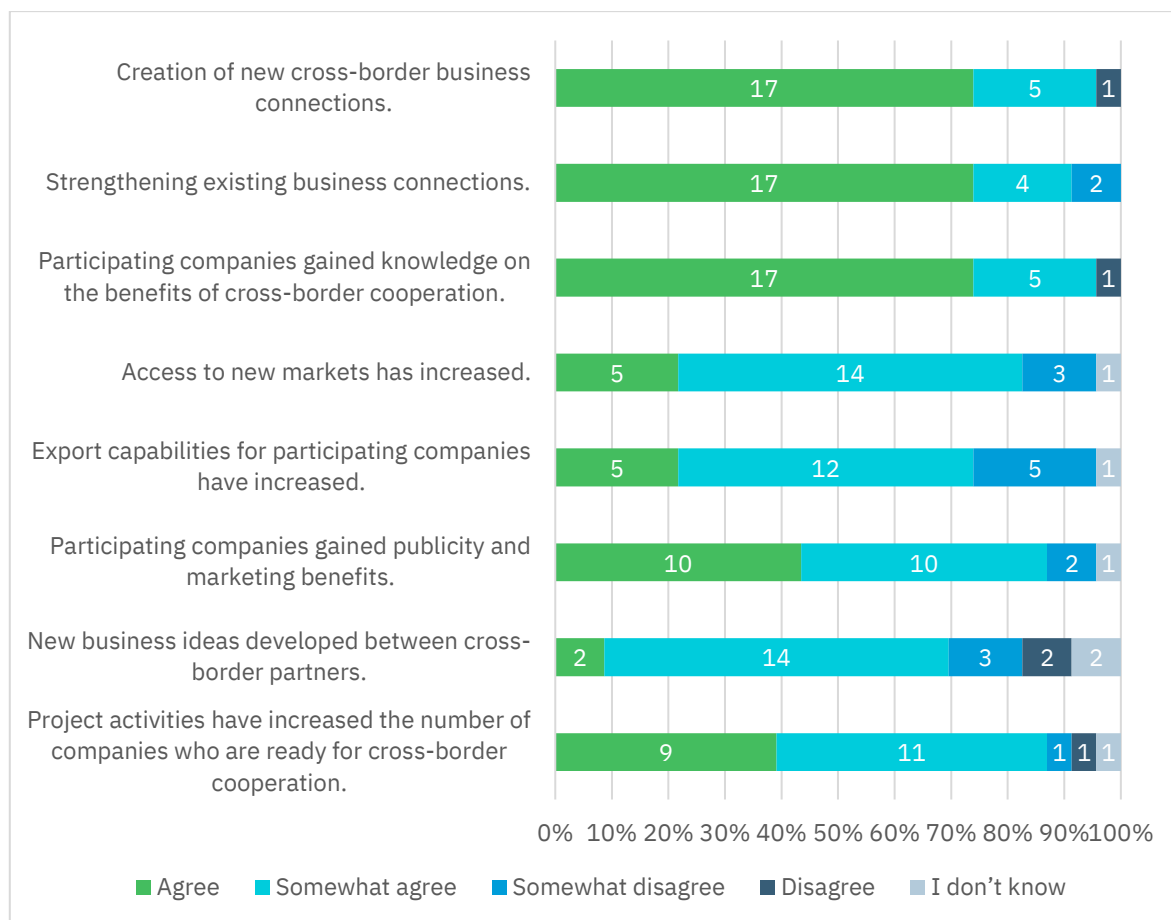
An aggregated picture of achievements can be seen from the survey results. SO 1.1 project partners were asked to assess certain statements regarding the achievements of their projects. The results are presented in Figure 3.1. The picture is positive. For all statements, “agree” and “somewhat agree” are dominating over their negative counterparts. Importantly, most respondents also agree and somewhat agree that their project

¹⁰ Unique participants are counted

¹¹ By enterprise the programme means “an SME that is not involved in the project as a project partner, but benefits from project by being involved in project activities.”

activities have increased the number of companies who are ready for cross-border cooperation which is the expected result of SO 1.1 when setting up the programme (see Table 3.1).

Figure 3.1: What have been the most important achievements for your project? (N=23)



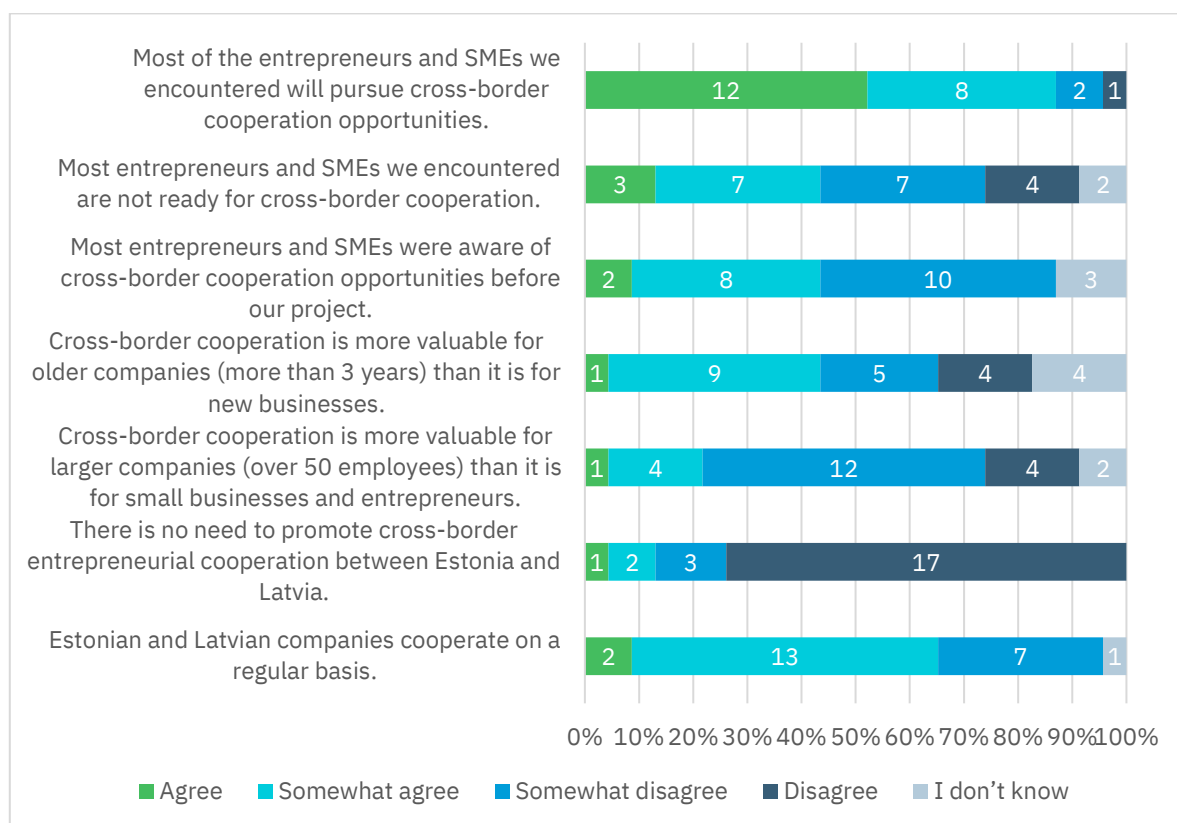
Source: Authors own, based on survey data, 2020

Project partners have felt that creating new connections, strengthening old ones, and sharing knowledge about the benefits of cross-border cooperation have been the biggest achievements of their projects as N=17 respondents agreed with the statements. The biggest disagreement can be seen regarding increase in target group’s export capabilities and the development of new business ideas; the latter also has the lowest figure for agree. But these few disagreements are still outweighed by the positives.

In the survey, focus was also set to further aspects regarding cross-border entrepreneurial cooperation which is the main aim of this SO (see Figure 3.2). A few things stand out: first, project partners are confident that **their project’s target group will pursue cross-border cooperation opportunities**. The corresponding statement has the highest over-all agreement (N=20). This supports the objective of the programme to inspire and enable more companies to pursue cross-border cooperation.

Second, the respondents did not see cross-border cooperation as only valuable for larger companies. In other words, **the focus on SMEs is justified**. However, the opinions were nearly equally split on whether the value of cross-border cooperation is higher for older companies. Latvian respondents were more inclined to it, while Estonian respondents were more in disagreement or did not have an opinion (see also Annex 4). Otherwise, the Estonian and Latvian respondents assessed the statements similarly.

Figure 3.2: Based on your experiences with your project, to what extent do you agree with the following statements about the impact of the Estonia-Latvia Programme?



Source: Authors own, based on survey data, 2020

Third, there is a clear disagreement with the idea that cross-border cooperation should not be promoted. But it is not a full 100% disagreement as one might expect from project partners who are involved in projects promoting such cooperation. Unfortunately, the survey respondents did not elaborate why they thought so. The discussion on what type of support is most relevant for companies is cross-cutting across SO 1.1 and SO 1.2 and will be continued in the end of this chapter.

SO 1.1 projects are mostly carried out by business support organizations. Although the main objective is to bring benefits to projects' target groups, Estonia-Latvia programme has inevitably impacted the project partners. For the business support organizations, these projects were another opportunity to form new contacts with the target groups. A common theme in the interviews and final reports was that the knowledge of each-other's existence increased, i.e. the projects strengthened the support organizations image and made them more visible among the target groups while the organizations themselves found new contacts and clients to continue working with each other in the future. The following quote exemplifies this:

“On a personal level, new connections have been formed. /--/ I think our organization’s contact with local companies in our field got stronger through this project. There are no concrete follow-up projects yet, but there is cooperation in product development and field specific services. Mutual understanding of opportunities, skills and needs has definitely improved partly thanks to the EstLat project.” – Project partner

In addition, the interviews and final reports reveal that project partners themselves gained new knowledge on how to facilitate cross-border cooperation and to run international projects.

“All project partners and stakeholders strengthened their capacities and improved knowledge/skills that allow them initiating new partnership projects and thus attract new funds to the future development of activities that support [sectoral] businesses in Estonia and Latvia.” – Final report

In some cases, business support organizations’ service portfolio had increased. For example, a new brand of support service was developed by a Latvian partner that has been continued after the project. In another case, the world’s first wood hackathon was organized within the project that has since been repeated and run by other organizations. These are examples of sustainable impact of the programme.

EQ 2. What has influenced the decrease of the fulfilment of the RI-s in 2018 compared to the set baseline value?

For the programme, the most important indicators of success are the result indicators (RI-s). The baseline values were calculated in 2014 and a mid-term evaluation was conducted in 2018.¹² Surprisingly, the result indicator for SO 1.1. had dropped below the baseline – from 53% to 46% in indication of “Share of entrepreneurs and new businesses in the region (not older than 3 years), which are ready for cross-border cooperation”. Both in 2014 and 2018, the main reason for not considering performance extension to neighbouring countries has been **the lack of interest and need** (see Table 3.3).

Figure 3.3: Top three reasons for not considering performance extension to neighbouring countries

2014 baseline calculation	2018 mid-term evaluation
Lack of interest or need in foreign markets – 29%	Lack of need, no interest, does not match with business plans – 47%
Work only for Latvian/Estonian market/ Latvia/Estonia is enough – 24%	Work only for Latvian/Estonian market/ Latvia/Estonia is enough – 23%
Company is too small – 13%	Company is too young or small – 11%

Source: Authors own, based on 2014 (by GfK) and 2018 evaluation data (by RAIT Faktum & Ariko), 2020

The Annual Implementation Report from 2018¹³ provides the following interpretation for the RI decline:

“The programme does not have information, what has caused this decrease. It can only be guessed that one reason can still be that people leave the rural areas that are considered unattractive. However, it is expected that the projects implemented within the Estonia-Latvia programme will set a good example and the entrepreneurship will find new ways of development. The first projects started only in 2017 and are in the middle of implementation and thus their impact and contribution is still too early to measure.”

This evaluation sought to bring further explanations via interviews. Some programme authority interviewees mirrored the conclusions given in the programme implementation report that the mid-term evaluation had been done too soon and the projects that could impact the RI had only began a year before the evaluation. In

¹² GfK (2014) „A survey for setting baseline values of the result indicators of the Estonia – Latvia programme 2014 – 2020“ and RAIT Faktum & Ariko (2019) „Indicator 1. Share of entrepreneurs and new businesses in the region (not older than 3 years), which are ready for cross-border cooperation.“

¹³ Interreg V-A - Estonia-Latvia Cooperation programme under European territorial cooperation goal (2018) Annual Implementation Report, available at: <https://estlat.eu/en/about-estlat/annual-reports>
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other words, **the programme expects to see the actual impact of the funded projects in the next RI evaluation.**

However, the decline of the indicator came as a surprise to some SO 1.1 as well as programme authority interviewees. The general feeling was that the business environment has not changed much which could have caused a lower mid-term indicator. One project partner's perceived experience was that the openness towards cooperation and willingness to invite competitors to company premises for potential mutual benefits had increased between 2014 and 2018 and therefore a reverse trend in the RI would have made more sense.

The most prevalent and convincing explanation provided by SO 1.1 project partners as well as programme authority level interviewees was that by 2018 it had become easier for Estonian and Latvian companies to sell their product to richer and further markets:

“One thing that has happened in the meantime is that all years have seen economic growth. Thinking about Estonian exporters then risks have been taken and further markets have been sought out. If somebody was asked if their readiness to go to the Latvian market has decreased, then I cannot imagine it would have brought about a negative response. Rather, the priorities have been set somewhere further. It is unlikely that somebody has started to exclude Latvia. It is just that other [markets] have emerged which is why Latvia might not be much of a priority. [Companies] try to go to Africa or Asia. It certainly has not got significantly worse, not in Latvia nor Estonia.” – Programme authority

Therefore, one of the explanations could be that the world economy had become more global by 2018 and it could be that companies were looking beyond neighbouring countries, i.e. the priority of nearby markets might have decreased.

Yet, several interviewees were sceptical in the methodology used in setting the indicators for this SO. First, some on the programme authority level thought that the output indicators were not well linked with the result indicator. Second, one interviewee was especially critical about the methodology for setting the result indicator, primarily the fact that the evaluation had included small companies with 5 or less workers:

“I think that it [the survey] was not correct. /--/ Because normally if you speak about business cooperation between Estonians and Latvians, we speak about companies which have 10, 15, 20 workers at least. Companies who have up to five workers are more focused on local market and of course they are not ready for international cooperation. /--/ Especially looking at the stats from the Central Bureau of Statistics of Latvia, that export and import relationships between Estonia and Latvia increased every year. /--/ Of course, I could go to countryside and ask craft makers, who are working for themselves, and ask them if they are ready for international cooperation and of course they will say no.” – Programme authority

Indeed, in the baseline calculation companies with 1-4 employees formed 69% of the weighed sample and companies with 5-9 employees formed 21% of the sample. The corresponding figures in the mid-term evaluation were 72% and 17%. While this follows the overall logic of the business size structure in Estonia and Latvia, it is true that usually larger companies are more capable in internationalization, even though value of cooperation is beneficial for companies in any size (see also Figure 3.2).

Third, besides being surprised of the decline, the interviewed SO 1.1. project partners were also curious on how the figures were calculated and whether the two evaluations had been conducted by the same companies using the same methodology. For this reason, the evaluation team also took a closer look on the methodology used to calculate the baseline as well as the mid-term value for SO 1.1.

The 2014 survey was conducted by using computer-assisted telephone interviews. A random sample stratified by counties and planning regions proportionally to the total number of entrepreneurs in accordance with local registers' data was used. The sample¹⁴ was compiled based on Register of Enterprises for Latvia and Business Register for Estonia. 255 Estonian and 261 Latvian enterprises (not older than 3 years) were questioned. 30% of the respondents answered that they have already extended their activities to markets of neighbouring countries and 23% said that they are planning to do so, forming the baseline value of 53%. Based on the synthesis of expert opinions collected by the JS, the target value was set at 59%¹⁵.

The mid-term evaluation was conducted in December 2018 – January 2019 by using the same methodology, i.e. computer-assisted telephone interviewing. 250 Estonian and 250 Latvian enterprises (not older than 3 years) were questioned. The mid-term figure 46% consists once again of those enterprises who have already extended their activities to the markets of neighbouring countries (26%) and those who have not yet extended their activities to the markets of neighbouring countries, but consider this option in the future (20%).

What stands out is that the share of companies who have already extended their activities to other markets had decreased from 30% to 26%. This could be explained by the random sampling process. The “willingness” decline had only been from 23% to 20%.

Whereas the methodology used was overall the same, **some differences in the samples can be identified**. First, as can be seen in Table 3.4, there is a variance in the share of companies from Riga/Pieriga included in the sample.

Table 3.4: Sample description, Latvian respondents

Place of registration	2014 survey, weighed % of Latvian respondents	2018 survey, weighed % of Latvian respondents ¹⁶
Riga	87%	52%
Pieriga	-	16%
Riga + Pieriga	87%	68%
Kurzeme	8%	20%
Vidzeme	6%	12%

Source: Authors own, based on baseline and mid-term evaluation data, 2020

The 2014 sample only included data from Riga whereas by 2018 the Pieriga statistical region was also included. If it is presumed that the companies in the Pieriga region were included in the Riga sample in 2014, then a 19% difference in the overall sample structure can be identified. Ergo, if companies in Riga/Pieriga are more likely to have activities in neighbouring countries than companies from Kurzeme and Vidzeme then their

¹⁴ “Individuālie komersanti” and “füüsilisest isikust ettevõtjad”; retail, wholesale, real estate or insurance businesses were excluded from the sample.

¹⁵ The JS consulted with experts from: Research Centre Praxis in Tallinn, Enterprise Estonia, Estonian Business Chamber in Latvia, Tartu Town Government, Latvian Ministry of Economics, Investment and Development Agency of Latvia and Latvian Chamber of Commerce and Industry.

¹⁶ Figures were calculated by the evaluation team based on the weighed counts available in the 2018 mid-term evaluation. This was done because in 2018 the percentages were provided according to the overall sample. Whereas the 2014 evaluation sample description included only weighed percentages by country. This way the figures were made comparable.

smaller share could also impact the overall result indicator. The share of Estonian companies by counties remained consistent in both surveys.

Second, the age structure of the companies in the sample is different (see Table 3.5).

Table 3.5: Sample description, age of companies

Age of company	2014 survey, weighed % of overall sample	2018 survey, weighed % of overall sample
Up to 1 year	14%	11%
Up to 2 years	29%	42%
Up to 3 years	57%	47%

Source: Authors own, based on baseline and mid-term evaluation data, 2020

Again, if companies that are up to 3 years old are more likely to have activities in neighbouring markets (which seems to be the case according to the 2018 evaluation figures) then having a smaller portion, 47% compared to 57%, of them in the sample could impact the overall result indicator.

Lastly, slight differences in the samples occur by company type. Table 3.6 shows the figures with the biggest differences.

Table 3.6: Sample description, type of company

Type of company	2014 survey, weighed % of overall sample	2018 survey, weighed % of overall sample
Construction	21%	26%
Professional, scientific, and technical activities	19%	3%
Other services activities	6%	16%

Source: Authors own, based on baseline and mid-term evaluation data, 2020

It cannot be fully claimed that the reason for the decline in the result indicator is based on these variations in the samples used, but it can be among one of the explanations behind the figures.

One thing to note about RI 1.1 is that the definition of cross-border cooperation has not been limited to cooperation between Estonia and Latvia. The survey thus also maps performance in and plans to cooperate with neighbouring countries such as Finland, Lithuania, and Sweden. As the overall objective of the programme is to facilitate cooperation between Estonia and Latvia and most SO 1.1 projects also facilitate cooperation between companies within the region, then there seems to be a slight mismatch between the geographical scope of the RI and the overall objective of the programme.

Another thing that stands out is that RI 1.1 only measures the willingness to cooperate among companies that are three years old or younger. The necessity of this limitation is unclear. **The projects that are run under SO 1.1 could also impact companies that have been around for longer, decades even.** For example, if the project aims to bring companies of a certain sector together across the border then the age of the company does not play any significance. But currently the indicator only captures the impact on new companies.

Nonetheless, the survey conducted in the framework of this evaluation indicates that a more positive status of the result indicator could be expected. As was discussed in the EQ 1 section, according to the survey

respondents (see Figure 3.1 and 3.2), **companies are ready to pursue cross-border cooperation**. Besides the already discussed aspects related to cross-border cooperation within this SO, altogether 87% of survey respondents from SO 1.1 indicated that their target group's interest in cross-border cooperation has increased or somewhat increased during the project (see also Annex 30). This is in line with the feelings of those programme authority interviewees who said that the mid-term evaluation on the RI-s was done too soon and the projects had not yet had a chance to have an impact.

More realistically, the **programme currently has too little impact on companies who have not been directly affected by programme activities** which relates to the suspicions of also some interviewees that the OI and RI are not too well connected in this SO. It is unlikely that the limited budget allocated for SO 1.1, i.e. 2.7 million EUR ERDF, has considerable impact beyond the project beneficiaries. The current evaluation deals with organizations directly affected by the programme and identified important impact from the activities whereas the RI is assessed by a separate survey based on a random sample in relevant regions. In order to assess the impact more accurately the programme should run such surveys only with the target groups involved in the programme activities, i.e. the 692 enterprises that have received non-financial support to date as they have been directly impacted by the programme. At the same time, quantifying the impact of the programme in wider regional context is still complicated as this requires singling out other possible other factors¹⁷ impacting the performance, calling for using counterfactual impact evaluation methods in combination with theory-based evaluation methods. Using a random sampling method means that affected companies might not end up in the sample at all and without any links with the support fund extracting the impact of it on regional statistics is not actually possible.

Therefore, when planning a similar SO in the next programming period, it is suggested to consider a slight change in RI 1.1 and narrow its scope to better reflect the role of the programme in achieving the RI. One possibility for this could be to indicate that the intention in this RI is to investigate the willingness to cooperate between Estonia and Latvia (which does not exclude cooperation with other countries) as is the case in RI 1.2. Another possibility is to additionally target the companies which have been affected by programme activities, e.g. participated in projects either as partners or project target groups in the RI evaluations or use them as a control group in the study. This could already be done during this programming period by adding one extra background question to the RI assessment survey: "Have you been involved in activities supported by the Estonia-Latvia programme?".

One thing to keep in mind, however, is that COVID-19 is a wildcard that could have an impact on the RI during the next evaluation. It is unclear in which direction it could impact the RI. As the current crisis has shown the vulnerabilities of global supply and value chains, then companies could be looking to find partners and clients closer, i.e. across the border. If it was globalization and economic growth that had pushed Estonian and Latvian companies to look further abroad, then the new economic situation might cause a return of a more local perspective and willingness to cooperate. Therefore, when future RI surveys are conducted on the same basis as the ones in 2014 and 2018, then some of the fluctuation of the RI figure could be attributed to the effects of COVID-19.

¹⁷ E.g. dependent on the intervention area, availability of other programmes, soft loans, bank guarantees, quality of life index, previous infrastructure improvements in the area etc. See also https://ec.europa.eu/regional_policy/en/policy/evaluations/guidance/impact_deeper for more information. Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

EQ 3. Based on the evaluation findings: if and how the Programme should adapt?

Based on the survey results and according to SO 1.1 interviewees the overall purpose of this specific objective is relevant and appealing to the target groups. All interviewees agreed that the programme should carry on with activities that help companies to network and form stronger connections across the border. One interviewee saw the value of such projects in the long term.

“If entrepreneurship would not be supported at all from Est-Lat then in the next three years nothing bad nor good would happen. However, what is the impact after five or six years when you need to start building up the same contact network, which has been set up today, from scratch?” – Project partner

A similar feel for the programme was voiced on the programme level:

“Entrepreneurs can live without us. But it is an opportunity to do something different and think outside the box.” – Programme authority

A related theme that stood out from SO 1.1 interviews was that the support organizations usually did not have the latest overview of what had become of their project’s target group. They all know about some positive tendencies at the end of the project, e.g. some new connections between companies had been formed and some deals were in the making, but whether something came from these was not always clear. This can perhaps be explained by the project-based nature of some of these business support organizations. After finishing a project, the people involved are already working on other projects and it is not a priority to touch base with the beneficiaries of previous projects.

The logic of how such organizations function also means that it is a bit tricky to pinpoint the impact of one concrete project. One of the interviewees described that the positive results of one project or one event are usually built upon on “tens and tens” of previous activities and the “foundation” for it has been laid over years. This means that while a project can show very positive results, it should not be entirely removed from the context of all the other activities that have been conducted – the project might just be where the fruits of previous labour manifest.

On the other hand, this also means that projects funded by the programme that are run by business support organizations are also laying the groundwork for future success stories. These projects are durable in the sense that the connections established, and the experiences and knowledge obtained play into the next projects. Or they can improve already established services in the case of say incubators or technology parks. One interviewee explained it well:

“The business intelligence of the participating entrepreneurs has been considerably strengthened as they were studying different aspects of entrepreneurship and export strategies in particular. /--/ After the finalisation of the project, they can still receive support, guidance, and further advice from business support organizations in both countries, they are not abandoned.” – Project partner

Another thing emphasized by all project partners as well as some of the programme authority interviewees was that entrepreneurs are very pragmatic and practical people. The following excerpt illustrates the feeling well:

“As a rule, entrepreneurs are very practical people. Observing from the side it seems to me that their workdays are largely occupied. /--/ This means that from projects they want to get relatively concrete benefits. /--/ Entrepreneurs weigh the cost-benefit ratio very practically.” – Project partner

While this sentiment is not new, it is something that should always be kept in mind when planning the next programme and when selecting projects. Both, applicants as well as the programme designers need to put themselves in the shoes of entrepreneurs when deciding what is beneficial to companies.

Because the discussion on the programme focus under SO 1.1 overlaps with similar discussions under SO 1.2, the overall adaption of the programme for priority 1 is continued in the concluding section of this chapter.

SO 1.2 More jointly developed products and services in the Programme area

SO 1.2 has been allocated 6,9 MEUR of ERDF support. Within the programme budget it therefore carries a larger weight and importance than SO 1.1. According to the programme document, specific objectives corresponding to the investment priority and expected results are shown in Table 3.7:

Table 3.7: Overview of SO 1.2

Title of the specific objective	More jointly-developed products and services in the programme area
<p>Results that the Member States seek to achieve with Union support</p>	<p>This specific objective is targeted primarily at supporting existing businesses in joint product and service development. It also involves activities for competence building, supporting innovation processes, joint marketing and joint management training, including the sustainability and competitiveness of SMEs when turning environmental challenges into business opportunities.</p> <p>As a result, the Member States expect to see an increased number of enterprises participating in the activities of cross-border business networks and an increased number of enterprises introducing jointly developed products and services or process improvements. With the help of knowledge sharing and joint actions, more products and services are developed in cooperation for local markets and for potential promotion in third party markets. The programme area comprises an attractive business environment due to sound knowledge about the neighbouring market and its business support systems. Such cooperation development is especially encouraged in Valga-Valka twin town.</p>
<p>Expected result</p>	<p>An increased number of joint product and service development.</p>

Source: Authors own, information as presented in the programme document, 2020

Most of SO 1.2 projects seek to develop a new product or service through cross-border collaboration between two or more private companies. According to the conducted interviews with several programme authorities, funding of this type of projects has made the priority area more attractive for companies compared to the previous 2007-2013 programming period. Furthermore, some interviewees from the programme authority level highlighted SO 1.2 as a distinct feature of the programme that sets it apart from other programmes in the region. One of them explained that the programme provides practical support for enterprises whereas, for example, Interreg Central Baltic programme focuses its support on accessing new markets and Interreg Baltic Sea Region programme focuses mainly on policy development.

While SO 1.2 has an overall focus on product development then the programme manuals also allowed for projects that focused only on marketing activities. Out of the 20 SO 1.2 projects, there was only one such project. The project HIADEX did not develop a specific product, but rather coordinated activities for entrepreneurial competence building, joint marketing, and export to South-East Asia.

The fulfilment of SO 1.2 result and output indicators can be seen in Table 3.8.

Table 3.8: Programme result and output indicators for SO1.2

RESULT INDICATOR	Baseline	2014/2015	Result 2018	Target 2023
1.2 Share of entrepreneurs carrying out joint product or service development	14%		13%	19%
OUTPUT INDICATOR	Baseline	2014/2015	Output 2020	Target 2023
Joint products and services developed in cooperation.	N/A		12	12
Joint marketing activities	N/A		15	12
Number of enterprises receiving grants.	N/A		37	25
Number of enterprises receiving non-financial support.	N/A		457	80
Employment increase in supported enterprises¹⁸	N/A		66.75	60

Source: Authors own, based on <https://estlat.eu/en/about-estlat/evaluation-and-surveys> and data received from the JS in “Programme Output indicators by SOs”, 2020

The first thing that stands out from Table 3.8 is that the 2018 evaluation figure for the **result indicator** is lower than the baseline. As this conundrum is the focus of EQ 7, it will be addressed later in this chapter.

Table 3.8 shows that all **output indicators** have already exceeded their target values for 2023. Even more so, the current forecasts provided by the project partners¹⁹ indicate that these figures will increase even more. Most notably, the forecast for joint products and services developed in cooperation is 30 and for employment increase the figure is 99.

The following sub-sections will address the four Evaluation Questions set for SO 1.2 in the framework of this evaluation.

EQ 4. What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by programme under this SO? What were the benefits and impact of the interventions?

Under SO 1.2, the most visible positive effect in the programme area are the **concrete products and services produced by the projects**. First and foremost, the effect manifests on the company level – a new product is produced that diversifies a company’s range of products and hopefully increases profits. In various programme authority interviews, the jointly developed products were hailed as an achievement for the programme and a guarantee of the sustainability of results if the products remain on the market for years to come.

Joint product development can also lead to positive spill-overs. In many cases, the products produced with programme funds are innovative and focus on new technologies or trends, such as organic production and

¹⁸ Measured as full time equivalents

¹⁹ Data received from the JS in “Programme Output indicators by SOs”, 2020

digitalization. In these cases, regional citizens as customers can also reap the benefits of better products. The following products and services have already been developed within the programme: organic laundry washing capsules, cloud-based IT platform for poultry flock management, integrated web-service that combines existing satellite imagery analysis, a lighter and more convenient gamma spectrometer for field applications, organic sweets, and a service for connecting experts and cloud solutions with regional non-ICT companies. Some of the project partners employ new workers to be involved in the product development, which means that the programme also creates new job opportunities.

For most project partner interviewees, it was difficult to estimate broader effects of their product on the programme area. However, one interviewee placed their project and product into a wider context considering it as clearly a good example in the area:

“In [our] region, we work a lot on developing the strategy of bioeconomy and implementing it. /--/ The project contributes to the common work in striving towards our regional goals, where different stakeholders work together – both local governments, planning regions, business organizations etc. This development is of high importance.” – Project partner

The programme **impact** under this SO was also assessed in the survey. Figure 3.3 provides insight to the programme interventions and expected results.

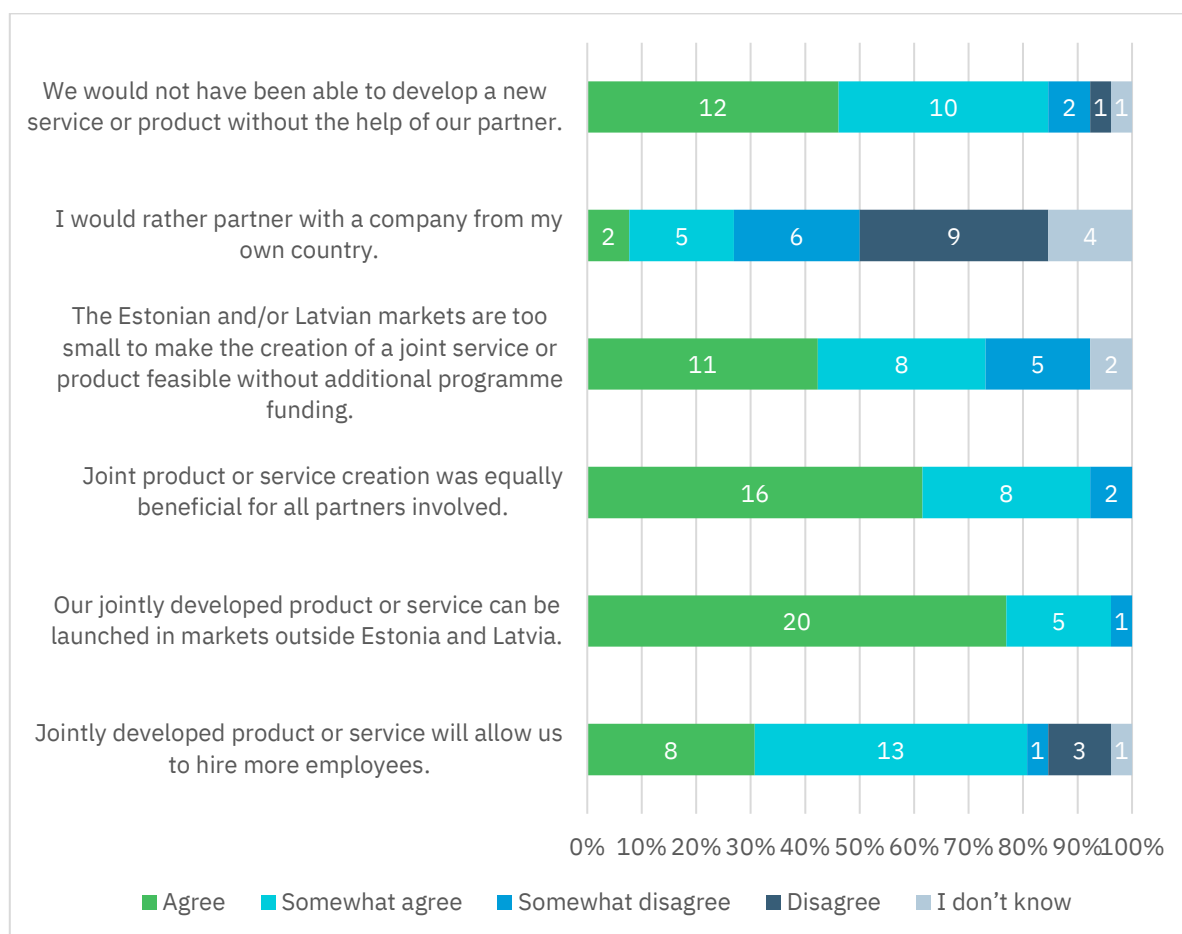
Most respondents (N=22) agree or somewhat agree that they would not have been able to develop the new service or product without the help of their partner. This was also confirmed by project partner interviewees who said that they could not have produced the product on their own. Furthermore, learning from partners was often mentioned as one of the greatest benefits for cooperating across the border. A response to an open-ended question illustrates the sentiment well:

“Of course, a product or service for the Est-Lat market can be created without the financial support of the program, but it would be much slower, possibly without such a specific exchange of know-how. I really appreciate the cooperation of the partners within the projects, which has facilitated further cooperation even after the end of the project. The biggest plus - together the outstanding masters of their field are gathered, each of whom makes a significant contribution to the development of the product, the achievement of the project goals. By creating a specific product for only one partner, the product would certainly lose its quality and may not be as widely used, adapted to the specifics of several (or initially at least two) countries.” – Survey respondent

The importance of programme funding for joint product development is also evident in the fact that most respondents agree (N=19) or somewhat agree (N=8) that the Estonian and/or Latvian markets are too small to make the creation of a joint service or product feasible without additional programme funding. At the same time products are believed to be sustainable in terms of being able to launch them in outside markets which is a statement with largest agreement as seen in Figure 3.3. Further explanations came from interviews: SMEs felt that the investments would have been too demanding on their resources and nearly all project partners from this SO said that without programme funding they would have not developed the product, making the programme contribution significant to the result.

The positive impact of the programme can also be seen on Figure 3.3 from the fact that more respondents agree to an extent than disagree with statements regarding **employment increase and export potential to other markets**. The latter is the most positively assessed statement of them all.

Figure 3.3: To what extent do you agree with the statements below about the impact of the Estonia-Latvia Programme? (N=26)



Source: Authors own, based on survey data, 2020

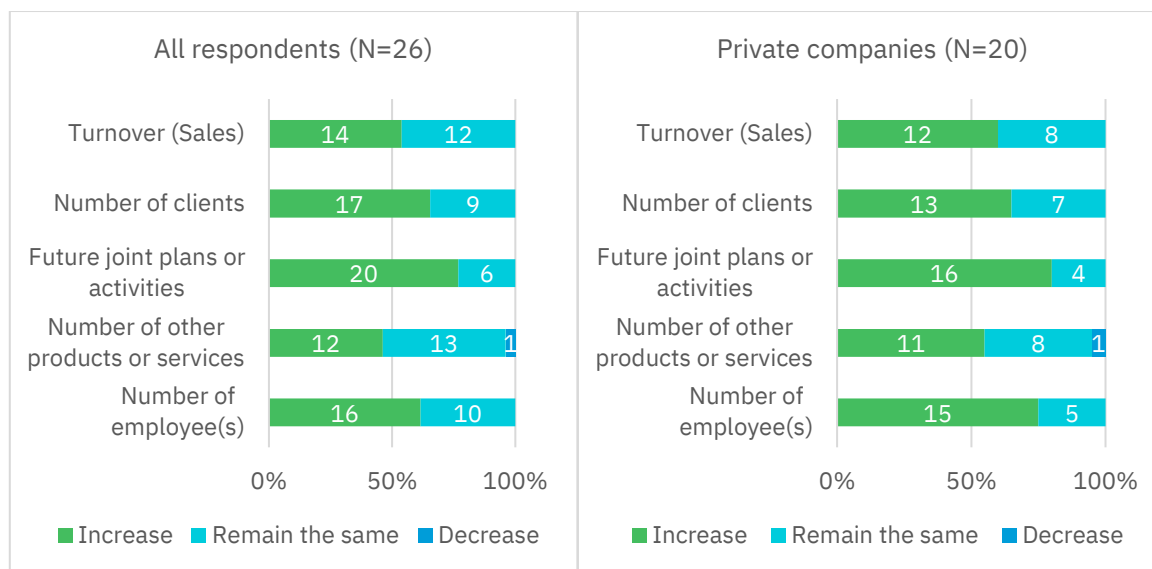
Based on the data gathered via the survey and interviews it can be inferred that **programme support for joint product development has been beneficial to companies involved in the programme and fostered joint product development which would not have happened to this extent otherwise**. Some innovative ideas would have never been realized without forming a partnership, whereas others would have taken a lot longer or would have been put on hold indefinitely.

Given that one of the main aims of the programme as a whole is to tighten activities and relationships between Estonia and Latvia, it is positive to see that most disagree that they would rather cooperate with a local partner, indicating the cross-border value of the programme. Although the sample is limited with companies having a clear link with the programme, it indicates that cross-border collaboration financed by the programme is not artificial, as was the concern voiced by some of the programme authority level interviewees (see also Relevance of cross-border cooperation section).

EQ 5. What were the specific effects of the jointly developed product/service in the project partners' companies in terms of: a.) turnover, b.) clientele; c.) some other indicator; d.) future joint plans or activities?

To provide an answer to this evaluation question the evaluation team asked survey respondents to rate changes in these indicators. The results can be seen on Figure 3.4.

Figure 3.4: Please indicate the specific effects of the jointly developed product or service for your organization in the table below (N=26, all respondents and N=20, private companies).



Source: Authors own, based on survey data, 2020

As can be seen in Figure 3.4, in most cases the respondents indicated an increase in each indicator. The largest number of respondents indicating an increase is future joint plans or activities. Many interviewees said that trust and friendly personal relations between partners have been established, and if there is a need in the future, they can easily call each other with new proposals for cooperation. A fair share spoke about writing new applications or being already involved in follow-up projects. Some even mentioned that they have started developing another product. This positive tendency can also be seen in the final reports of SO 1.2 projects – according to them, future cooperation is either under discussion or already established via binding agreements. Altogether these are **signs that cooperation between the partners will continue after the project**. Perhaps not immediately, but groundwork for potential cooperation has been laid.

Less impact can be seen in the number of other products and services and in the number of employees. Turnover was also a bit less affected, however, increase in number of clients was noticed more. Looking at the right-side graph in Figure 3.4 that focuses on respondents who identified as private companies a slightly clearer picture of impact on turnover or number of products emerges. These indicators are already less likely to change for non-profit or public sector project partners. The effect of increased employment also becomes more evident in the case of private companies. Even though the strongest effect of the programme has been on future joint plans and activities, the programme has also had a considerable “hard” effect on organizations’ important characteristics like turnover, clientele and number of employees.

In the interviews project partners were also asked to reflect **on the effects of the jointly developed product on the partners’ companies**. The responses were varied as the interviewed projects were in different implementation stages. Various benefits were mentioned: better reputation, financial benefits (project

funding for salaries, services, international fairs), capacity building regarding joint (research) projects, confidence in capacity to be involved in future international projects, skills in cross-border cooperation, professional development, new contacts, new employees, science commercialization experience, experience in creating an innovative product, competitive edge on the market, easier to establish business relations with retail stores, future perspectives and follow up activities with partners.

However, it was seemingly more common to mention **“soft” benefits related to the project implementation or cooperation experience**. For example, one interviewee described how the cooperation project was an important lesson why it is worth to work together with another company instead of trying to do everything alone and in secret. The same could be seen in project’s final reports:

“The added value of cooperation comes mostly from knowledge sharing/spill-over when two companies of different nature work on the same objectives, i.e. developing a single device benefitting from expert knowledge from both sides. /--/ The truly significant result of the project is additional advanced skills and new knowledges in both teams. We learned how to work better together both within our organizations and also across borders.” – Final report

Increased employment was the tangible impact mentioned in some interviews, but the interviewees did not reflect much on clients or turnover. For example, one interviewee said the following:

“I think participating in the project did not impact our turnover directly, nor the number of clients. Rather it impacted our future perspective. /--/ We had to think through things you don't focus on in everyday work. It helped develop and see our work in a different light. Problems surfaced, which otherwise didn't seem significant, and bottlenecks to fix became evident.” – Project partner

It was likely too early for most interviewees to reflect on turnover as the products become market ready by the end of the projects. In most of the cases it is still hard to predict how a product will be received on the market. One interviewee also mentioned that they do not keep track of client or turnover increase based on one product.

Curiously, one of the project partner interviewees said that they cannot report on such indicators yet as the project regulations forbid selling during the project period. Indeed, the call manuals for SO 1.2 have a sentence that reads “The programme is not financing the production of goods for sale.” This is, however, not entirely true according to the JS as projects are allowed to sell their test patches and are also allowed to sell the real thing in larger quantities if they cover the production costs with their own finances. Indeed, this seemed to be the case in a few of the interviewed projects. While it is not clear where did the misunderstanding come from, **it might make sense to clarify the regulations on selling produced products in the next programming period.**

One interviewee was sceptical whether turnover is the best measure to assess the success of product development projects.

“If one [company] developed one part of the product and the other the other part, how do you, for example, measure an Estonian cluster’s increase in turnover if it produced some part for a Latvian company and the latter sells the final product?” – Project partner

While increased number of clients were not mentioned in interviews, two of SO 1.2 project’s final reports bring out that a beneficial aspect of the process has been meeting potential customers during project

marketing activities. This has provided valuable direct feedback from the target groups and confirmed the market demand.

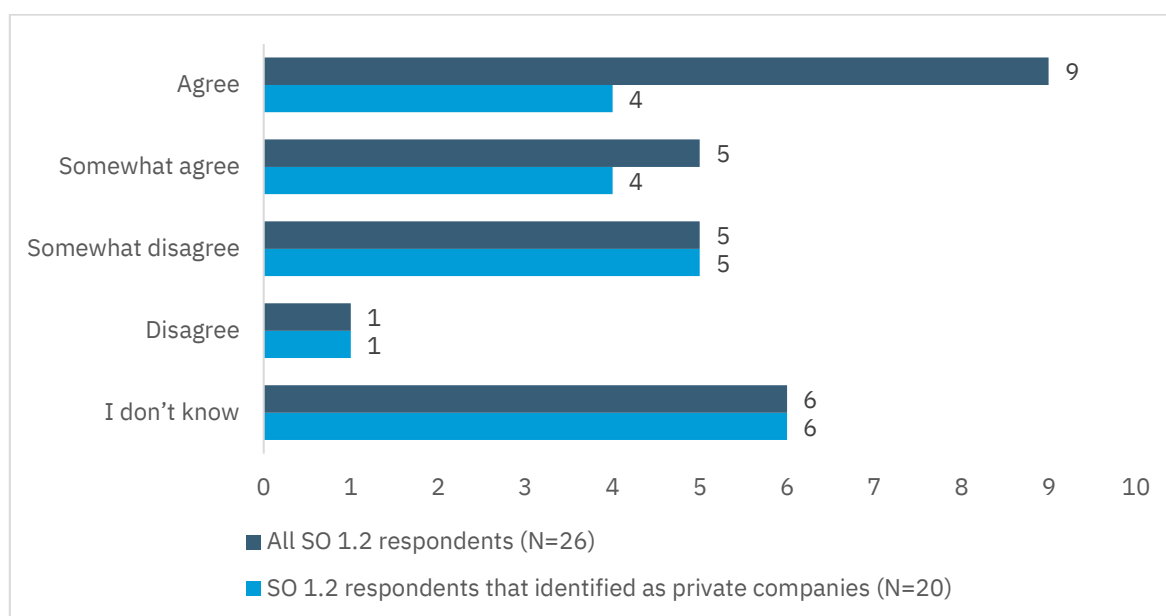
“Potential consumers which both partners met during project and marketing activities proved the assumption that there is a need in market for [our product].” – Final report

All in all, the jointly developed products and services have brought about benefits to project partners mainly in terms of **new experience and knowledge, new future plans for joint cooperation, new employees and in some cases also an increase in turnover**, albeit for many it was a bit too soon to report on it.

EQ 6. Has the cooperation of Estonian and Latvian partner SME-s encouraged cooperation among other companies? If yes, then in which areas and to which extent?

The survey respondents under SO 1.2 were also asked to reflect on cooperation created with other companies that are not involved with the project (Figure 3.5).

Figure 3.5: To what extent do you agree with the statement: The Estonia-Latvia Programme has created cooperation with other companies in different areas that are not involved with the project. (N=26, all SO 1.2 respondents and N=20, SO 1.2 respondents that identified as private companies)



Source: Authors own, based on survey data, 2020

While there are more of those who agree with the statement, there is a fair share of those who did not know how to respond. This can be explained further when looking at the respondents’ institutional background. If the responses of only private companies are observed, then the agreement rate falls. The public authorities and non-profit organizations involved in SO 1.2 have primarily been conducting networking and other support activities. That is not the case for most projects where the activities are focused on the partnership’s cooperation in product development. Although, some product development projects have also organized larger events to introduce their new product or gather further input from the sector or potential future clients.

Estonian partners (N=17) were more pessimistic about increased further cooperation being behind all “disagree” and “somewhat disagree” responses to the specific statement and none of the Latvian respondents (N=9) disagreed with it (see Annex 5).

During the interviews, **most project partners found it hard to assess whether they have inspired others.** Companies are first and foremost focused on their own activities. Projects are focused on fulfilling their deadlines and indicators. Keeping an eye on similar developments elsewhere is not actively on people's mind. For companies, partnership deals are often confidential information which means that even if some were encouraged by a SO1.2 project, it might not be immediately evident.

A few interviewees were hopeful that their communication and marketing activities of the project might have inspired others, however, when asked whether they know any concrete examples then none were given. For product development projects, the potential to encourage others also depends on the type of product being developed and how much interaction is needed with companies that are not project partners. For example, if the product is an ICT solution intended to benefit an entire sector, e.g. a production optimization tool or a cooperation platform, then it could potentially promote additional cross-border cooperation in the region. But if the product development requires only interaction between the partners then the positive spill over effect on other regional companies is hardly going to occur.

It is therefore likely that projects run by business support organizations, such as the HIADEX project or SO 1.1 projects, that focus solely on networking and marketing activities have a stronger potential to encourage cross-border cooperation than the product development projects themselves. At least one such case was revealed in an interview where two companies that had taken part in the project activities had later themselves successfully applied for joint product development funding from the programme. However, as seen also from the SO1.1 discussion above, the **programme still seems to have little impact on target groups which have no connection with programme activities** meaning that such a spill-over effect is weak or difficult to identify.

While SO 1.2 has shown positive results on various fronts, it is somewhat dubious whether the projects ran between two SMEs have inspired other SMEs in the region. SO 1.2 partners were considerably more pessimistic compared to other SO-s that cross-border cooperation amongst project target groups and/or participants has increased during the project – SO 1.2 respondents had the largest share of those who agreed that there has been no change for the target group as well as the largest share of those who did not know how to answer (see Annex 30).

Companies cooperate when it makes economic sense to them. They do not cooperate across the border just for the sake of cooperating across the border. Clear benefits need to be seen on both sides. This was also referenced in an programme authority interview where it was mentioned that sometimes even attending cross-border events can be a strain for SMEs because it would mean that they “wouldn't earn a profit” while attending these events. It is therefore likely that **the programme's impact on the result indicator is limited to the number of enterprises cooperating within the funded product development projects**, but not on wider scale – here even in a stronger volume than in case of SO 1.1.

EQ 7. What has influenced the decrease of the fulfilment of the RI-s in 2018 compared to the set baseline value?

The result of the indicator RI 1.2 “Share of entrepreneurs carrying out joint product or service development” was also a little lower in 2018 compared to the baseline value of 2014. It has fallen from 14% to 13%. According to the 2018 mid-term evaluation, 20% of companies who have not yet carried out joint production or service development together with Latvian/Estonian companies plan to do it in the future. The baseline figure for this

was 19%, therefore not showing much difference. However, in the overall sample the share of companies planning to carry out joint development were 10% and 16% respectively, indicating a decline²⁰.

The reasons for lack of absence of cooperation are like the ones discussed under EQ 4, with lack of interest or need being the main reason (Table 3.9). The table also shows that the lack of opportunity or offer to cooperate had become slightly more relevant by 2018 than it was in 2014.

Table 3.9: Top four reasons for absence of cross-border cooperation on joint product or service development with Latvian/Estonian companies

2014 baseline calculation	2018 mid-term evaluation
Lack of interest in neighbour market – 39%	Lack of interest in neighbour market or lack of need to cooperate – 34%
Work only for Latvian/Estonian market/ Latvia/Estonia is enough – 14%	Specificity of business – 12%
Specificity of business – 14%	Have not had the opportunity or offer to cooperate – 11%
Have not had the opportunity or offer to cooperate – 5%	Work only for Latvian/Estonian market/ Latvia/Estonia is enough – 10%

Source: Authors own, based on 2014 (by GfK) and 2018 evaluation data (by RAIT Faktum & Ariko), 2020

Much what was said about RI 1.1 under EQ 4 applies here as well. There is no clear reason that could be captured with the current study what might have caused the decline. It could be expected that the same reasons apply as for RI 1.1, e.g. either the change in the economic situation made Estonian/Latvian cooperation less relevant or that the RI assessment methodology does not capture the reality well.

The calculation methodology was very much alike to RI 1.1. A random sample stratified by countries and counties and planning regions proportionally to the total number of entrepreneurs in accordance with local registers' data was used. The main difference is that the sample for calculating RI 1.1 included only companies that were less than three years old, whereas for RI 1.2 the sample was based on all the companies in the regions²¹. Also, while RI 1.1 focused on all neighbouring countries then for RI 1.2 joint development with Estonian/Latvian companies was specifically emphasized. For the baseline, N=512 respondents were surveyed. The JS set the target value for 2023 after consulting with the same experts as for RI 1.1. The mid-term evaluation was conducted by using the same methodology, the sample size was N=647 enterprises.

As the baseline and 2018 mid-term figures were calculated based on random sampling from all the companies in the programme regions then the very small decline from 14% to 13% can be just attributed to random sampling. In such studies the fluctuation of just 1% is not an indicator of significant change. In other words, the situation has not necessarily gone worse compared to the baseline.

²⁰ GfK (2014) „A survey for setting baseline values of the result indicators of the Estonia – Latvia programme 2014 – 2020“ and RAIT Faktum & Ariko (2019) „Indicator 1. Share of entrepreneurs and new businesses in the region (not older than 3 years), which are ready for cross-border cooperation.“

²¹ According to the authors of the baseline evaluation, up to 25% of the respondents both in Latvia and Estonia of the questionnaire for the indicator 1.1 might have answered also the questionnaire for the indicator 1.2. Again, the sample excluded “Individuālie komersanti” and “füüsilisest isikust ettevõtjad”; retail, wholesale, real estate or insurance businesses.

Other considerations

Gathered data revealed several other issues important to consider in the programme management that did not directly fit under the specific EQs. The following discussion primarily forms a link with EQ 3 that was set for SO 1.1 – **how should the programme adapt** – and takes it further by considering priority 1. The following discussion covers the strengths and weaknesses of the programme according to priority 1 project partners, opens up a discussion on what type of support entrepreneurs require, and presents some recommendations provided by the interviewees in going forward with the programme.

Strengths of the programme for private businesses and for supporting entrepreneurship

Interviewees were asked to reflect on the strengths and weaknesses of the programme. A compiled list of strengths and weaknesses can be seen in Table 3.10.

Table 3.10: Strengths and weaknesses of the programme as according to SO 1.1 and SO 1.2 project partner interviewees

Strengths	Weaknesses
User-friendly website	High own contribution
Smooth participation process – professional consultants at JS, individual approach	Unclear <i>de minimis</i> regulations
Systemic approach	Rigid programme
Easy financial reporting	Reporting system – extremely detailed, complicated, duplicative forms need to be filled in
eMS is logical and convenient	eMS not user friendly nor intuitive
Clear guideline documents on the website	Procurement laws are different in Estonia and Latvia which complicates things for the project manager
Pre-payments	Project closure administrative work has limited funding in case the process drags on for months
Low own contribution	Complicated 3-level system of audit and financial control
Eligible marketing activities	Long period of reimbursements
Eligible labour costs	Financial control bodies and JS are not consistent in interpreting application of programme rules
Easy application process	Essence of the indicators was hard to grasp
Pre-submission phase support from the JS	Programme should be more active and clear in informing about latest amendments and updates in programme provisions
The very idea of fostering cooperation between Estonia and Latvia	
Diversity of projects	
Face-to-face seminars	
Clear application procedure	

Source: Authors own, based on interview data, 2020

Similar sentiments towards the programme strengths and weaknesses are also visible in the project's final reports. Cooperation with programme authorities and the encouragement of cooperation between the two

countries are the strong points. The negative aspects are related to over-regulation, detailed reporting, long periods between payments and long processing of reports. Like the interviews, the views on the convenience of the eMS system were divided in the final reports.

Considering how the programme had taken a strong focus on supporting entrepreneurship in this programming period and that there had initially been worries whether companies will apply for the programme, it is especially worthwhile to pay attention to strengths of the programme mentioned by SO 1.1 and SO 1.2 project partners.

Some SO 1.2 project partner interviewees mentioned that it was **positive that the programme allows to cover salaries or employment costs and does not necessarily require procurement of services from a third party**. One interviewee was especially grateful for the possibility of **covering marketing costs**. In their experience, it is rare for funding programmes to do so. Furthermore, the opportunity to **receive pre-payments** was mentioned by multiple project partners as a strength of the programme:

“One thing that is very positive is that once you have received the first payment then you are allowed to apply up to 50% pre-payment. This is super important for small companies. Otherwise your floating assets are stuck.” – Project partner

All these are important insights for the programme when it seeks to attract entrepreneurs. The Estonia-Latvia Programme is just one of many measures available for private companies – bank loans, risk capital, business accelerators, other national and EU level grant schemes such as the EIC Accelerator or Enterprise Estonia measures.

Complicated bureaucracy was mentioned by many SO 1.1 and SO 1.2 partners **as the weakness of the programme** and most recommendations to the programme were related to simplifying the system. Perhaps most alarming was that some interviewees said that they would not want to go through the process again despite considering their project a success. For an interviewee from SO 1.2, the deterring elements were the complicated communication and reporting system which was time consuming and different from their regular day-to-day business. The general feeling from the project, as well as some programme authority interviews, was that SMEs often require the help of professional consultants to participate in the Estonia-Latvia programme:

“I think in order for an average company to participate or lead an Est-Lat project they need to be quite large to have the resources to deal with the project. You need at least one or more full-time people.” – Project partner

The alien nature of such measures for SMEs was also exemplified by a SO 1.2 interviewee when asked if and how the programme could better prepare companies for cross border cooperation. They did not find any additional events necessary but had the following to say about the information day workshop:

“Everything that would help to lessen and simplify the bureaucracy is welcome. Companies can manage everything that concerns the actual cooperation excellently as both have their own interests and motivation for the cooperation to work. No extra help is needed there. Sure enough, it is the bureaucracy that is a burden. The programme manuals are also quite long, and you must read through it all and understand it. /--/ In itself I find it absurd that a funding scheme can be so complicated that you have spend eight hours explaining to people how not to break the rules. That was the entire content, examples on how and where somebody had made a mistake. /--/ The feeling is that you will in any case lose or be guilty.” – Project partner

However, while business support organizations tend to be more experienced in running projects, many SO 1.1 project partners emphasized the rigidity of the programme as a weakness. The interviewees felt that instead of doing the best things for the target group, thinking economically, and achieving relevant results, the programme was more interested in procedures. However, during the implementation phase improved ways may become available to achieve project results.

“The Programme requires that all activities are carried out exactly as planned from the beginning. We would recommend the programme to be more open that changes always occur during the implementation process. Sometimes, we see alternatives to do some activities better, more meaningful than originally planned, but it takes a big effort and time to process such amendments with the programme, even if the budget amendments are minor.” - Project partner

One interviewee explained that the overall framework and reporting system of the Estonia-Latvia programme is not bad, but the way it is being implemented is excessive, and to get a report accepted they had to submit it “four or five times” and each time received “20 clarifying questions”. While in this case it is impossible for the evaluation team to find out whether the issue was the programme regulation that demands such rigorous control, a nit-picking project officer from the JS or an incompetent project manager (albeit they were experienced in other programmes), it does illustrate how a project partner rather negatively perceives the bureaucracy of the programme.

It was also mentioned by several interviewees that financial control bodies are not consistent in interpreting application of programme rules and that in some cases the national financial control body and JS had different opinions about application of programme rules. Similar issues of inconsistency and transparency were voiced by SO 3.1 and SO 4.1 interviewees (see respective sub-sections).

Therefore, besides keeping the positive elements of the programme that have attracted private companies and business support organizations thus far, **the programme needs to be careful not to put too much administrative and bureaucratic burden on the applicants and project partners in order to remain attractive for them.**

Relevance of the programme activities

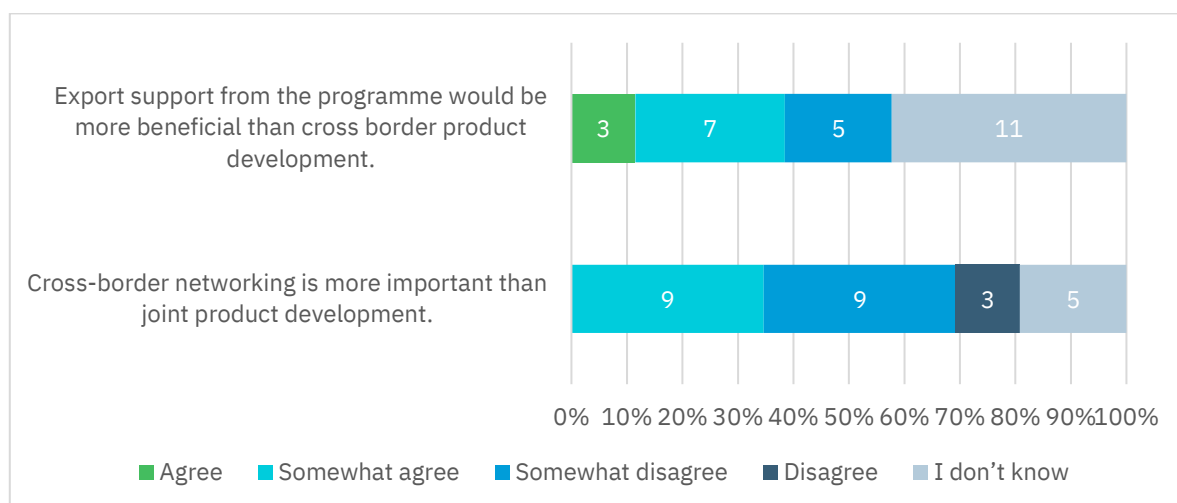
While the discussion around EQ 4 reached the conclusion that product development has been beneficial for the companies involved in the programme, it still remains a question if this is the best way to stimulate an active and attractive business environment in the programme area.

Two statements were added to the survey for SO 1.2 respondents to assess the relevance of a financial measure that supports product development (Figure 3.6). These statements were meant to validate information from some of the earlier interviews of this evaluation. As can be seen in Figure 3.6 the respondents’ opinions are varied. Cross-border networking is seen as slightly less relevant than product development which corresponds to SO 1.2 main objective. One survey respondent also used the opportunity to specify their response and wrote the following:

“/--/ Networking can sometimes be more important than product development, but it cannot be said that product / service development is inherently less important...” – Survey respondent

Regarding export there are more of those who agree or somewhat agree than those who disagree or somewhat disagree, but it is also a statement with a large share of „I don’t know“ responses.

Figure 3.6: To what extent do you agree with the statements below about the impact of the Estonia-Latvia Programme? (N=26)



Source: Authors own, based on survey data, 2020

Input was also collected via interviews on the project and programme authority level. SO 1.2 interviewees were asked about what type of support they or companies in their sector require as well as what type of support measures are needed to enhance entrepreneurial cross-border cooperation between Estonia and Latvia. Expert opinion on this were also collected from SO 1.1 project partners, as they work closely with companies on a regular basis, and from selected programme authority representatives.

The opinions were mixed. There were both proponents for product development projects as well as for networking projects. The following two quotes from SO 1.2 project partners are good examples of the first sentiment.

“I think that specifically supporting product development is most beneficial for companies in our sector. /--/ My recommendation is that such overall warming of relations between neighbouring regions companies and people should be continued. You could even say provoked.” – Project partner

“The system works quite well. It forces us, although a little artificially. At first, it's like a school dance where boys are in one corner and girls in the other. You have to bring them together artificially. But once you've done that, things will take their own course. Maybe that's the case here. /--/ If this [cross-border cooperation] is an objective in itself, then this instrument is quite good because the incentive to cooperate is very strong. I think trainings or networking events are complete rubbish.” – Project partner

Product development support was seen then as an attractive and beneficial financial stimulus to cooperate across the border. Something that is more practical and with tangible results and potentially long-lasting if partners will put the product on the market. Supportive attitude can also be found from final reports.

“After the /--/ project, we can confirm that the support from Est-Lat-type of initiatives does enable successful cross-border collaboration and pave the way for similar self-sustaining partnerships in the future.” – Final report

However, there were also those, who were sceptical in the product development direction and thought that networking and soft support, i.e. “simpler things”, should be the focus. One SO 1.1 interviewee thought that writing and running international projects is already difficult, let alone joint product development. In their

experience it is not the type of support companies want. That scepticism was also voiced on the programme level:

“There are much more important basic things that need to be clarified first. Product development is of course necessary, no argument there. But it’s usually done in the second stage. First, one [company] sells to the other. /--/ Cooperation starts from these things. Product development is reached god knows when and most companies don’t do it anyways. That’s on a whole different level. What holds [companies] back today is a certain fear of different understandings and regulations.” – Programme authority

While the last sentence is supportive of SO 1.1 type of activities it also indicates that the programme should not be overly ambitious with their expectations for SO 1.2 projects wider impact but **should consider each jointly developed product already as a success for the region and companies**. Even if the impact does not manifest on the RI 1.2 measured on the entire region it does not mean that the programme is not doing impactful things for the businesses involved, which have a great potential to bring about long-term benefits to the region as well.

Based on the data collected during this evaluation, especially the survey data, **both SO 1.1 and 1.2 should still be continued**. The projects speak for themselves. There are successful examples from both cases. Despite the sceptics, the programme has managed to bring together SMEs from both countries who in the framework of the project have been able to develop a new product as well as already set up real cooperation for jointly producing other things. Most interviewees indicated they would not have reached to this point without the programme support. The programme has also been important in building networks and knowledge with its SO 1.1-type of projects. The scope of beneficiaries and target groups are also very different among SO 1.1 and SO 1.2 projects. Therefore, **there is a need for more general projects having wider set of target groups as financed under SO 1.1 in order to build the foundation for cooperation and to remove fears for cooperation, but then also SO 1.2 type of projects are needed to get more tangible and durable results**.

Putting that debate aside, the interviewees also provided a **plethora of ideas on what type of support would be useful** and how a beneficial support measure could look like. Some partners mentioned activities that they would also like to be eligible under the current system: activities that help to find clients, to prototype, experiment, and test or to commercialize scientific research results. Additional support for marketing and design were also mentioned, especially for bringing a product to the market, e.g. branding, packaging, and website development. Another was convinced that investments are the key, and the funding should be put to investments that enable to produce more efficiently and to use new technologies for producing new products. However, several of these issues are mainly addressed by national level ERDF and other funding²² and may not be relevant for addressing in such a cross-border programme.

Some ideas proposed by SO 1.2 project partners sounded like potential SO 1.1. projects. For example, cross-sectoral networking events, where scientists meet entrepreneurs, clients, producers, and distributors of raw materials to foster a co-operation. Or, facilitation of dialogue between the ICT and other sectors to spread

²² E.g. services and support measures through Enterprise Estonia

information on the potential of digitalization. It is therefore encouraged for the programme to continue facilitating interaction between projects under the same priority area²³.

Another idea mentioned by two interviewees was that there should be different support-schemes for companies in different stages of development. And then there were a few more general ideas, such as soft loans or state sureties, albeit these go beyond the scope of the programme tools.

A useful source for future project ideas is also the Interreg Europe Policy Learning Platform and its Good Practice database where there are hundreds of examples of how entrepreneurship and regional competitiveness are supported in other EU regions²⁴.

Recommendations

The most common recommendation voiced by both the SO 1.1 and SO 1.2 interviewees was **to simplify the bureaucracy of the programme**. In the words of one interviewee, the system should become more „humane“.

Reflecting to what was said under EQ 1 regarding keeping track on the long-term results of projects, a very concrete recommendation to the JS was provided by one of the interviewees. The project partner thought that the JS should go a bit further back in time with its impact evaluation and look at the projects that were funded in the previous programming period as the ex-post evaluation was conducted too close to the finalization of the projects. To their knowledge some of the things initiated in earlier projects have reached a higher level by now.

Another concrete recommendation was to provide Estonian and Latvian guidelines for eMS. For example, in the format of pop-up windows near specific fields so that complicated English financial terms would be conveniently understandable for project partners.

One interviewee suggested that the programme requirement that the amount of the project grant must correspond to 50% of the annual turnover of the company should be removed if the programme strives to involve small and micro-enterprises. The third and fourth calls for projects added a restriction where the ERDF support for an SME can be maximum 50% of the SME's last annual turnover. The project partner had been promoting the programme to other potential applicants as a good opportunity for product development, but eventually they could no longer apply as they did not meet the new requirements. As product development is an expensive process the current link between maximum ERDF support and last year's turnover can make the programme inaccessible for some smaller companies.

Based on the projects' data **it is recommended to encourage projects with large target audiences to collect some feedback from their target groups on their own**. Some SO 1.1 projects have already conducted their own assessments on the results of the projects. This is a good practice that should be used more by projects. A simple feedback collection on the main benefits of the project activities can give insight to both the project

²³ According to the Annual Implementation Report 2018 the lead partner of the SO 1.2 project "Organic Candy" had presented their project and product development activities at a business forum organized in the framework of SO 1.1 project "DELBI 2".

²⁴ Interreg Europe Policy Learning Platform Good practice database: <https://www.interregeurope.eu/policylearning/good-practices/>. In addition to the Good Practices it is recommended to look at the policy briefs and webinars that focus thematically on specific support mechanisms or sectors: <https://www.interregeurope.eu/policylearning/knowledge-hub/>

partners as well as the programme. For example, one project was able to describe their results in the final report based on their own survey:

“Survey conducted at the beginning of the project showed that only 27% respondents had experience in cross-border cooperation. Survey conducted at the end of the project showed that in Estonia 50% of the respondents have found contacts or started cooperation with Latvian businesses and in Latvia 69% of the respondents have found contacts or started cooperation with Estonian businesses. So, it is evident that the project has certainly enlivened cross-border business activity and close business relations in target areas.” – Final report

To encourage projects to do this in the future, **the programme could modify its evaluation criteria to give more points to projects that intend to collect such feedback.** At the same time, it is not advisable to make it mandatory across all SO-s, as projects deal with third party target groups in varying extent. Currently such feedback collection would make more sense for SO 1.1 type of projects than SO 1.2 projects. Feedback collection of this sort is also beneficial as it can bring to light other achievements that are not captured by the output and result indicators on the project and programme level.

Priority 2 - Clean and valued living environment

This chapter focuses on the progress and results of the projects funded under priority 2 of the programme. Priority 2 and its two specific objectives 2.1 and 2.2 support projects in the fields of tourism, water management and environmental awareness. Under this priority, **19 projects have been funded with a total of 13.55 MEUR committed** (as of August 2020).

Key findings

Overall, priority 2 is consistently achieving its desired effect and projects have delivered or are on track to deliver the promised results. For **SO 2.1**, the target for the number of improved natural and cultural heritage sites has been met and exceeded, and visitors to these sites are also on the increase due to the improved tourist offer, and the amenities and services available at the sites. It is likely, however, that the COVID-19 pandemic will have a negative influence on the visitor numbers.

In the environmental track of **SO 2.2**, the project partners have organized and continue organizing public campaigns targeted at raising people’s environmental awareness with many projects delivering impactful and long-term results. Although it can be argued that measuring people’s awareness is very difficult to begin with and using self-reported data may not be the most reliable method of doing that, most project partners feel that their work has had a positive impact on the region.

In the water management track, the cooperation intensity of water management organizations is on the rise and small-scale investments have already exceeded the target value. The projects have had a positive impact on the participating organizations and although the projects have been mostly driven by a practical need to meet EU targets and other strategic goals, the funding provided an opportunity to not only meet those goals but to also build contact networks, exchange learnings and engage a wider public.

Fostering cross-border cooperation has been beneficial for both SO 2.1 and 2.2 projects and entails various benefits from mutual learning to exchanging ideas. Programme funding was instrumental in developing

the projects to their current scale, as many surveyed and interviewed project partners conceded that they would not have had the resources to achieve these results on their own.

The main criticisms of the programme related to the administrative side. The strengths of the programme were unanimously considered to be an orientation towards (cross-border) cooperation and experienced and open programme authorities. Most interviewees expressed the hope that there will be other similar funding opportunities in the future.

SO 2.1 More diversified and sustainable use of natural and cultural heritage

According to the Estonia-Latvia programme document (amended in 2018, approved by the EC on 12.12.2018), specific objectives corresponding to the investment priority and expected results are shown in Table 3.11.

The programme expected to receive projects that include a large network of partners and that target a large geographic area, thereby having a strong direct and indirect impact on tourism products improved and developed, and strengthening cross-border cooperation between Estonian and Latvian entities.

Table 3.11: Overview of SO 2.1

Title of the specific objective	
Results that the Member States seek to achieve with Union support	This specific objective aims at promoting values and supporting the intelligent use of natural resources and tangible and intangible cultural heritage, including their potential for tourism and recreational activities. The balance between preserving and developing existing heritage, including maritime heritage, is a key component in creating advanced services and activities, which help to increase their visibility for visitors and raise the common identity and value of local communities. As a result, improved sites, services, and diversified activities that are related to natural or cultural heritage increase the visibility of regions and facilitate the better use of local resources for the benefit of communities. The experience in preserving common heritage and its intelligent application and promotion, grows stronger under cross-border cooperation, allowing the legacy of Estonian and Latvian shared history to be sustained, including the shared nature, coastline, and culture.
Expected result	Cultural and natural heritage is preserved and adapted to attract visitors and benefit local communities.

Source: Authors own, information as presented in the programme document, 2020

The **result indicator** on the programme level for this specific objective is the number of visitors to natural and cultural heritage sites, which is determined by counting the yearly visits to the same 187 sites in Estonia and Latvia as in previous years. The output indicators focus on improving the natural or cultural heritage sites and the products or services connected to them and strengthening the cross-border networks which help to manage and promote them.

Table 3.12: Programme result and output indicators for specific objective 2.1

RESULT INDICATOR	Baseline	2014/2015	Result 2018	Target 2023
2.1 Visitors to the natural and cultural heritage sites	3 103 576		3 729 721	3 786 000

OUTPUT INDICATOR	Baseline	2014/2015	Output 2020	Target 2023
Improved natural or cultural heritage sites	N/A		52	35
(Sets of) products or services that are created based on cultural or natural heritage	N/A		3	7
Cross-border networks that are established or which are strengthened in order to manage and promote the sites	N/A		4	7

Source: Authors own, based on <https://estlat.eu/en/about-estlat/evaluation-and-surveys> and data received from the JS in “Programme Output indicators by SOs”, 2020

As evident, the output indicator for “improved natural or cultural heritage sites” has been exceeded already this year. The other two indicators are both on track towards meeting their targets as well, which is evidence of successful and impactful projects. However, it should be noted that the result indicator “visitors to natural and cultural heritage sites”, which was seemingly already almost reached by 2017, is fluctuating with every year, partly due to data availability and the touristic and economic circumstances of the area. For example, in 2019 the combined total number of visitors to Estonian and Latvian natural and cultural heritage sites was less than in 2017: 2 928 276 visitors (see EQ 10 for more details).

It is also likely that the COVID-19 pandemic will have a strong impact on the visitation rates of the sites in 2020 and 2021. The survey also supports this: out of all SO 2.1 projects surveyed, the majority (22 respondents) indicated that the pandemic has had an effect either on their project activities or later plans which is likely to either directly or indirectly also impact the sites in question (see Annex 13 and 14).

The following sub-sections will address the EQs set for SO 2.1 in the framework of this evaluation.

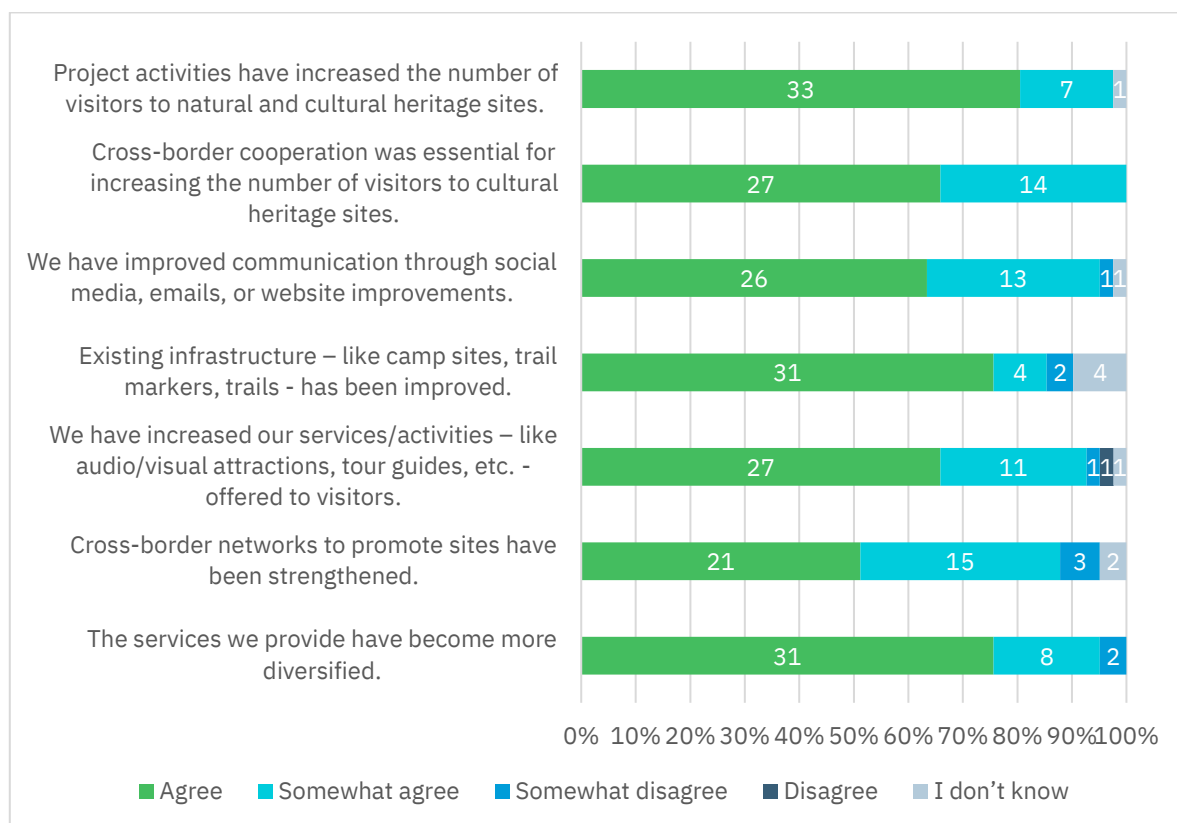
EQ 8. What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the programme under this SO? What were the benefits and impact of the interventions?

As evident from Table 3.12, the greatest overachievement in terms of output indicators has been in improving natural or cultural heritage sites: the target for 2023 has been reached and exceeded in 2020, which indicates a large-scale positive change in the programme area. This overachievement can be explained by several factors. Firstly, this specific objective is also highlighted by a programme authority as being the most successful and popular SO, which consistently brings smart and unique projects and helps increase the visibility of the programme. As such, it is not surprising that increased competition within the SO allows only the strongest and most impactful projects to receive funding, which in turn contributes to the overachieving of goals. Secondly, most projects involved engage large consortiums and other local and cross-border networks, which ensures a wide impact in terms of sites affected and the area targeted. For example, in the “Livonian Culinary Routes” project, one of the key outcomes was the web portal with an interactive map of local food producers in the historical Livonia area – as of date, 249 companies from both countries have joined the network and are featured in and have become members of the Flavours of Livonia network.

The improvements to natural and cultural heritage sites and the increased capacity of project partners and affiliated organizations make up the key benefits of the interventions (Figure 3.7). As most of the projects focused on **improving existing natural and cultural heritage sites**, most commonly through improving the

infrastructure on-site (e.g. improved accessibility of trails, trail markers), increasing the visibility of the site (e.g. guidebooks, webpages, route maps, information available in several languages) and providing an educational aspect (e.g. information stands or online resources on local nature and history), **the affected sites have become more attractive and visitor-friendly**. The surveyed project partners also confirm this with 76% agreeing that existing infrastructure like camp sites, trail markers and trails have been improved. 10% of respondents somewhat agree with this statement and only 5% somewhat disagree.

Figure 3.7: To what extent do you agree with the statements below? (N=41)



Source: Authors own, based on survey data, 2020

The programme also helped **increase the capacity of consortia to set goals and plan strategically**, both within their organization and on the local level:

“We gained confidence to act as LP for other projects. /--/ We have improved our image by being a part of this valuable project, strengthened our capacity.” – Project partner

It was also mentioned that participating in an international project helped evaluate and revise their own organization and procedures, and offered valuable lessons going forward.

Many project partners also mentioned their **improved communication and marketing skills** which were developed during the project, either through trainings or simply by learning from each other. 63% of respondents “agreed” and 32% “somewhat agreed” that they have improved communication through social media, emails, or website improvements.

As most 2.1 projects also **broadened, improved, and built local networks** of various tourist and regional organizations, service providers and local producers, then several project representatives mentioned the positive impact it had on these organizations as well:

“Thanks to the study visits /--/ where we had at least ten local entrepreneurs join us every time, [the local entrepreneurs] now know how to, so to say, package their culture. /--/ During the project lifetime, these entrepreneurs have definitely made changes and improvements to their services.” – Project partner

In addition to local networks, the **cross-border networks** that were created and improved in the projects also played an important role in bringing positive change to the programme area by promoting the interventions and outcomes of the projects – 88% of respondents agree or somewhat agree that these networks have been strengthened due to their project. The importance of cross-border and/or international cooperation is further praised by survey respondents: all agree that cross-border cooperation was essential to achieve their strategic goals and many consortia have continued their cooperation in other or follow-up projects. This further supports the need for such cross-border programmes which clearly have an added value for the area (see also Chapter 4 Added value section).

However, it should be noted that, **overall, Latvian survey respondents express stronger levels of agreement with statements about the positive impact of the programme** and seem to be more likely to select the “agree” option, whereas Estonian respondents seem to prefer “somewhat agree” in case of some statements (Annex 6). This is most notable with the statement “cross-border cooperation was essential for increasing the number of visitors to cultural heritage sites” with which 76% LV respondents agree and 24% somewhat agree. When compared to EE respondents, 55% agree and 45% somewhat agree. Other two statements that similarly stand out are “we have increased our services/activities – like audio/visual attractions, tour guides, etc. - offered to visitors” and “the services we provide have become more diversified”. The reasons for this are unknown and when reviewing other data sources such as interviews, no such discrepancies emerged or were noted by interviewees.

It is also important to note that although the programme area does not cover the entirety of the two countries, **the positive impact spread beyond the programme area** as well through study trips, joint campaigns, and various other activities. For example, constructing trails in the programme area that connect to existing trails and infrastructure outside the area, thus having an overall positive effect on the entire region. Although in most projects it is still too early to gauge the overall effect of the interventions, positive changes are already present and evident: local natural and cultural heritage sites have been improved and become more attractive, and local and cross-border networks have been expanded and strengthened.

EQ 9. What is the evidence that the use of natural and cultural heritage sites has become more diversified?

Many of the natural and cultural heritage sites that were the focus of SO 2.1 projects were formerly either unknown or overlooked, derelict or in disrepair, or needing thorough improvements or reconceptualization. As such, the focus of many of the funded projects was to **improve, revitalize and develop these sites**, thus diversifying the services and means of recreation they offer, with many projects delivering remarkable results, such as the “Green Railway” project, which improved 38 sites during the project lifetime. These improvements, both for the “Green Railway” and other similar projects, usually include improved infrastructure, e.g. trail markers, constructing bridges or passageways, creating resting areas, parking lots for bicycles and cars, etc., and better informational materials, e.g. new and improved websites, social media marketing, multi-language information available both online and on paper, informational stands, etc. In the

survey, 66% of respondents agree and 27% somewhat agree that they have “increased our services/activities – like audio/visual attractions, tour guides, etc. – offered to visitors”.

Another important aspect of diversification is exploring ways of **promoting not only the single site but the larger area** as a whole:

“Before, the coastline was not used in tourism as a hiking destination. Mostly people would stay at one point – sunbathing, swimming, maybe going for a boat ride. The project has now highlighted this whole area as a united destination.” – Project partner

By promoting the entire area, the tourism offer for visitors is more diverse in terms of sights and activities. In a few cases, the increased flow of visitors has also given rise to new services on some sites, e.g. a local public authority has installed restrooms and maintains them at their own cost, or a local society has been receiving more donations due to the rise in visitor numbers and is now able to invest further resources in additional repairs or restorations on the site. All in all, 76% of survey respondents agree and 20% somewhat agree that the services they provide have become more diversified.

The third aspect of diversification is **acknowledging local natural and cultural heritage as something to be preserved and valued**. Several interviewees mentioned that before their project, the locals were not only unsure how to “package” their heritage as a touristic product but were also hesitant whether their heritage is special or noteworthy at all. As such, many projects instilled confidence and pride in their traditions and methods in many local producers and service providers, e.g. modern restaurants that started serving re-interpretations of historical dishes, local bread makers who recognized that their old recipes are different and valuable, and private gardens that have understood and capitalized on their touristic appeal. This type of re-education contributes to the diversification of the programme area by enabling local producers and service providers to promote and offer their products and services, thereby increasing the appeal of the area.

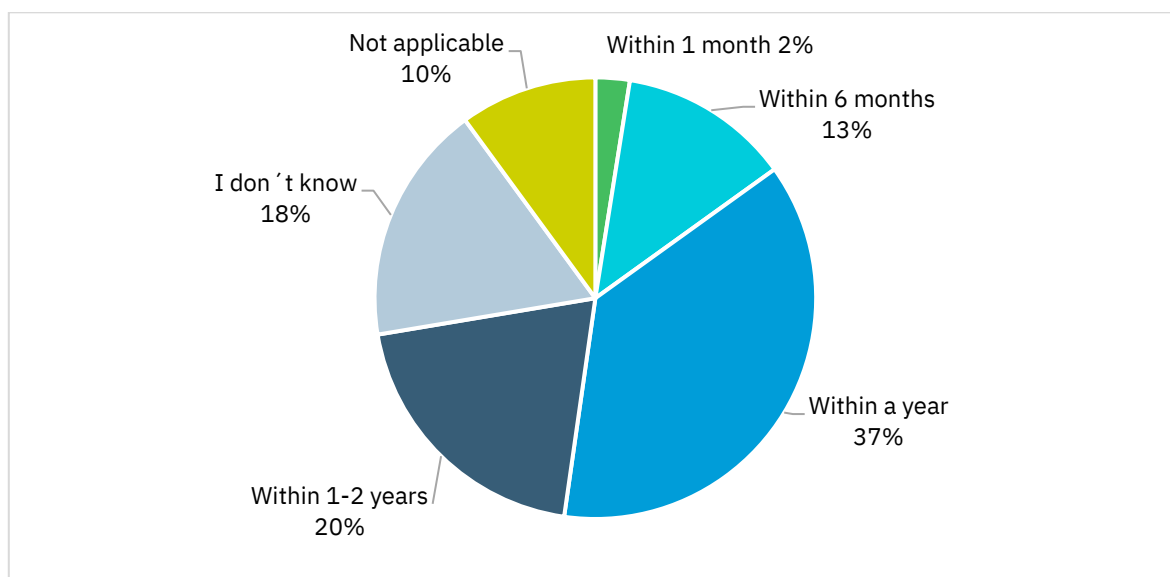
EQ 10. To what extent have the interventions of the Estonia-Latvia Programme influenced the increase in numbers of visitors to the tourism sites listed for assessing the fulfilment of the RI under this SO.

According to the survey, 80% of respondents agreed and 17% somewhat agreed with the statement that **project activities have increased the number of visitors** to natural and cultural heritage sites (Figure 3.7). In the survey, a slightly smaller proportion of respondents (73%) reported an increase in visitors, most commonly within the first year of their project (37%). However, some respondents felt unsure with 18% stating that they do not know and 10% rating the question as not applicable (Figure 3.8).

The fairly large proportion of “I don’t know” answers can be explained by several factors. Firstly, by a **lack of data**: several interviewees stated and official visitation statistics that the programme gathers²⁵ show that some sites either do not count visitors or do not publish that information. One interviewee stated that gauging even the baseline is also difficult as visitation numbers are not only affected by project interventions, but a variety of other factors and events which are virtually impossible to track.

²⁵ Data received from JS on 21.05.20 in “Visits to ee and lv cultural and natural heritage sites 2018”
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Figure 3.8: How soon after the start of your project did you start seeing an increase in visitors?



Source: Authors own, based on survey data, 2020

Secondly, as **many projects are still ongoing** or have concluded very recently, it may be difficult to draw meaningful conclusions in terms of visitors yet. Thirdly, **the COVID-19 pandemic** (see more in Chapter 4) may also have had a negative impact on the visitation numbers since it had a significant effect on local businesses:

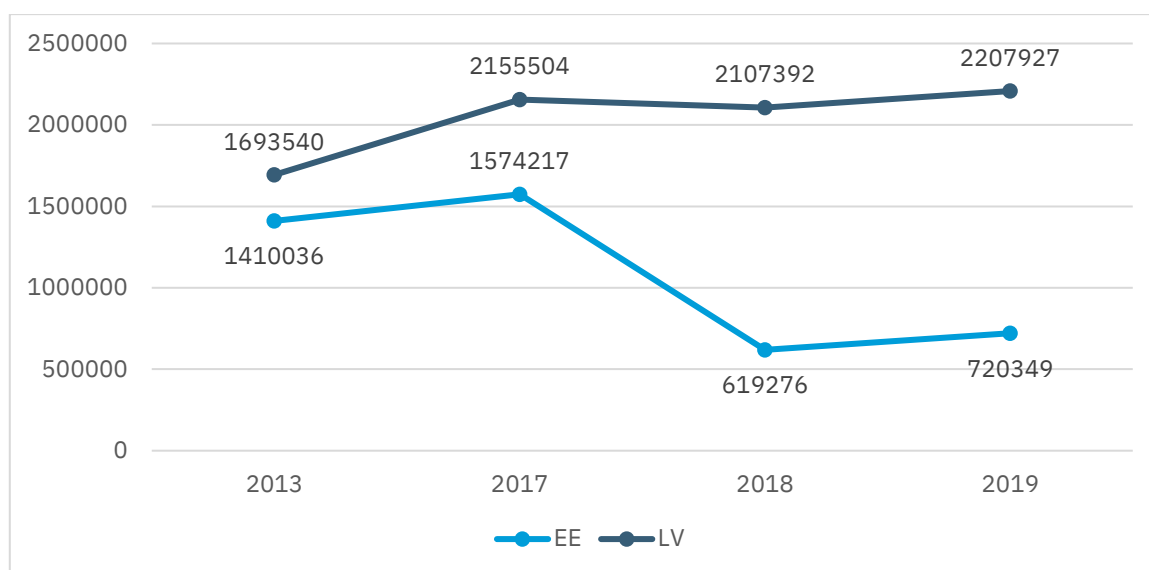
“The timing of the end of the project was during a very bad time, this spring. I can say that in our immediate area, no food establishment closed their doors, but I know that in Tartu county, one or two /--/ did.” – Project partner

However, crisis aside and when given enough time, all interviewed projects that concluded in 2019 and even one that concluded this spring, report unanimously that there has been a **marked increase in visitor numbers** with one project even exceeding their initial goal more than two-fold – instead of the expected growth of 130,000 visitors, the increase was 300,000. Another project reported a “significant” increase and another mentioned that there have been more domestic and foreign visitors than before, although no precise data is available. The projects that have not yet witnessed an increase or do not have the data available, also expressed a belief that the numbers will rise with time thanks to the opportunities created in the project. For example, one project partner referred to new services being created at the sites, which is in itself a marker of an increased flow of visitors, and another highlighted their newly created cooperation with local, cross-border and oversea travel agencies which is bound to raise visitor numbers in the future.

When looking at the official visitation statistics that the programme gathers (Figure 3.9) it is evident that **number of visitors has been growing overall** with Latvian sites showing a marked increase since 2013. The significant drop in 2018 for Estonian sites can be explained by the fact that 23 sites for which data was available in 2013 and 2017, do not have data available for 2018 and 2019. In 2017, these 23 Estonian sites – not included in 2018-2019 - reported roughly 900,000 visitors, which is also the approximate difference between 2017 and 2018 and thus helps explain the sudden decrease. This aside, there is still a slight increase in the Estonian site numbers from 2018 to 2019, similarly to Latvian sites, which is further confirmed by the survey where strong agreement was expressed with the statement “project activities have increased the number of visitors to natural and cultural heritage sites” in both countries: in case of Estonian respondents (N=20), 13 agreed and

six somewhat agreed with the statement; in case of Latvia (N=21), 20 agreed and only one person somewhat agreed.

Figure 3.9: Visits to Estonian and Latvian natural and cultural heritage sites.



Source: Authors own, based on data received from the JS, 2020

Other considerations

Most organizations **decided to apply for Estonia-Latvia funding** because the programme allowed the applicants to take a creative approach to tourism and combine it with other ideas (e.g. food, gardening, history), which were important to the project partners. Another driver was the opportunity to make long-term large-scale investments in both countries, which constitute very important developments in the entire region. Many interviewees also mentioned the opportunity for self-development both as individuals and as an organization, mutual learning, and expanding their cooperation networks. Many projects partners felt that due to the historical, cultural, and geographical proximity of the two countries, this type of programme “makes sense” and provides much needed encouragement to find cross-border partners.

Without the programme, about half of the interviewed projects would not have taken place and the other half would have been achieved on a much smaller scale (e.g. only single activities would have been done) or in a much longer time period (e.g. instead of a few years, it would take ten years). In any case, virtually all partners concede that the same result would not have been achieved and cross-border partners would not have been sought. This is also reflected and confirmed in the survey results (see also Annex 31).

In terms of **other funding sources**, the interviewees were knowledgeable about other Interreg programs (Central Baltic, Baltic Sea Region) but virtually all thought that their projects would not have fit in those funding schemes and that they are very different in their conditions, scope and possibilities.

Weaknesses and strengths of the programme

There were many strengths and weaknesses mentioned, although interviewees sometimes had different ideas whether something is one or the other. These are indicated in parallel rows in the following Table 3.13. All in all, there were more strengths than weaknesses mentioned.

Table 3.13: Strengths and weaknesses of the programme according to SO 2.1 project partners interviewees

Strengths	Weaknesses
Orientation for (cross-border) cooperation	Limited programme area
Experienced, qualified, open, responsive programme authorities	Too many different types of authorities
Balance between investments and 'soft' activities	Not enough face-to-face communication with programme authorities
The networking and training events that the programme offers	Bureaucracy and audits
eMs	eMs
Easy to understand programme rules	Financial flow
Flexibility to make changes	The procedure to make changes is difficult
Possibility for self-development – participation in the project is motivational for partners	Differences in the standards of financial control in both countries
Based on Western values	Indicators have been developed with little input from experts in the field

Source: Authors own, based on interview data, 2020

Recommendations

All interviewees expressed the hope that the programme continues and many stated that they already have ideas that they would like to realize with the help of the programme. One interviewee mentioned that private entities should be encouraged to participate more and another recommended doubling the maximum budget for one project as this would allow to realize even larger and more impactful projects.

SO 2.2 Increased awareness of energy-saving, sorting waste and re-use, and the more efficient management of common water resources

According to the Estonia-Latvia programme document (amended in 2018, approved by the EC on 12.12.2018), specific objectives corresponding to the investment priority and expected results are shown in Table 3.14.

Table 3.14: Overview of SO 2.2

Title of the specific objective	Increased awareness of energy saving, sorting waste and re-use, and the more efficient management of common water resources
Results that the Member States seek to achieve with Union support	This objective targets the challenges and opportunities that are related to the efficient use of resources and sustainable daily behaviour. Promoting solutions for energy saving, sorting waste and re-use, and improved cooperation in joint water resource management are subjects to be achieved under this specific objective. Public awareness of efficient resource managing still needs to be raised, since there is a lack of good practice, insufficient support, and information. A wider use of existing technologies or the implementation of new technologies is supported under this specific objective.

	The results are reflected in the share of respondents in the programme area who are aware of environmentally friendlier and more considerate methods of energy and resource consumption and who can cooperate in the joint management of shared resources. Common water resources, especially in the coastal area, are well managed.
Expected result	The everyday behaviour of inhabitants has become more considerate towards resource efficiency. The management of common water resources has improved.

Source: Authors own, information as presented in the programme document, 2020

The programme has two so-called tracks and as such, also two distinct broad goals: increasing the awareness and changing people’s habits to become more environmentally friendly in terms of energy saving, waste sorting and re-use; and increasing cooperation intensity between institutions that are involved in the management of common water bodies and coastal areas.

The **result indicators** on the programme level for this specific objective are the awareness of people in terms of resource efficiency and the cooperation intensity between water management institutions. As evident in Table 3.15, the result indicator 2.2.1 has been achieved already in 2018 and indicator 2.2.2 was close to being achieved. All output indicators, except “joint management initiatives for water or coastal areas”, have also been met or almost met already in 2020 with the project event participant OI exceeding expectations many times over.

Table 3.15: Programme result and output indicators for specific objective 2.2

RESULT INDICATOR	Baseline	2014/2015	Result 2018	Target 2023
2.2.1 Awareness of people about resource efficiency with a focus on waste and energy saving	43%		53%	53%
2.2.2 Cooperation intensity between institutions on management of water bodies and coastal areas	36%		46%	59%
OUTPUT INDICATOR	Baseline	2014/2015	Output 2020	Target 2023
Participants at project events, except management meetings	N/A		10 189	450
Public campaigns that are targeted at environmentally-friendlier behaviour	N/A		5	6
Joint management initiatives for water or coastal areas	N/A		2	5
Small scale investments	N/A		42	40

Source: Authors own, based on <https://estlat.eu/en/about-estlat/evaluation-and-surveys> and data received from the JS in “Programme Output indicators by SOs”, 2020

In terms of the unmet indicator, two projects have officially concluded, which means that two joint management initiatives have been created. The two remaining water management projects finished their activities this year and are preparing their final reports. The interviewees from both projects expressed confidence in having achieved their planned results, which means that doubling the current OI by the end of the year is likely. This is further supported by the survey where eight out of 11 respondents agreed or

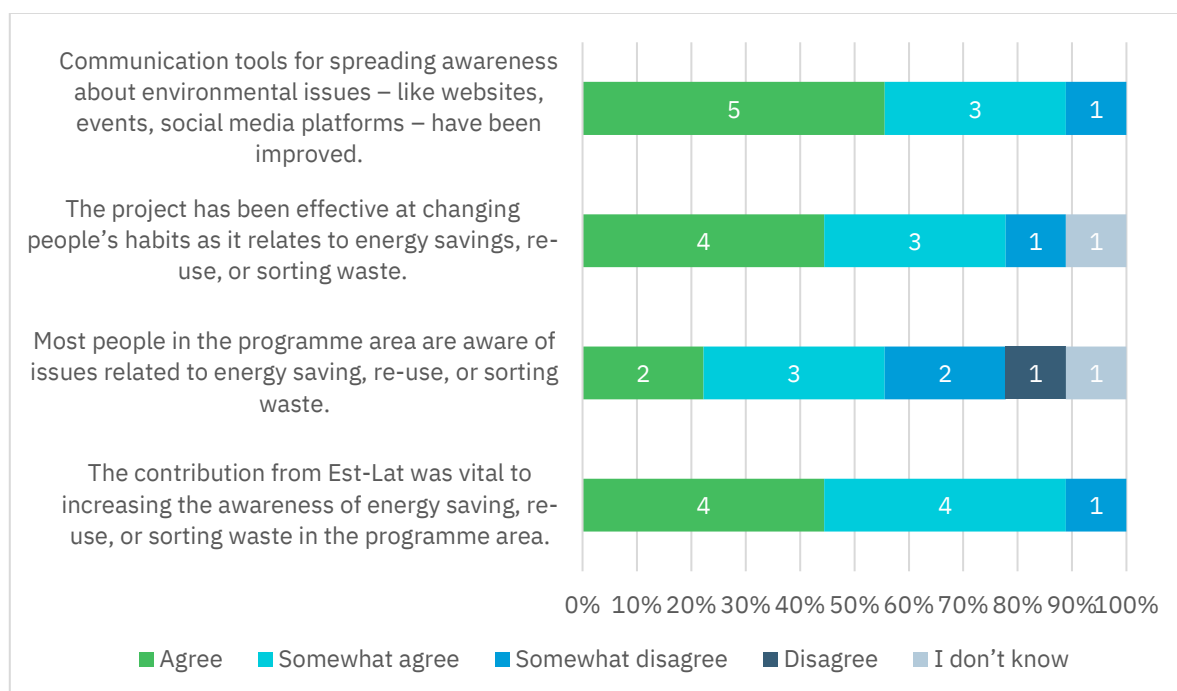
somewhat agreed that their project has created “new national standards for the management of common water sources”, meaning projects have completed or are on track to contributing to the fulfilment of the target of this OI. For more information of countries’ policies regarding water management and joint initiatives, see EQ 16 below.

The following sub-sections will address the EQs set for SO 2.2 in the framework of this evaluation.

EQ 11. What was the contribution or added-value of the Estonia-Latvia Programme interventions in increasing the awareness of energy saving, re-use, and sorting waste?

As evident from Figure 3.10, SO 2.2A project partners fully agreed or somewhat agreed with the statements about the Estonia-Latvia Programme having a positive impact on the region, the people and overall communication capabilities of the organizations responsible for raising awareness. Although the sample of respondents is not large, the programme is well on track to exceed its result indicator by 2023 (Table 3.15) and the interviewed project partners confirm that all projects have either achieved or exceeded their goals.

Figure 3.10: To what extent do you agree with the statements below related to Estonia-Latvia Programme impact? (N=9)



Source: Authors own, based on survey data, 2020

The greatest change that the programme has had is **increasing people’s awareness of energy saving, re-use, and sorting waste**. To this end, the funded projects had various target groups, e.g. school children, families, everyday citizens, and organizations, who were reached through awareness raising campaigns, competitions, events and direct contact. Reaching a variety of target groups is important for increasing the impact of the interventions as several interviewees mentioned that although people’s awareness has been improving in recent years, environmental topics are still something that people either lack comprehensive knowledge on,

or underestimate. For example, according to the 2018 study on the environmental awareness of Estonians²⁶, most Estonians consider recycling to be an important component of an environmentally friendly lifestyle. However, it is much less acknowledged that changing consumption habits is key to “disrupting the environmentally harmful chain of production and consumption”.

As such, the effort that the projects under SO 2.2A have been making should be viewed in two ways: the direct impact on their target groups and the indirect, long-term impact that the projects have had on their regions. While the immediate impact has been achieved in terms of target groups reached and results delivered, then raising awareness in the programme region is a more difficult goal to assess. This is also the most likely explanation for the three disagree and somewhat disagree replies in Figure 3.10 for the statement “most people in the programme area are aware of issues related to energy saving, re-use, or sorting waste”. One interviewee commented:

“Environmental awareness is not something that can be achieved with one project, but it’s actually continuous effort. /--/ awareness is not raised with one or two years or with one or two events /--/ It doesn’t have to be new activities every time, but the same focus or same activities can continue. This is what deepens and increases awareness. /--/ Continuous activities.” – Project partner

In the survey, another respondent also mentioned that due to the local nature of activities, it is difficult to assess the impact their project had on the entire region. Considering this, it is understandable why many respondents feel that the answer is either unclear and/or there is still work to be done in terms of awareness raising, even though considerable efforts have already been made.

One way several projects (e.g. “SEC”, “Green Public Events”) have increased their impact outside their immediate target groups is by including the local community or ensuring that there is a so-called ripple effect. For example, in the “SEC” project, in addition to targeting school children and their families, local neighbourhoods and communities were also involved. In the “Green Public Events” project, which focused on making public events more environmentally friendly, various stakeholders involved in event organization were brought together and educated on what steps they can take to minimize the environmental harm of their events. As the circle of major event organizers is not that large in Estonia and Latvia, the project had a considerable impact on raising the awareness of event organizers. Moreover, as the target groups for major events often overlap (e.g. large festivals like Positivus, Intsikurmu etc. have visitors from both countries), the project also impacted event participants by instilling and exhibiting a certain “green standard” at those events, which participants will expect from future events as well.

In addition to improving the awareness of people in the programme area, the interventions also **encouraged cross-border cooperation which all interviewees highlighted as one of the success factors of their projects**. For example, it was mentioned that cross-border cooperation encouraged mutual learning, helped get new ideas and created new contacts. In the survey, 70% (N=14) of SO 2.2 respondents named “successful set-up of the partnership” as one of the three aspects that helped them reach their project objectives and 20% (N=4) chose “cross-border cooperation” specifically (see Annex 15). When looking only at 2.2A respondents, then “successful set-up on the partnership” was chosen by 5 respondents and “experienced leadership” by 6 participants, making these the two most popular statements of that question (Annex 16).

²⁶ Turuuuringute AS (2018) „Eesti elanike keskkonnateadlikkuse uuring“, available at: https://www.envir.ee/sites/default/files/2018_keskkonnateadlikkuse_uuring.pdf
Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

The projects also contributed to raising the institutional capacity of the participating organizations. For example, 8 respondents agreed or somewhat agreed with the statement “communication tools for spreading awareness about environmental issues – like websites, events, social media platforms – have been improved” (only one person somewhat disagreed). This is expected as most projects focused on producing educational and/or awareness raising online and print materials for their target groups. For many organizations, this was very important in systematizing their current in-house knowledge, producing tangible content that can be used for later campaigns as well, improving their knowledge of approach to awareness raising and to get much needed funding. One interviewee commented:

“The project was a real springboard for our [institution]. [There is] a constant struggle to raise funds. The project provided a great opportunity to focus on developing good content for the general public without worrying about finances. /--/ Besides that, we gained very valuable knowledge that we will use as a base for our further work.” – Project partner

Overall, improving the capacity of these environmental organizations helps ensure that the awareness raising work they continue doing after the project lifetime is likely to grow in quality, reach and impact. Supporting this, 85% of SO 2.2 survey respondents “agreed” or “somewhat agreed” that it is possible to continue with project operations after the termination of the project (see Annex 32).

Reliability of self-reported data

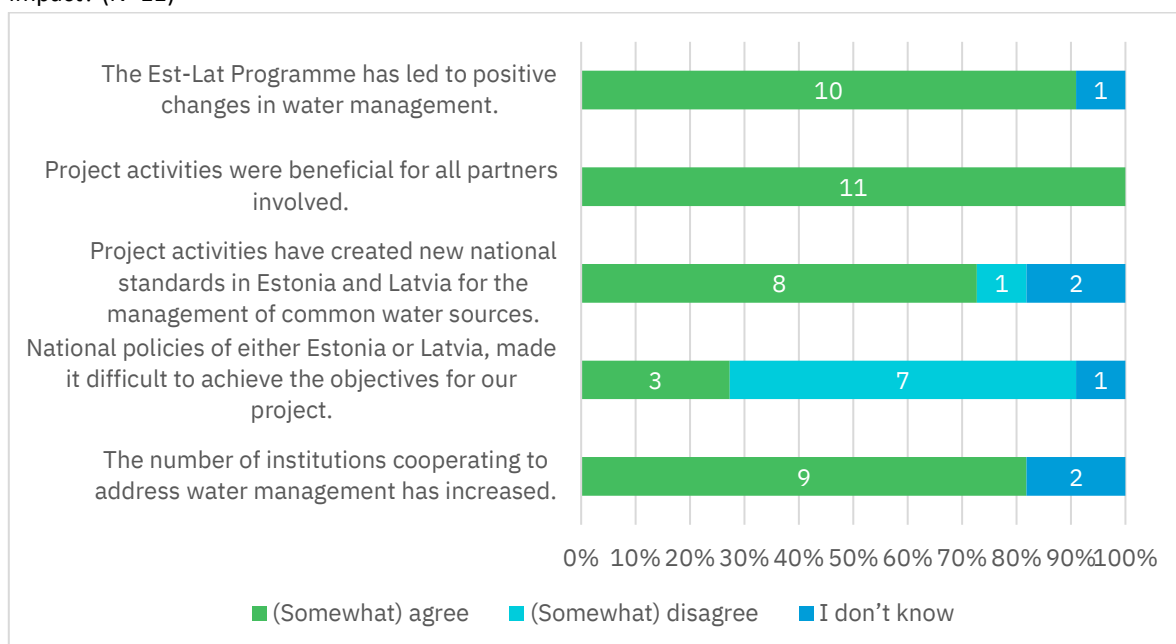
It is interesting to note that the 2018 mid-term evaluation on RI-s provides a much more positive outlook on the awareness of Estonians and Latvians. For example, 85% of Estonians and 57% of Latvians claim that they sort waste. However, when looking at Eurostat data for 2016²⁷, then 65% of Estonian waste and 20% of Latvian waste ended in landfills, which seemingly contradicts respondents’ claims about recycling. Interestingly, it seems that Latvians underreport while Estonians grossly overestimate their recycling efforts. While it is likely that these numbers have improved from 2016 to 2018 and from 2018 to the present, then it is important to note the seeming differences between official statistics and self-reported data, which always carries a degree of unreliability.

EQ 12. What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the programme under this SO? What were the benefits and impact of the interventions?

Figure 3.11 summarizes the level of agreement and disagreement of the respondents with the statements about the impact of their project on water resources management and policies, and the cooperation of the institutions working on this. In this case, the disagree and somewhat disagree and the agree and somewhat agree categories have been combined due to a technical error in the survey set-up where for this question, the “somewhat agree” and “agree” tags were switched for Latvian respondents. To avoid any misinterpretation of data, the responses will be treated together.

²⁷ Eurostat (2016) Waste statistics, available at: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Waste_statistics#Waste_treatment

Figure 3.11: To what extent to you agree with the statements below related Estonia-Latvia Programme impact? (N=11)



Source: Authors own, based on survey data, 2020

As evident, almost all respondents have an overall positive opinion of the impact of the programme. According to management level interviewee, the water management projects have been necessary both from a state and environmental perspective, and the extra funding has helped to accomplish these goals in a more impactful way. It is also important to note that water management affects two types of water bodies: ground water and surface water, e.g. coastal areas, lakes, and rivers. Assessing the impact of the programme on the latter is somewhat simpler as these changes are oftentimes immediately evident and tangible. For example, the project “SAFE SEA” focused on improving water safety in the region by purchasing necessary equipment, organizing practical trainings, etc. These achievements are immediately visible and contributed to improving the safety of the region.

However, in case of ground water, the positive improvements are expected but cannot always be immediately confirmed. One interviewee commented:

“There is a hope that in a few years, water quality will be better. In that sense, our project is not one of those ‘we’ve done something and now it’s ready’ type projects. In our case, we can assess the real outcomes, I think, in a few to ten years. Then we can assess if our approach and the measures that we decided to jointly implement /--/ whether they were efficient, or efficient enough.” – Project partner

Another interviewee emphasized that since improvements cannot be immediately detected in ground water, then the preparatory work and joint cross-border understandings and methodologies for ground water management are even more important. It is important for both countries to have a joint approach to shared water bodies to be able to better assess their status and connectedness to land ecosystems – one interviewee called this the “biggest change” in the region. For this, an exchange of best practices and joint discussions and agreements are crucial.

Project management authorities also found SO 2.2W projects to be well conceptualized and executed, and successful in marketing, outreach, and event organization.

EQ 13. What are the long-term benefits for common water bodies and their users due to Estonia-Latvia Programme interventions?

As mentioned in EQ 12, in case of ground water, the immediate changes are difficult to gauge. However, all the partner institutions pooled their best knowledge and research into the topic, which makes achieving a positive outcome likely. This is also supported by the survey in which 10 respondents agree and somewhat agree (N=11) with that statement “The Estonia-Latvia Programme has led to positive changes in water management”.

Thanks to the programme, project partners were also able to accumulate new knowledge and scientific findings in their field. As mentioned before, this is crucial for understanding the interdependence of water and land ecosystems as ground water is not only a source of drinking water for people but is also one of the water sources for lakes and rivers.

In case of surface water projects, the benefits for common water bodies have been many. In the project “SAFE SEA”, safety in the region was improved through various measures, trainings, and investments. In the “GURINIMAS” project, an integrated nitrogen management system was created for Estonian and Latvian governmental institutions with the aim of reducing the nutrient load in the Gulf of Riga.

EQ 14. How is the continuation of these benefits and initiatives ensured?

For surface water projects, the benefits will continue on a day to day basis. In the “SAFE SEA” project, the newly trained staff will retain and use their skills, the new access roads that were built will be maintained by the municipalities and the equipment bought will be used by rescuers. The “GURINIMAS” project partners will similarly continue to own and apply the developed nitrogen management system and continue cooperation on water management matters related to the Gulf of Riga.

For the two ground water projects, work in the field will continue, especially considering that management of ground water is also enforced by EU directives and regulations, which the two countries must comply with. According to one interviewee, their project results are also input into the new water management plans of both countries, which are compiled for the next six years.

This is further confirmed in the survey, where SO 2.2W respondents stated that “the continuation of the initiatives and/or benefits from their project” is most commonly ensured by the following: “The result of the activities establishes a joint methodology or programme that will be used between Estonian and Latvian authorities/organizations” (N=8), “The result, product, service or tool was designed to be used for many years” (N=7) and “A framework or policy was agreed upon to ensure the continuation of this project” (N=4).

In terms of follow-up projects, the 5th call of applications that closed in summer 2019 granted funding to a new project (“WaterAct”) that will continue work on transboundary ground water bodies. This new project was also mentioned by project partner and programme authority interviewees as already delivering promising and interesting results.

EQ 15. What is the impact of the cross-border cooperation on the project partner organizations?

As evident from Figure 3.11, the only statement with no disagreements or unsure answers was “project activities were beneficial for all partners involved”. This was further supported by interviews, where several interviewees mentioned different kinds of benefits for their organizations. One project partner elaborated:

“The project funds are a great tool to raise the motivation of our employees: project activities allow them to acquire new knowledge, go on business trips, and improve their English proficiency. We even see a greater interest within the institution to seek for a job at our department because we have an interesting project. Other partners are all very satisfied about the established cooperation within their own country. All partners have experienced accumulation of experience, knowledge, and growth.” – Project partner

Others also mentioned gaining valuable experience, increasing cooperation with other researchers and public institutions, and being able to do valuable research in the field, the results of which they can also use in their later work (see also Chapter 4 Relevance of cross-border cooperation).

It is evident from interviews, surveys, and final reports, that the cooperation intensity has also increased between institutions. In the survey, nine respondents agreed or somewhat agreed that “the number of institutions cooperating to address water management has increased” and two respondents were unsure (see Figure 3.11). In the open answers of the survey, one respondent wrote:

“It is through the Est-Lat project that we have established successful co-operation between institutions /--/ which was previously not very successful for various reasons. We hope that it will not "run out" after the project.” – Survey respondent

In the 2018 mid-term evaluation²⁸, 46% (N=10) of respondents consider their cross-border cooperation to be regular, 36% (N=8) stated that it is limited and 18% (N=4) stated they have no cooperation. However, 91% (N=20) would like cooperation to be regular, which is an additional indicator of the added value of cross-border cooperation according to these organizations. One interviewee also mentioned that cooperation has increased not only cross-border but domestically as well, and that they even signed a new cooperation agreement with another institution because of the project.

EQ 16. What is the influence on the countries’ policies in management of common water resources?

According to the interviewees, both countries are bound by several EU directives related to ground water management. However, the guidelines of these directives are general and allow for each member state to develop their own methodologies, quality criteria, etc. In case of common water resources such as cross-border river basins, the management effort must be shared with the neighbouring country.

As such, according to a programme authority interviewee, the aim of ground water management projects is not to directly change or influence the countries’ policies but to act in accordance with them and do so in a cooperative, comprehensive manner. This includes developing appropriate joint methodologies and reaching agreements that will help monitor and manage these joint water resources, in addition to considering the needs of other interest groups involved such as farmers, municipalities, enterprises, etc. However, the research conducted in the projects may influence later strategy plans, for example, the project results of one project will provide input into the new water management plans of both countries.

In terms of surface water projects, two projects have produced joint management initiatives: the project “GURINIMAS” developed an integrated nitrogen management system for the Gulf of Riga and the project “SAFE SEA” developed the Standard Operational Procedure and training materials. These two outputs will

²⁸ RAIT Faktum & Ariko (2019) „Indicator 3. Awareness of people about resource efficiency with a focus on waste and energy saving”, available at: <https://estlat.eu/en/about-estlat/evaluation-and-surveys>
Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

influence nitrogen level management and marine safety, respectively, and are important achievements in their respective fields.

According to the survey, most respondents (N=7) did not see national policies of either country as a hindrance to achieving the results of the project, although three respondents indicated that there were difficulties with them. This likely confirms that most water management projects are working in accordance with national policies.

Other considerations

The **reasons for applying to Estonia-Latvia** programme vary. In case of water management projects, many interviewees mentioned a pressing need for such a project, referring to relevant EU directives and new water management plans that needed to be compiled in both countries (and that also deal with shared water resources). It was mentioned that Europe level directives also require cross-border cooperation, thus, the Estonia-Latvia programme proved a good vehicle for meeting the various needs of the applicants. It is interesting to note that in case of ground water projects, the trigger for the projects seemed to be EU level directives, i.e. the programme funded initiatives that the participating organizations had to execute regardless of whether they receive programme funding. This was also noted by a programme management authority interviewee who mentioned that the related work and cross-border cooperation needs to be done anyway. However, when project partners were asked about this, they admitted that while this is true, then the **additional funding and the structure of the project helped them achieve more than they would have on their own**. Additionally, project funding helps save national money for other public duties.

One interviewee mentioned that it is not always about meeting the requirements of a directive but that cooperation and fostering good cross-border relationships also matter, especially when it comes to long-term cooperation as “water does not tend to stay within the boundaries of one country”, as one interviewee expressed it. As such, offering an extra incentive for cooperation and supporting these institutions in their everyday work is, arguably, also important and has a positive impact on these institutions.

In case of environmental awareness projects, project partners applied because the topic of the programme was in line with their current activities, goals and work, and provided an opportunity to realize an impactful project that would benefit both their organization and the region.

Without the programme, half of the respondents said that they would not have implemented the project and the other half said they would but with lesser funds and to a much lesser extent – either by looking for other funding resources or managing with their own funds. The latter group admitted that such projects would most likely lack the impact and depth that they achieved with the help of the Estonia-Latvia programme.

In terms of **other funding sources**, interviewees were familiar with other Interreg funding schemes, e.g. Central Baltic that has some environmental objectives. One interviewee also mentioned Horizon 2020 and another was aware of Iceland and Norway grants. It was discussed that while there may be international and local grants for improving the condition of water bodies, there were none that take a cross-border approach, which is very important in terms of shared water resources.

Weaknesses and strengths of the programme

All in all, most interviewees did not have many criticisms about the programme and the ones that were mentioned seemed to relate to individual projects and experiences. The aspect of cross-border cooperation was praised and the positive experience with communication to the programme authorities was mentioned.

Table 3.16: Strengths and weaknesses of the programme according to SO 2.2 project partner interviewees

Strengths	Weaknesses
Orientation for (cross-border) cooperation	Bureaucracy
Experienced, open, responsive programme authorities	eMS
Easy to apply	Difficult to make changes to the project
Much support in the application phase, individual approach	Financial flow
	Other PP's reports not visible to all
	Frequent changes in the programme manual
	Low project budget amounts
	Problematic partnership rules

Source: Authors own, based on interview data, 2020

Recommendations

Two interviewees mentioned sudden changes to programme rules as very distracting and burdensome, and hoped that these things would be avoided in the future. One interviewee recommended to increase the number of trainings and to provide a manual and instructions in local languages. Some of these recommendations align with ideas presented by priority 1 project partners.

Priority 3 - Better network of harbours

Key findings

The programme has been successful in implementing the primary “ESTLAT harbours” project under SO 3.1 - the network of harbours has been unified and is now operative and up to internationally accepted quality standards. All interviewees had only positive things to say about the results of the project. The same could be seen in the survey results. The only struggle is with fulfilling the result indicator. As the discussion of this chapter shows, the indicator might have been set too optimistically and it is even harder to achieve it in the light of COVID-19. Furthermore, many respondents thought that the indicator itself was not capturing the actual impact of the programme. Therefore, when assessing the impact of the programme, a wider frame should be taken than just the result indicator.

SO 3.1: An improved network of small harbours with good levels of service.

SO 3.1 is unique in the programme as it included until June 2020 only one pre-defined project “ESTLAT harbours”. Pre-defined projects are designed together with Member States to achieve specific and strategic objectives in the programme area. This means that the expected objectives, results, and activities were designed by relevant ministries and other organizations. Defining the project involved consultations with various stakeholders, such as Latvian planning regions and associations of small harbours, as well as with the small harbours themselves. Eligible harbours and potential locations were chosen through pre-selection processes in Estonia and Latvia²⁹. The process was coordinated by Estonian ministry of Finance, administrations of Kurzeme Planning Region and Riga Planning Region. In Estonia, the final list of eligible

²⁹ Please consult the call manual for more details: <https://estlat.eu/en/we-support/small-harbours>
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harbours was named in the ministerial decision of the Estonian Minister of Public Administration. In Latvia, only those harbours operating in port territories defined in the decisions of the Cabinet of Ministers were eligible. Therefore, there was no public call for project ideas as was the case with the other SO-s under analysis - the MC can approve pre-defined project(s) without opening a call of proposals in order to fulfil certain output indicators of the programme³⁰.

“ESTLAT harbours” was set up to support the creation of a coherent and joint network of small harbours on the western coast of Latvia and in the Gulf of Riga. The cooperation of altogether 21 harbours from Estonia and Latvia started in 2017. The project has a budget of nearly 11 million EUR, with ERDF contribution of 9.2 million EUR. The project is still ongoing, expected to finish at the end of 2020.

In 2018 additional 2.9 million EUR were transferred from the European Neighbourhood Instrument (ENI) CBC programmes to the Estonia-Latvia programme. The MC decided to allocate this amount to the priority 3. In addition, 1.7 million EUR EU funding within the programme was transferred from priority 1 to priority 3 in 2018, based on the recognition that priority 3 was beneficial and effective. The increased amount was not allocated to “ESTLAT harbours” but it was decided to select new project(s) in priority 3 in 2020. The total budget for priority 3 is therefore 12 million EUR ERDF, encompassing 30.82% of the programme budget. Financially, therefore, the priority has a budget around the size of entire priority 1 or priority 2.

In June 2020, the programme began a follow-up project under SO 3.1 – “EASTBALTIC HARBOURS”. The follow up project has a budget of 3.3 million EUR, with ERDF contribution 2.8 million EUR. The project was set up to complement the investment activities implemented in “ESTLAT harbours” project. However, as the project began at the late stages of this evaluation, it is not included in the discussion. The entire analysis of priority 3 is focused on the “ESTLAT harbours” project. According to the programme document, specific objectives corresponding to the investment priority and expected results are shown in Table 3.17.

Table 3.17: Overview of SO 3.1

Title of the specific objective	
Title of the specific objective	An improved network of small harbours with good levels of service
Results that the Member States seek to achieve with Union support	The aim of the priority arises from the common interest of the Member States in terms of improving the regional economy and mobility with a network of easily-accessed, active and multifunctional small harbours that provide good conditions and services that are of a similar quality. This helps to form well-functioning sea routes that serve to connect the coastal area and activate sea travel within and around the Gulf of Riga, and also to provide a better basic level for harbours when preparing for the challenges that are raised by climate change. As a result, coastal areas are better connected, and the network of harbours creates better opportunities for attracting visiting vessels, which influences economic growth in both countries. The other financing programmes for similar support are considered when compiling the list.
Expected result	A network of small harbours with improved services for supporting maritime traffic.

Source: Authors own, information as presented in the programme document, 2020

³⁰ Cooperation Programme Interreg V-A — Estonia–Latvia (2016, amended in April 2020), Programme manual, 1st call for proposals, available at: <https://estlat.eu/en/about-estlat/interreg-estonia-latvia>

Based on the programme document it can be said that the aims of this SO are multifaceted. Three main purposes stand out – safety, economic activity, and maritime cooperation.

One of the main aims of priority 3 has been to ensure **safe sea travel**. According to the programme document the network of existing harbours did not provide a shelter harbour at a safe distance on the coasts of the programme area, as the distances between existing harbours on certain coastal axes were too long. There were gaps on the coastline where harbours with good level of service did not exist. This was hindering marine traffic from northwest across the Baltic Sea and northeast across the Gulf of Finland entering the Gulf of Riga. The programme intended to improve the network of harbours so that the distances between the harbours would be short enough - up to 30 nautical miles as safe distance so that journeys between them should take no more than a day.

An equally important aim has been **economic development**. Estonian and Latvian authorities consider the development of small harbours as being important for their potential of fostering growth in economic activities, such as employing local people and enhancing the development of other business activities. The programme especially emphasized the tourism potential of the cultural and natural heritage on the coastline. The “ESTLAT harbours” project also included international promotion and marketing activities of the region as a sailing destination. This can also be seen by the result indicator set by the programme for this SO – number of visiting vessels at small harbours (Table 3.18).

Table 3.18: Programme result and output indicators for specific objective 3.1

RESULT INDICATOR	Baseline	2014/2015	Result 2018	Target 2023
3.1 Number of visiting vessels at small harbours	6 420		7 789	16 000
OUTPUT INDICATOR	Baseline	2014/2015	Output 2020	Target 2023
Small harbours with improved services	N/A		5	17

Source: Authors own, based on <https://estlat.eu/en/about-estlat/evaluation-and-surveys> and data received from the JS in “Programme Output indicators by SOs”, 2020

Third, **maritime cooperation**, i.e. Estonian and Latvian authorities working together strategically has also been an aim. According to the programme document maritime strategies are usually initiated separately and do not reflect cooperation between the two neighbouring countries, even though the coastline of Latvia and Estonia forms a joint sea basin.

Before the start of the programme the **main challenge** in developing maritime routes in the area had been the poor technical conditions in the small harbours as well as lack of common standards in basic services. Priority 3 sought to improve the small harbours through activities such as strengthening of the coast, construction or reconstruction of piers, breakwaters, the deepening of harbour waters, fairway, creation or improvement of environmental services (e.g. possibilities for waste and wastewater reception) and combining different functions and creating additional services. The programme output indicator reflects this idea (Table 3.18).

Somewhat differently from the other SO-s in the programme, the improvement of the harbour network is a cross-cutting topic with other regional programmes. According to the programme document, “similar maritime issues are tackled by the Baltic Sea Region Programme and the Central Baltic Programme, where the focus lies on the central part of the Baltic Sea area and on the larger scope of cooperation, which also includes Finland, Sweden, Denmark, Norway, Poland, Russia and Germany”.

The following sub-sections will address the EQ-s set for SO 3.1 in the framework of this evaluation.

EQ 17. What has changed due to the Programme interventions, i.e. what positive effect can be identified in the areas supported by the programme under this SO? What were the benefits and impact of the interventions?

The main impact of the programme intervention under SO 3.1 **have been the large-scale investments into the infrastructure of the harbours.**

“Our harbour is specifically a fishing and sailing harbour, and, according to general European guidelines, fishing is a branch without a future perspective. This project was just in time! Therefore, developing the infrastructures for sailing boats and changing focus to sailing gives new life and new future prospects to our harbour.” – Project partner

Other interviewees also described how some harbours had gone through significant improvements where a degraded territory became an operational harbour.

It should be emphasized that all interviewees said that **the harbours could not have been developed in a similar fashion without the Estonia-Latvia programme.** Especially unlikely would have been the building of completely new harbours. Already pre-existing harbours which were functional before would have likely done some repair work, but as the project partners explained, these investments would have been done over a longer time span and in a smaller scale.

“We would be slowly, step by step moving towards our vision which is defined but, at the same time, there is no set funding for that. In our everyday work, we are looking for investors, trying to attract entrepreneurs, raise funds from different sources, etc. It is like a huge puzzle, where Est-Lat programme and our project successfully delivered several necessary puzzle pieces.” – Project partner

This is largely because there are no national funds to support such large-scale investments in the harbours in either Estonia or Latvia. According to the interviewees Latvia has never had proper funding for harbours, besides some harbours having received a bit of funding from Ministry of Culture or Rural Support Service. Estonia had the strategy document “Conception of the Small Harbour Network 2014-2020”, but only limited funding opportunities that aligned with it. There were no other measures of comparable scale in the region before the programme decided to support the harbours network. As the cost of the needed investment itself is too high for small harbours run by NGOs or local authorities, then **these harbours would not have been improved in the short-term:**

“There are no funding sources for yacht harbours. Without participating in the programme, we would most likely have not achieved anything close to the current result. The harbour would have been just dredged, but there would not have been a large-scale project.” – Project partner

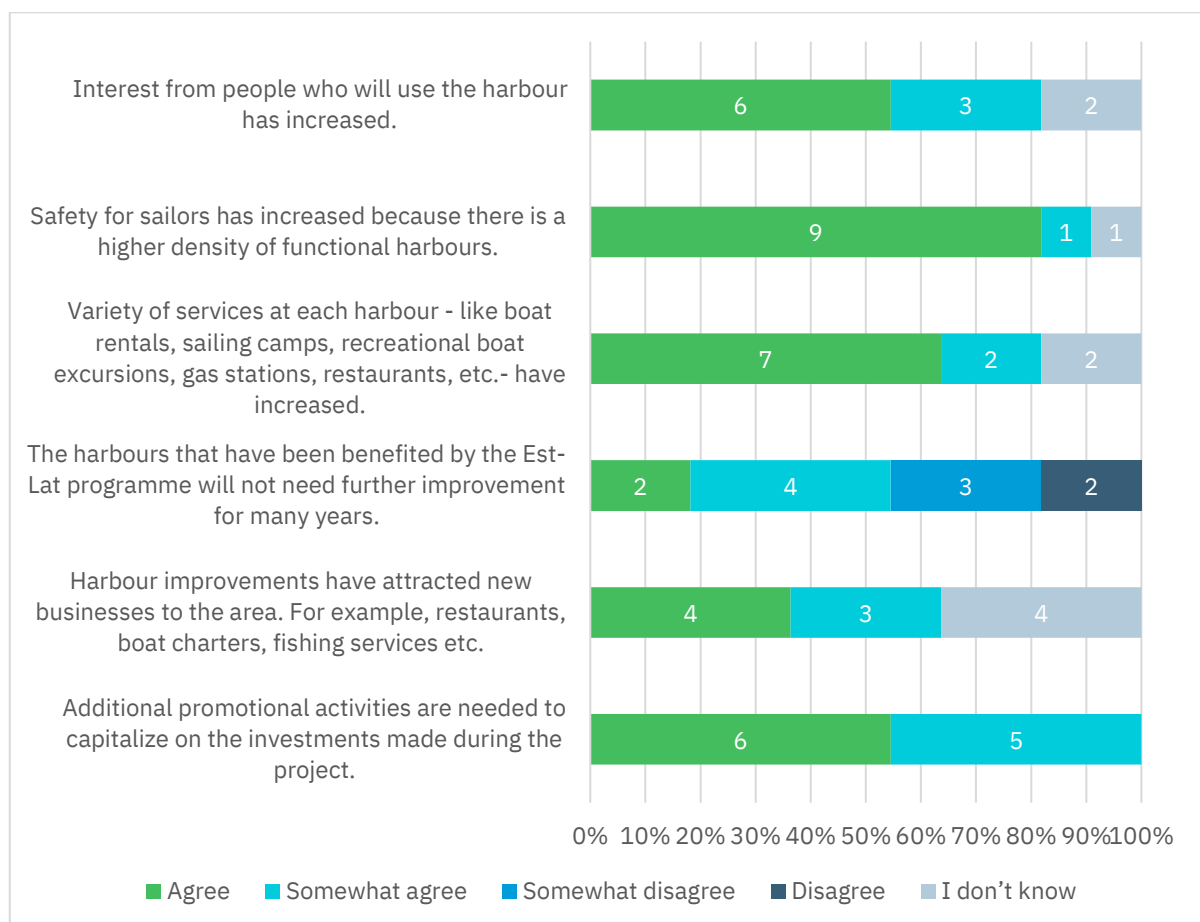
Beyond the investments and making the infrastructure improvements possible in the first place, other benefits of the harbours can be mentioned. Some of the survey results on programme impact are presented in Figure 3.12.

As safe sea travel was one of the main aims of the priority it is positive to see that nearly all respondents agree that the safety for sailors has increased thanks to the project. The gaps in the network of harbours had been filled thanks to the project. Sailors can now go through the area without the risk of staying overnight at sea. Harbours for safe docking with basic services are now available. According to an interviewee:

“The small harbours infrastructure has now been made user-friendly for those who don’t want to ‘off-road’ and want to travel smoothly, safely and comfortably.” – Project partner

Equally promising is the fact that most respondents agree or somewhat agree that the variety of services has increased. While interviewees described new services and new businesses that have popped up thanks to the increasing flow of tourists - like canoe and yacht rentals, floating summer houses, sea rides as a service, rentals and trainings for water sports activities, e.g. surfing, windsurfing, kiteboarding, wakeboarding, jet skiing - the survey respondents were more reluctant about whether the harbour improvements have attracted new businesses to the area.

Figure 3.12: To what extent do you agree with the statements below related to Estonia-Latvia Programme impact? (N=11)³¹



Source: Authors own, based on interview data, 2020

Even though there were no disagreements there were more of those who said that they do not know. This could be explained that many harbours have just finished or are nearly finishing their construction activities and it takes a bit more time for such spill-over effects. For example, one interviewee described that they have

³¹ The statement „Interest from people who will use the harbour“ has been shortened in the figure for readability sake. The full statement provided to the respondents was: „Interest from people who will use the harbour – e.g. measured by a higher volume of phone calls, emails, social media presence, or other forms of communication – has increased.“

yet to organize a public offer for the real estate surrounding the harbour to find service providers. Another interviewee said that the new harbour had not yet attracted new businesses, but the turnover of pre-existing businesses had somewhat increased thanks to the increased number of visitors.

One interviewee repeatedly emphasized the non-economic services as also an important achievement of the project. They described it as such:

“Likewise, the access to the sea for the state’s fleet has improved. State agencies that need to do something on the sea, for example the police and border guard, rescue services, environmental inspection, fishing supervision, have all received access to the sea and an additional place for their activities.” – Project partner

Considering the future of the harbours impacted by the programme two things can be said. First, all survey respondents agree that **additional promotion is needed to capitalize on the investments made at the harbours**. This shows that the marketing activities of the follow-up project “EASTBALTIC HARBOURS” are especially relevant. Beyond that, the national governments, regions or harbours themselves should increase their efforts in marketing. Multiple interviewees explained that the harbours need to be promoted collectively as sailing is not about travelling to one destination. Sailors will need to stay in various harbours along the route. As one interviewee explained, there is no point in promoting just one specific harbour as people might not be even aware of where Estonia or Latvia are, let alone a specific city on the coastal area. The opportunity of cooperating with Sweden and Finland were also mentioned as sailors aiming for those destinations will also need to go through the Gulf of Riga.

Second, opinions are split on if harbours will require further improvements in the years to come – 5 respondents disagree and 6 are in agreement. Interviewees also had mixed ideas, where some saw that the investments need had been fulfilled and now the emphasis should be on marketing whereas others described a to-do list of further infrastructure developments, including for example investments into maintenance or digitalization.

EQ 18. Is the network of harbours along the coast of the Livonian Bay considered to be operative and up to internationally accepted quality standards? If yes, then please give the reasons.

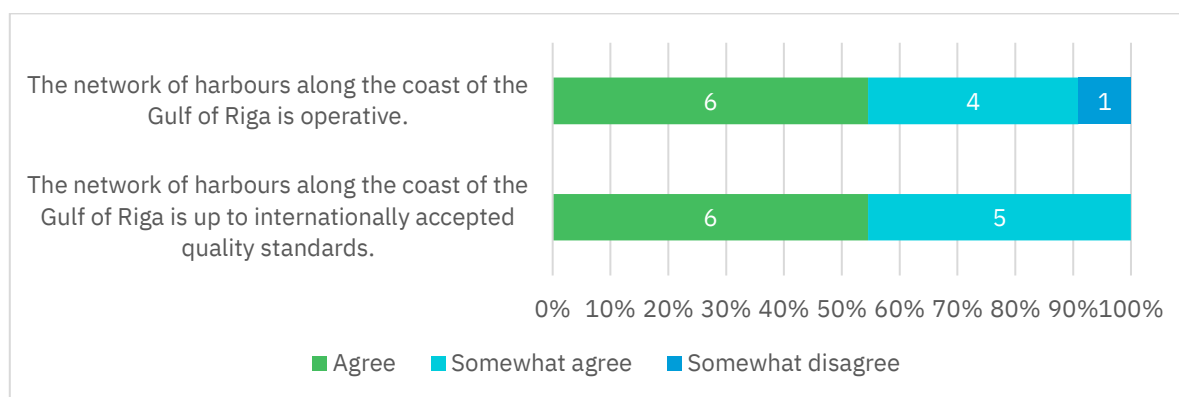
As can be seen in Figure 3.13 nearly all survey respondents agree or somewhat agree that **the network of harbours is operative and up to internationally accepted quality standards**. Only one respondent “somewhat disagrees” with the operation aspect. The same was true for interviews. All interviewees agreed that the network is operative and up to standards.

The reason for this sentiment stems from the fact that the network has started to function (see previous EQ) and because of all the necessary investments that have been done. Here is an example on what one interviewee had to say about setting up an operative and quality network:

“It meets the standards. I am not embarrassed in front of Finns or Germans. Now it is possible to sail from Hanko to Klaipeda so that after a day’s journey there is a decent harbour where you have possibilities, services, price level and service standards that are approved on the European level or match the common standards. So yes, this has been done.” – Project partner

Other project partners described how they now have “super modern” solutions thanks to the carried-out investments.

Figure 3.13: To what extent do you agree with the statements below related to Estonia-Latvia Programme impact? (N=11)



Source: Authors own, based on interview data, 2020

EQ 19. What were specific impacts of the Estonia-Latvia Programme in formation of the network of harbours?

Most what was described under EQ 17 and EQ 18 applies here as well. The interviewees were positive about the network being functional. All interviewees described how the project had increased cooperation among the harbours and a stronger sense of community emerged.

“Because of the established network, it is now much easier to contact a colleague in other harbour and ask for advice for tenders, suppliers’ reputation, etc. We do not have to start from scratch every time. We can share experiences much more efficient as we are many doing the same work.” – Project partner

Another interviewee described the joint marketing activities of the project as a big step forward – the marketing activities had been consolidated and the Estonian and Latvian harbours are now marketed as a joint network.

Gulf of Riga regatta was also mentioned as proof of a well-functioning network. The regatta had included some of the harbours of the programme area. According to a project partner the cooperation during the regatta was thanks to the “ESTLAT harbours” project:

“This type of action [Gulf of Riga regatta] has become possible thanks to the closer cooperation between the two state’s maritime- and sailing communities. The harbours have been repaired in a way that they can receive a large share of boats with large crews at the same time. Certainly, we will see more of these activities.” – Project partner

According to one interviewee the mandatory criteria set for the harbours had been helpful in aligning the network and ensuring the even quality of all harbours. **This means that the lengthy preparatory work in preparing this priority and pre-defined project had been fruitful in unifying the network of harbours.** Sailors can expect an even quality when travelling along the Gulf of Riga.

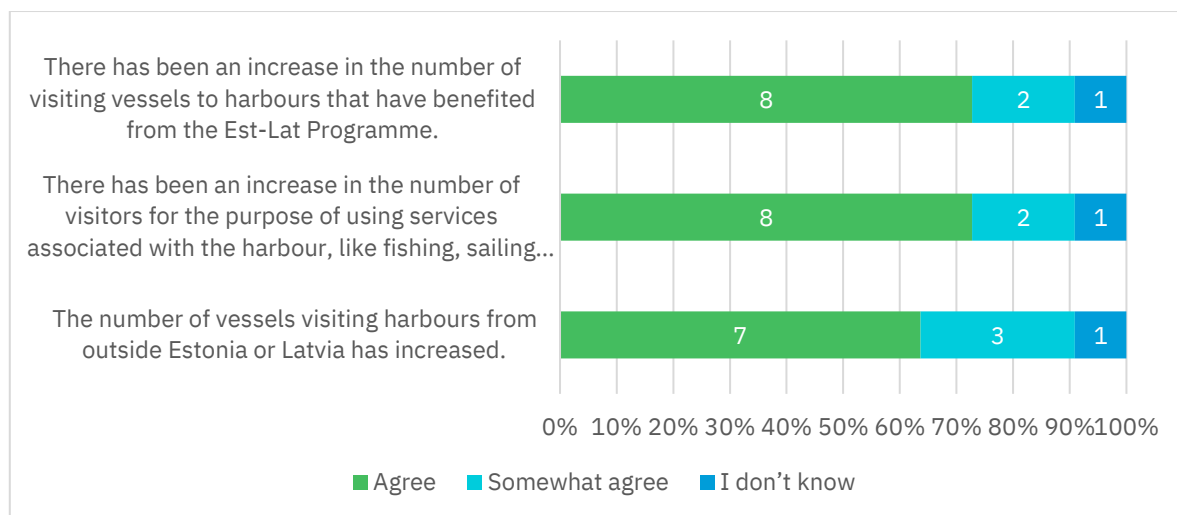
EQ 20. To what extent have the harbours attracted more visitors because of interventions of the Estonia-Latvia Programme?

According an interviewee, since the opening one of the harbours it had been already attracting foreign visitors as well as local tourists. The visitor’s numbers were promising in their opinion. Another interviewee described

that the improved infrastructure also increases the number of Latvians taking up sailing. Returnees had also increased – according to an interviewee, thanks to the improved harbour more sailors want to return to these harbours.

Most survey respondents agreed that the improved harbours were attracting more people (Figure 3.14).

Figure 3.14: To what extent do you agree with the statements below related to Estonia-Latvia Programme impact? (N=11)



Source: Authors own, based on interview data, 2020

However, it is useful to take a closer look at the visitor data. On the programme level the impact of SO 3.1 is measured by number of visiting vessels. Data of the past three years received from the JS shows a gradual increase across the years (Table 3.19).

Table 3.19: RI 3.1 - Number of visiting vessels at small harbours in the programme area in Estonia and Latvia

	2019	2018	2017	2013 (baseline)
Estonia	7 115	7 245	6 031	5 417
Latvia	777	544	974	1 003
Total	7 892	7 789	7 005	6 420

Source: Authors own, based on data sent from the JS, 2020

The baseline data is collected by the JS from 27 harbours. The target value of 15 000 vessels was set based by expert opinions from Regional Development Centre of Enterprise Estonia, Development Centre of Estonian Small Harbours, Estonian Ministry of Economic Affairs and Communications, Latvian Ministry of Transport, Latvian Association of Small Harbours and Kurzeme Planning Region. Based on the synthesis of the expert opinion it was expected that the total number of visiting vessels will increase due to investments in

infrastructure and developing the network.³² In relation to the re-allocation of funds in 2018 the target was raised to even more – 16 000 vessels.

As can be seen in Table 3.19, **there has been a steady growth over the past three years, but the target is still far away.** According to programme authority interviewees, **the target value was likely an over estimation and achieving it might not be realistic.** The same sentiment has been expressed in the 2018 Annual Implementation Report. The growth in figures has not been great yet because most harbours were still under construction during the last sailing season. Therefore, the figures are expected to start rising in 2020. All SO 3.1 interviewees as well as many programme authority interviewees were, however, concerned by COVID-19 impact on the achievement of the result indicator, i.e. how the harbours will be able to attract visitors. One survey respondent also explained the current situation:

“Given the restrictions on border crossings and travel caused by the COVID-19 pandemic, it is difficult to assess the real situation in the guest ports this year. Real assessments of the project's performance will become clear once the situation in the Baltic Sea countries has returned to normal.” – Survey respondent

The virus outbreak came at an awkward moment as many harbours had just finished their construction and were ready to start accepting visitors for the 2020 summer season. 2020 was expected to be the year where the investments would show their impact on attraction and on the indicator. Now, the reality is much different than it was in 2014 when the RI was set. This is another obstacle in achieving the target value.

Not to overemphasise COVID-19, one of the interviewees also described other trends that affect the number of visitors – global terrorism that has made more people prefer private maritime travel, declining number of yacht sailors due to aging of the target group, and the increase of sharing economy where young travellers would rather want to rent a boat. The latter means that these people would not be counted as foreign visitors in the statistics if the boat would be rented in Estonia or Latvia and only used within the limits of the country it was rented in. Another interviewee also explained that the investments were planned with a 15-20-year perspective and the results are expected to manifest over the years. So even if 2020 does not yet show the expected increase, this does not mean that the programme has not been impactful. Even if the programme does not have an immediate short term impact on the region as measured by the RI it could still have a **long term impact** on the programme area and various spill-overs in tourism, regional development and entrepreneurship.

While the programme tracking the number of visiting vessels, many interviewees had something to say about the result indicator itself. Two interviewees felt that the result indicator is not capturing the actual impact of the project. One of them explained it as such:

“Yes, indicators are useful, but they are not reflecting the real impact of the project. /--/ As a result of improved infrastructure, we see a trend that yachts are not stopping by in our harbour only because they need a place to stay overnight, but they realise that the place is so attractive that they want to stay for a week. However, the indicator is still showing the same number of visiting yachts regardless of how long they stayed. This is the indicator that we would like to change to “number of nights”. -
Project partner

³² Estonia-Latvia Programme 2014-2020, Description of setting baseline and target values for the result indicators in the programme, available at: <https://estlat.eu/en/about-estlat/evaluation-and-surveys>
Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

The same interviewee also said that the programme has had an impact on the development of small businesses in connection to improved harbour infrastructure, but this is not reflected in the indicator. A similar criticism was voiced by another project partner who similarly saw the indicator too “tourism centric” and would rather count the increased business opportunities, services and other new functions, such as access to sea for state agencies. They also added that traffic from the mainland should be counted – the renovated harbours have also become attractive destinations for locals and internal tourists, but they are not measured by the result indicator.

Other considerations

Strengths and weaknesses

As in all the SO-s, the interviewees were asked to reflect on the strengths and weaknesses of the programme (Table 3.20). It should be reiterated that such a large-scale improvement of harbours infrastructure in Estonia and Latvia would not have been possible without the programme intervention. In addition to the discussion under EQ 17, it can be added that also many interviewees on the programme authority level brought SO 3.1 and the “ESTLAT harbours” project as a positive example of the entire programme; one even calling it a “success story.” Some programme authority interviewees hailed it as a large investment project that helped to implement national strategies, e.g. the Estonian “Conception of the Small Harbour Network 2014-2020” and develop a policy area that lacked national funding. Therefore, one of the main strengths of the programme is in general existing and providing support for small harbours.

Table 3.20: Strengths and weaknesses of the programme according to SO 3.1 project partner interviewees

Strengths	Weaknesses
Clearly defined content of the Programme objectives and priorities	Major delays of financial reimbursements by the Programme - Cash flow delays of 8-10 months
Very efficient and successful work of the Lead Partner.	Multiple levels of control
Democratic and not bureaucratic atmosphere	Complicated eMS
Strong secretariat	Lack of transparency
Well defined priorities	Bureaucratic programme rules
Detailed guideline documents	Time consuming
Added value of cross-border cooperation	Delays due to large partnership
Dialogue with partners and potential partners for next calls	

Source: Authors own, based on interview data, 2020

Regarding weaknesses the delays in financial reimbursements were mentioned by more than one interviewee.

“Major delays of financial reimbursements by the Programme. Repayment schedules of our bank loans were planned in accordance with the project reimbursement schedule. Lengthy delays caused necessity to negotiate with banks about prolongation of repayment deadlines, which was a complicated and unexpected inconvenience in project implementation.” – Project partner

Issues related to lack of transparency were also mentioned. First, one interviewee saw problems in the two-level control process. They saw that there was too much room for interpretation by the controller which made the system inconsistent. The demands were not always similar from different controllers, which highlighted

problems of consistency and transparency. According to the same person, some demands had also been strange or too detailed. Another added that the reporting had become especially tedious in the later stages of the project and that follow-up questions from the programme were submitted on the last possible day, which initiated a new set of deadlines, thus prolonging the entire reporting process as well as payments.

Another issue of transparency was related to information flow from the programme to the partners. According to an interviewee the JS had been communicating with the national coordinators of the project who then were supposed to communicate the messages to the harbours. However, they felt that the regional coordinator was applying a filter and the information was disseminated among the partners differently. Unfortunately, this evaluation does not enable to say whether this truly was a systemic issue in the project or perhaps it was a single case of miscommunication. It should just be stated that this interviewee was adamant on the issue.

Other challenges, beyond the uncertainties of COVID-19 and meeting the result indicator, mentioned by the partners were related to the technical work needed for the infrastructure improvements, e.g. procuring suitable builders, construction workers keeping the deadline, raise in building costs compared to the programming period, change in materials, very specific landscape related obstacles that were not foreseen.

Pre-defined project type

As “ESTLAT harbours” was the only pre-defined project in the evaluation it was also interesting to inquire from the programme authority interviewees what they thought of the project type as such. The replies were varied. Some thought it to be excellent, others thought that pre-defining projects should only be done when there is a clear need and then there were those who said they would not want to have pre-defined projects in the future.

Those in favour of pre-defined projects say it as an efficient way to achieve important national and regional goals in situations where a traditional project type would not work. The feeling was that the harbours project would not have been realized in the region without the pre-defined process and that there might be other such topics in the future that can be most efficiently solved by a pre-defined project. One of the proponents saw that such more large-scale pre-defined projects had the potential to achieve more concrete results:

“It should be decided what are the specific areas where cross-border cooperation is needed and put more emphasis on those, so that a clear change would happen in an area. The programme should be commended for the decision to support small harbours like this. It is a tangible thing; you see the results on both sides of the border and there is actual use of the results. If it [the budget] is scattered around many projects with doubtful sustainability and long-term impact, then that is not the right thing to do.”

– Programme authority

One interviewee said that while the pre-defined project process involved a complicated set-up then through the process, they also became to understand better what, why, and how they were doing.

Some interviewees were happy how the pre-defined project type had worked out for “ESTLAT harbours” but were aware of some of the risks and more careful in recommending using it again. For them, it was very important that the overall purpose was clear from the beginning. In other words, the need to do it in a pre-defined manner must be justified. One interviewee also emphasized that the selection process needs to be more transparent and recommended that such projects should be coordinated with the Joint Sessions of the Estonian–Latvian and Latvian– Estonian Intergovernmental Commissions for Cross-Border Cooperation.

Those against the idea claimed that the pre-selected project partners were less motivated than those who had managed to apply for funding through public competition:

“On the one hand they already take it for granted that the funds have been attributed to the priority area. Those who come through open calls and need to compete with each other have more motivation. Those projects have better results and they are done with great commitment.” – Programme authority

No ideas, however, were offered on what type of projects could or should be held in a pre-defined format.

Recommendations

All the recommendations stem directly from the strengths and weaknesses. The project partner interviewees encouraged the programme to continue supporting investments in small harbours. However, some programme authority interviewees thought that this area had now received sufficient programme funding and the money should be distributed to other priorities.

The continuation of the consultation process with partners and potential partners before next calls was also recommended by project partners. Although, one of the partners recommended that the ministries and JS should talk directly to harbour keepers and local authorities both when planning such a pre-defined project as well as during the project to receive and provide clear information:

“It is reasonable to include all partners into the information sphere when something is shared. /--/ The information that leaves the JS should go straight to the partners, not just the coordinator who filters it as fits them best.” – Project partner

A very specific recommendation that was made, was to add environmental protection as a criterion when designing future projects and selecting partners.

Priority 4 - Integrated labour market

Integrated labour market, priority area 4, is by far the smallest priority area of the programme with a total budget of 1.01 MEUR ERDF. According to the programme document a total of 2.60% of the ERDF support is allocated to Priority 4. The priority consists of only one specific objective.

Key findings

Those involved in SO 4.1 projects generally felt that the programme intervention has improved the conditions of labour mobility. The two projects funded under SO 4.1 have mostly been successful in implementing their promised activities. Some activities, such as the employer’s breakfasts and job fairs have been continued outside the programme framework. Cross-border internship cooperation is now on a new footing.

However, the priority area had not worked out as expected by programme authorities. There was a mismatch between the initial purpose and the actual socio-economic reality and interest from potential applicants. Nonetheless, the priority area could still be relevant considering increased unemployment due to COVID-19 and considering the continuous population decrease in the programme area.

SO 4.1 Improved conditions for accessing jobs across the border.

This specific objective aims to promote employment possibilities, accelerate the completion of vacancies, and improve the availability of information for the job seekers and employers across the border.

According to the programme document the specific objective corresponding to the investment priority and expected results are presented in Table 3.21.

Table 3.21: Overview of SO 4.1

Title of the specific objective	Improved conditions for accessing jobs across the border
Results that the Member States seek to achieve with Union support	<p>The activities and actions under this specific objective aim to enhance and integrate cross-border employment instruments, systems, and options, that help to improve information, qualification and conditions for accessing and creating jobs across the border.</p> <p>As a result the improved and promoted employment options (e.g. databases, re-training activities) and integrated services support labour commuting and business activities. People and entrepreneurs on both sides of the border have better access to relevant information and supporting activities that help to accelerate the filling of vacancies, have improved opportunities to find necessary specialists; and cross-border regions and local communities are more prepared to contribute into the labour market and labour movement issues on the national and cross-border levels.</p>

Source: Authors own, information as presented in the programme document, 2020

The result indicator on the programme level for this specific objective is “Work commuters crossing the border”, which has been calculated by using a passive mobile positioning survey. The baseline and target value has been measured through mobile positioning data by using correction coefficients of the generalisation model to consider people who would not directly show in the positioning data. It was identified that in 2018 there were 1266 frequent commuters from Estonia to Latvia, which is 43% more than in the year 2013. There were in total 2566 frequent commuters from Latvia to Estonia in 2018. This is 82% more than according to the data from 2013³³.

Table 3.22: Programme result and output indicators for Priority 4

RESULT INDICATOR	Baseline	2014/2015	Result 2018	Target 2023
4.1 Work commuters crossing the border	2 753		4 598	3 100
OUTPUT INDICATOR	Baseline	2014/2015	Output 2020	Target 2023
New and/or improved services for job seekers and/or job providers.	N/A		4	2

³³ Interreg V-A - Estonia-Latvia Cooperation programme under European territorial cooperation goal (2018) Annual Implementation Report, available at: <https://estlat.eu/en/about-estlat/annual-reports>

Participants in cross-border mobility initiatives	N/A	1384	160
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Source: Authors own, based on <https://estlat.eu/en/about-estlat/evaluation-and-surveys> and data received from the JS in “Programme Output indicators by SOs”, 2020

As can be seen in Table 3.22, both the target value for the programme result indicator as well as output indicators have already been exceeded. There has been a seemingly positive change in the programme area that this priority area has sought to influence. Nonetheless, these figures should be analysed with caution. The 2018 Annual Implementation Report of the programme stated that *“On the basis of the [mobile positioning] survey it cannot be concluded whether the increase was because of the free labour movement or the effect of the border trade, as sometimes the goods in other side of the border are cheaper.”*³⁴

Only two projects have been financed under this priority – “ESTLAT-WBL” and “Valga-Valka mobility”. The total committed ERDF has been 0.75 million EUR. “Valka-Valga mobility” concluded its activities in July 2019, while “ESTLAT-WBL” is expected to finish in November 2020. The programme’s 2018 Annual Implementation Report also addresses this priority area as one where it has been difficult to get more projects despite available funding. Furthermore, given the limited budget allocated for this priority and the small number of projects conducted, a closer look is needed to assess the impact of the programme on cross-border labour mobility.

The following sub-sections will address the three Evaluation Questions set for the evaluation of SO 4.1.

EQ 21. Whether and how the conditions have improved for accessing jobs across the border because of the intervention of the Programme?

SO 4.1 survey respondents were also asked to rate their agreement regarding certain statements. Given the small number of projects under this SO, the survey only had five respondents, which somewhat complicated interpreting the results. Nonetheless, it can be reported that all respondents agree or somewhat agree that the programme had improved the conditions for accessing jobs across the border (see Figure 3.15 under EQ22). This means that those who were involved in the projects generally felt that the programme intervention has improved the conditions of labour mobility.

As the intervention of the programme in this priority area was done through two projects, then differently from the analysis of priority area 1 and 2, it makes sense here to look in more detail what these projects sought to do and how they contributed to improving the conditions of accessing jobs across the border.

“Valka-Valga mobility” began in August 2017 and concluded its activities in July 2019. The project focused its activities on the border city Valka-Valga. The State Employment Agency of Latvia, the Estonian Employment Insurance Fund, Valka Municipal Council and Valga Town Government sought to foster the confidence of job seekers and employers of the cross-border region in their ability to find a suitable job or an employee. The project consisted of organizing events such as job fairs, employers’ breakfasts and informal networking events and study trips. New employment support services were set up, including providing better access to and improving quality of information services. Notably, a newsletter was set up during the project that provided work-related information in Estonian, Latvian and Russian. This included translating information about available vacancies across the border. One of the project partners describes the success of the project as follows:

³⁴ Ibid.

“The objective of the project was to foster employment opportunities, provide Estonian/Latvian language training and support job seekers in their attempts to become integrated in the cross-border labour market. Unfortunately, the objectives of the project were not reached fully. We only provided an opportunity for employers to exchange their experiences and viewpoints, and stimulated contacts with both municipalities. Otherwise, job fairs were an activity that we were already doing before. Other objectives were not reached. /--/ Business breakfast for employers are continued. The exchange of information at these breakfast events are very important. So, this was very motivational for these people, even if there were no other practical benefits for the labour market apart from the job fairs.” – Project partner

The sustainability of the results of the project are mixed. According to the interviewees a positive development has been that the organization of business breakfasts and job fairs has continued outside of the project framework. Unfortunately, the newsletter has not been continued, although multiple interviewees said that it had been very useful and still saw a need for it.

“ESTLAT-WBL” began in August 2018 and is expected to end by November 2020. Within “ESTLAT-WBL”, students in vocational education are provided work-based learning opportunities in companies across the border. The partnership of the project involves Latvian Chamber of Commerce and Industry, five vocational schools and two private companies in Estonia and Latvia. According to the latest information available to the evaluation team, 75 students (38LV, 37EE), 21 teachers (9LV, 12EE), as well as 6 managers of traineeships in companies (3LV, 3 EE) took part in mobility activities³⁵.

While student mobility has worked well in both directions and the project can be considered successful, it was pointed out by an interviewee that all companies who took in mobility students from Estonia were situated in Riga and not in areas closer to the border. Internships across the border was one of the expected activities listed in the programme call manual and therefore “ESTLAT-WBL” meets the programme intention nicely. However, the match between this activity and the expected result of increased work commuters is less clear than in the case of the activities conducted under “Valka-Valga mobility.”

Interestingly, while both projects had planned to provide language training courses to improve the conditions of accessing jobs across the border, then in both cases these activities had not entirely worked out due to a lack of demand from the target group as well as competing language training services from the local government side. This experience is an indication that perhaps the Estonia-Latvia programme framework is not the one where language trainings should be organized.

EQ 22. What were the specific impacts of the Estonia-Latvia Programme in facilitating labour mobility?

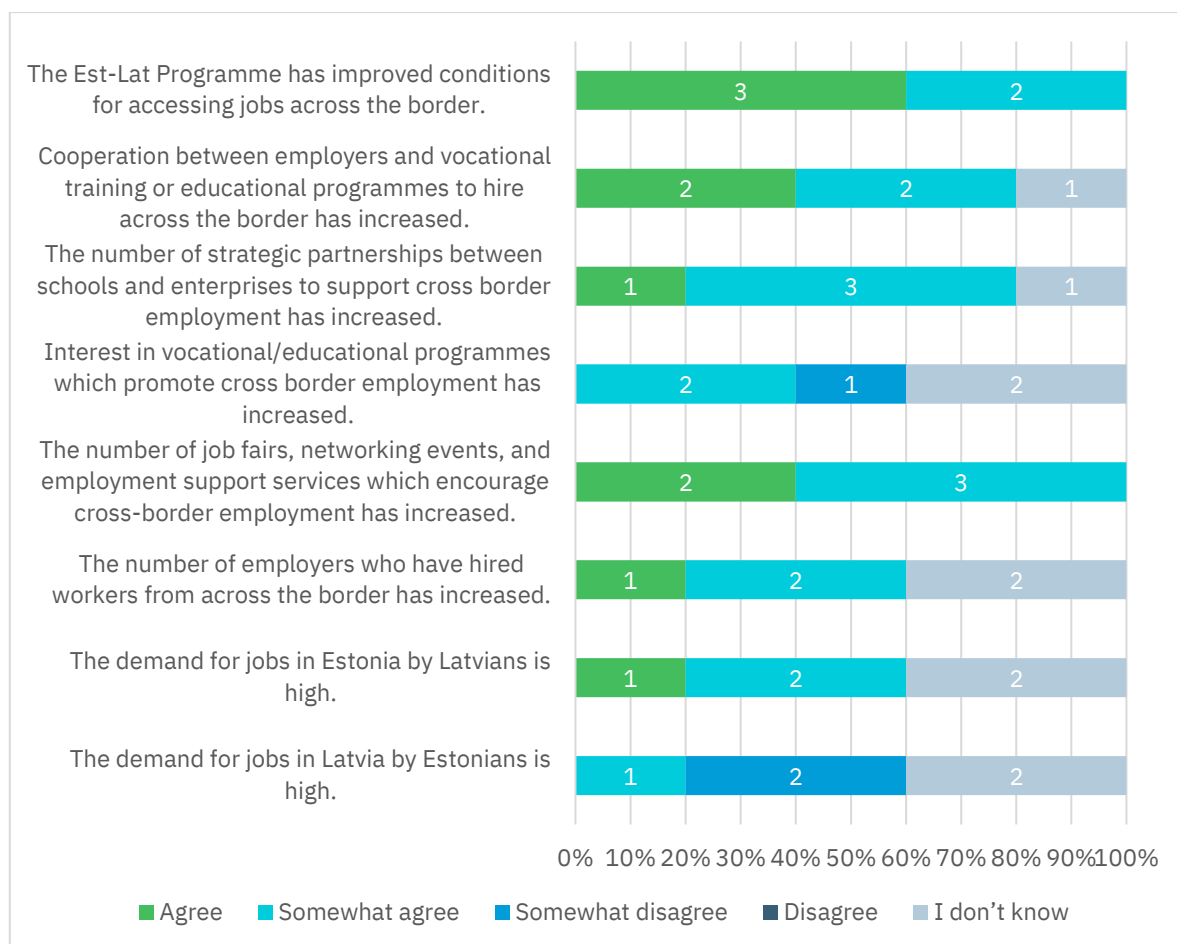
Based on the interviews with project partners and programme authorities it can be said that overall, the projects had a positive impact in facilitating labour mobility. Putting the language trainings aside, both projects have been successful in implementing their promised activities. During “Valka-Valga mobility” information was actively shared via the newspaper and different networking events were organized. According several interviewees, enabling discussions between Estonian and Latvian employers has been the biggest benefit of the project.

³⁵ Project information on the programme website: <https://estlat.eu/en/estlat-results/estlat-wbl.html>
Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

“This was a very important benefit, as several of them have already started to cooperate. Even if this project is only one piece in the puzzle called cross-border mobility and many other issues still remain to be solved, it is an important step.” – Project partner

All interviewees also mentioned that **the cooperation between Estonian and Latvian partners had become more frequent and personal thanks to the project.**

Figure 3.15: To what extent do you agree with the statements below about the impact of the Estonia-Latvia Programme? (N=5)³⁶



Source: Authors own, based on survey data, 2020

The immediate impact of “ESTLAT-WBL” has been that students have had the opportunity to partake in work-based learning across the border. According to the interviewees, internship cooperation is now on a new footing, several partners are interested in cooperating in the future and are planning to provide further matchmaking activities or services after the project’s lifetime. For example, vocational schools found new

³⁶ The statement „Interest in vocational/educational programmes which promote cross-border employment has increased.“ Was shortened in the figure for readability. The full statement read: „Interest in vocational/educational programmes which promote cross-border employment – e.g. measured by enrolment in programmes, higher volume of emails, phone calls, and social media messages from potential participants – has increased.“

companies with whom to cooperate in the framework of other student mobility programmes such as Erasmus+. The survey also confirms this as most respondents agree or somewhat agree that strategic partnerships between schools and businesses had increased thanks to the programme (Figure 3.15).

It is currently unclear whether the students would consider working across the border in the future. According to one of the interviewees one Latvian student, who had taken part in the mobility programme, had now accepted a job offer in Estonia. When asked what had changed in the programme area thanks to the project, an interviewee responded:

“We envisage that there might be a slightly bigger interest in seeking jobs across the border, especially among those pupils that participated in the mobility. For some of them, this was the first visit abroad, which was highly appreciated. Our intention was to prove that a job seeker does not have to look for a job far away from their home.” – Project partner

Figure 3.15 shows that the **demand for jobs is tilted towards Estonia**. This was mentioned in both the programme as well as project level interviews and was also covered in a 2018 study done by Civitta for Valga-Valka mobility³⁷. As salaries are higher in Estonia then working across the border is mainly attractive for Latvians but not the other way around. Interviewees also mentioned other disparities regarding social insurance, child support and other such elements of social welfare. This is a bit of a challenge for the cross-border area, as Estonia benefits from the labour force while Latvia is losing its workers and the situation gets worse. Although one interviewee did not see it that problematic if the people work in the region:

“It actually does not matter on which side of the border they work; the most important is that they are not leaving our region for seeking jobs abroad, in England, Ireland or Finland.” – Project partner

While the projects sought to create mobility in both directions there were still challenges in implementing activities due to this trend in labour mobility. For example, as many Estonians working in Latvia hold higher management positions it turned out that there was no need of mentoring nor language classes for them. It had been easier to find Latvian participants interested in Estonia than the other way around. According to one interviewee, however, there had been an increase in salaries in Valka after Latvian employers became aware, thanks to the programme activities, of the importance of the salary issue. This is not a challenge that the programme could solve but needs to be aware of when designing its activities.

EQ 23. Has the number of Latvian clients at Estonian unemployment offices and the number of Estonian clients in Latvian unemployment offices increased (compared to the time before the project implementation)? To what extent the activities financed by the programme could influence those changes?

In order to answer this EQ the evaluation team reached out to the unemployment offices of Estonia and Latvia to get the official figures. Table 3.23 and Table 3.24 show these figures.

³⁷ Civitta (2018) “Valga-Valka ettevõtluskeskkonna ja piiriülese töøjõuliikumise uuring, I osa”, available at: https://www.valga.ee/documents/17893995/22776328/Valga-Valka+ettevotluse+ja+toojouliikumise+uuring_raport_vahearuanne.pdf/64072a16-8ce2-4864-ab9a-63817018b68f

Table 3.23: Estonian citizens who have been granted unemployment status in Latvia

Year	Granted unemployment status (Latvia)
2014	28
2015	24
2016	33
2017	26
2018	35
2019	30
2020 (first 5 months)	17

Source: Authors own, data received from Nodarbinātības Valsts Aģentūra via e-mail inquiry

Table 3.24: Latvian citizens registered as unemployed or job-seeking in Estonia and Valga

Year (as of 31/12)	Registered as unemployed (Estonia)	Registered as unemployed (Valga)
2014	97	59
2015	115	61
2016	123	67
2017	133	83
2018	162	77
2019	192	92
2020 (as of 31/03)	229	114

Source: Authors own, data received from Töötukassa via e-mail inquiry

These tables show that there are more Latvians registered as unemployed in Estonia than vice-versa. This is in line with what was discussed under EQ22 – **Latvians are more active in the Estonian labour market than Estonians in the Latvian labour market.** Roughly half of the unemployed Latvians in Estonia are registered in Valga. According to one interviewee, the cross-border mobility issue is most essential in Valga as similar intensity of movement is not seen in other places in Latvia. Indeed, as can be seen in Table 3.24, around half of the registered unemployed Latvians in Estonia are registered in Valga.

To answer the evaluation question, the projects' focus needs to be considered. "ESTLAT-WBL" focus was on work-based learning and there was no clear connection with unemployment offices. It is unlikely that the activities conducted through "ESTLAT-WBL" have had any impact on unemployment figures. "Valga-Valga mobility" project has a much stronger connection as both unemployment agencies were project partners. Within the project various events and a newsletter were organized, which potentially could have increased awareness of unemployment offices services and workers' rights.

Before the project began, the Estonian figure was 135 registered unemployed persons as of 30/06/2017. By the end of the project the same figure was 144, as of 30/09/2018. In Latvia (see Table 3.23) the number of unemployment statuses granted was larger in 2018 than in 2017 but considering a longer timeframe there is no clear pattern. There has been an increase of registered unemployed Latvians in Estonia between 2017-2020 but there is no clear pattern in the quarter-year figures. Overall, the number even slightly decreased in Valga in 2018.

Therefore, **no clear pattern emerges from the official unemployment data.** The increases and fluctuations could be connected to some companies going under or some structural changes in the economic situation that at times has increased the number of unemployed people. For example, it could have been that an Estonian company employing Latvian workers might have just laid off some workers who then registered

themselves in the unemployment office and therefore increasing the figure even if this company or the workers had no connection to the projects or programme activities. Nevertheless, there seems to be a slight overall increase in the figure on both sides of the border. **Whether these numbers were directly or indirectly affected by the programme is unclear.**

A caveat regarding the data above should be mentioned. The data in Table 3.23 and Table 3.24 is only about citizens. Third country nationals or people without a citizenship are not included. Albeit people with such legal statuses could also be part of cross-border labour mobility. Furthermore, according to the Civitta 2018 report³⁸, people registering themselves as unemployed at Töötukassa (Estonian unemployment office) are not required to reveal their citizenship. Therefore, the number of Latvians using the services of the unemployment offices in Estonia could be higher than the table above suggests.

Other considerations

Mismatch between expectations and needs

There was a general feeling among programme authority interviewees that this priority had not worked out as initially expected during the creation of the programme. There were fewer application and fundable project ideas. For example, the 6th call of the programme launched in May 2019 was dedicated only for priority four, but eventually failed to receive any successful applications.

Two main explanations were provided by the interviewed programme authorities. First, when the priority was being drafted in 2013 the European Commission was looking for measures to alleviate the effects of the 2007-2009 financial crisis. There was a need to improve labour mobility to address unemployment in the region. However, the economic situation had already changed by 2016 and 2017 when the first two calls for projects were launched. Unemployment was no longer a problem. Therefore, one of the reasons for lack of applications is likely that there was less need for such projects.

Second, few programme management level interviewees mentioned that the priority had been defined too narrowly in the call manual and they could not submit project ideas that they would have liked. For example, the priority was set up to address physical cross-border movement, but the programme also received topical project ideas that focus on remote working. This is somewhat related to the first point on changed needs in the programme area. It also shows that **there was interest to run projects on labour mobility, but the programme framework was too narrow.** Indeed, it was mentioned in several programme level interviews that the aim had foremost been to facilitate cooperation between unemployment agencies and therefore a narrow framework was given.

Bringing the two arguments together it can be concluded that **there was a mismatch between the initial purpose and the actual reality or interest.** Two lessons can be drawn from the experience. The first is that the programme needs to be careful in framing a topic too narrowly as it might make it difficult to attract projects. The focus should not be too narrow on topics which are very much affected by external socio-economic conditions. The second is that the programme in general should have the ability to react to changing conditions. One interviewee explained it well:

³⁸ Ibid.

“Unfortunately changing our programme document is complicated. To change the document, we need to go to the [European] Commission and wait for their approval. This does not allow us to react flexibly to changes on the labour market.” – Programme authority

The lack of flexibility is therefore not a critique towards the programme management but rather highlights the need for the European Commission to give the programme more freedom in adjusting priority goals which are affected by external socio-economic conditions the most. Especially in areas that deal with SMEs or the labour market, the ability to quickly adjust is crucial to ensure effective spending of public money and address it in most relevant way. **The past decade has shown that economic conditions can change very quickly**, and it is nearly impossible to foresee such changes during the preparation period of a programme that is set to last for seven years. As was voiced by one of the interviewees:

“It’s very tricky because if the priority will be planned again today, we don’t know what the situation will be after 5 years in the labour policy and situation of our countries.” – Programme authority

Strengths and weaknesses

All project level interviewees were asked to describe the strengths and weaknesses of the programme. The results are compiled to Table 3.25.

Table 3.25: Strengths and weaknesses of the programme according to SO 4.1 project partner interviewees

Strengths	Weaknesses
Reporting after every 3 months	Complicated reporting procedures
The programme enables Estonia and Latvia to deal with topics that are important for both	Agreements were not held
The programme stimulates new ways of cooperation	Delayed financial flow
eMS is a good tool	The programme does not allow to pay additional salaries
Riga included in the programme area	Lack of support for sports and cultural activities
Experienced and helpful programme consultants	

Source: Authors own, based on interview data, 2020

As has been a common theme in some of the other SO-s, **the administrative burdens were mentioned as the biggest weaknesses of the programme**. Many interviewees emphasized that it took too long to process reports. This also caused delays in the financial flow. Again, similarly to priority 1, interviewees shared some worrying thoughts. For example, for one of the partners the administrative burden had been bigger than the perceived benefit of the project. Another partner said that if they had known how long it takes to receive reimbursements then they perhaps would not have participated in the project at all.

Beyond the delayed process, some interviewees also felt that some of the procedures had been disproportionate. For example:

“Participants had manually filled in registration lists when arriving to the event and signed them. When we had reported the numbers of participants in the Progress Report, we got a request from Secretariat that these lists should be delivered in Excel format which means that we had to retype all these lists, which was time-consuming, as it was not really easy to read the handwriting, and hardly meaningful.” – Project partner

The general feeling in the interviews was that the partners would have liked to invest their time and efforts in project activities and much less in the bureaucratic procedures. However, one interviewee liked that the reports had to be submitted after every four months as in this way there was less room for error in reporting, i.e. it would have been harder to correct reporting mistakes if the reports would only be submitted once a year.

In one specific case an interviewee described that agreements between the programme and project representatives were not always held. Apparently due to a change of personnel on the programme level, the standpoint of the programme had completely changed. The project partner felt that such fundamental standpoints, in this case concerning state aid, and **agreements should not change when personnel changes**. This reflects to what was discussed under SO 3.1 about transparency where also the room for interpretation was criticized.

Recommendations

The main recommendation is related to the weaknesses mentioned in this SO – project partners would like to see an improved process of processing reports and easing of the overall bureaucracy of the programme.

Although the priority area has not worked out as expected, many management level interviewees felt that it could still be relevant in the next programming period. **However, the focus needs to change to consider the changed environment**. One interviewee saw the priority relevant in the light of the COVID-19 situation and the rising unemployment rate. Few interviewees, both on the programme as well as project side, also pointed out that the programme should **update the definition of cross-border laborers to include not only physical movement, but digital cross-border working, remote working or freelance labourers**. One specific idea for a project was also proposed - issuing special mobility ID cards for those people who are working on the other side of the border, so that in case of COVID-19 like situations these people could still continue to cross the border to go to work. Differently from the rest, one interviewee was sceptical that integrating labour markets is still a high priority on the state level, given the political discussion in Estonian media that advocates the use of existing local labour force, especially those who have become unemployed due to the recent health crisis.

Creation of joint information space for job vacancies and regulations across the border should be continued given that the newsletter created in the framework of “Valka-Valga Mobility”, that has now been discontinued after the project finished, was considered by interviewees to be very useful. Especially as it addressed a challenge identified in the programme document:

“[A] challenge in the programme area is the share of limited information about cross-border employment and labour market integration opportunities /--/ Job seekers do not have information available to them in their national languages about vacancies on the other side of the border, or about taxation or social security systems.”

The programme document also addresses the challenge of population decline and how pressures such as urbanisation, low birth rate, migration of working-age people and aging population put pressure on regional development, labour market and sustainability of social security systems; **these challenges are still there**. According to the Valga municipality development plan the municipality has seen a population decline of

around 1.1% each year between 2008-2018 and this trend is expected to continue³⁹. The Latvian regions of Kurzeme, Rīga, Pīriģa and Vidzeme have seen a decline of 0.68% between 2018 and 2020⁴⁰.

Population projections indicate that the population in the 10 Estonian counties within the programme area is expected to decline by 14.2% by 2045. The share of the working age population is expected to decrease by 10.1 percentage points in the same time-period.⁴¹ In the four Latvian regions it has been projected that the population will decline 12.6% by 2040. The share of working age population is expected to decrease by 4 percentage points.⁴² As the pressure of depopulation remains, then **it is a question whether the funds should be used to increase the attractiveness of the region for inhabitants and labourers instead of facilitating cross-border movement of people within the region**. For example, a well-shaped and possibly pre-defined project with a larger budget could be targeted to attract new inhabitants which may serve better the needs of the programme areas. But even then the programme would need to be cautious in setting its expectations as this is not a challenge a single programme could solve, given that the challenge of population decline and competition for labour force is a challenge for Estonia and Latvia, as well as for other European states.

³⁹ Valga Vallavolikogu (2019) Valga valla arengukava ja eelarvestrateegia 2019-2023, retrieved from: https://www.riigiteataja.ee/aktiisa/4201/2201/9014/m95_lisa1.pdf#

⁴⁰ Calculation authors own. Data from Government of Latvia „Regional development indicators module“, retrieved from: <https://raim.gov.lv/en/node/36>

⁴¹ The total population of the 10 counties in 2019 is 466 474 and the regional average share of population aged between 15-64 is 63.4%. The same figures according to the main projection (et. *põhistsenaarium*) for 2045 are 400 264 and 53.3%. 2045 was chosen as the reference point as it is the furthest year where projections on the county level were available. Decline figures were calculated by the authors. Data retrieved from Statistics Estonia: <http://andmebaas.stat.ee/Index.aspx?DataSetCode=RV088>

⁴² The total population is projected to decline from 1 436 700 to 1 256 200. There are also great regional disparities where Rīga and Pīriģa are expected to see a decrease of 7% and 3% respectively while Kurzeme and Vidzeme are expected to decrease around 25-33%. The regional average share of population aged between 15-64 will decrease from 63% to 59%. Decline figures were calculated by the authors. Data from: Krūmiņš, Juris and Bērziņš, Atis (2019) “Demogrāfiskās attīstības vērtējumi un prognozes”, book chapter in “Tautas ataudze Latvijā un sabiedrības atjaunošanas izaicinājumi (Population Reproduction and Challenges for Renewal of Society in Latvia)”, retrieved from: <https://www.apgads.lu.lv/izdevumi/brivpieejas-izdevumi/gramatas/tautas-ataudze-latvija-un-sabiedrības-atjaunosanas-izaicinajumi/>

4. HORIZONTAL THEMES BASED EVALUATION

The results in this section are framed in the context of the four main horizontal themes which are outlined in Chapter 2. The Effectiveness and impact section assess the extent to which the OI-s have been achieved and the impact on the programme area because of the project activities. Efficiency section will assess if programme funding has been efficient and if project resources have been used in an efficient manner. The relevance section will assess the importance of the programme and the relevance of cross-border cooperation for project partners. Added value and sustainability section will assess the additional benefits to the programme area because of project activities and the sustainability of those results.

The results in this chapter will rely on the analysis of survey results, interviews with project partners and programme authorities, relevant programme documents, as well as the individual SO analysis' observed in Chapter 3. Combined, the results discussed in Chapter 4 will help answer horizontal research questions and provide additional input to conclusions and recommendations presented in Chapter 5.

Effectiveness and impact of the programme

The effectiveness and impact of the programme is assessed by evaluating the extent to which the planned outputs for each project have been achieved, the immediate results that can be detected based on the planned and achieved outputs, and whether these results had an impact on the RI-s. Effectiveness and impact are separate horizontal themes; however, they have been combined because the determination for both categories rely on the output and result indicators. Effectiveness of the programme is determined by the degree to which the planned outputs have been achieved and the impact of the programme's contribution to the project activities will be assessed by whether the funds contributed by the programme had caused positive changes in the programme area.

The effectiveness of the projects is assessed based on how well the projects meet their objectives. The project objectives are the main goals for the projects and the success for these goals is based on the OI-s and whether they have been achieved. For example, for SO 1.1 success for cross-border cooperation (objective) is partially determined by the number of attendees to a cross-border networking event (output indicator). Therefore, if a project has achieved their planned objectives, then this would likely indicate a successful output indicator and a high level of effectiveness.

The impact of the projects is assessed based on how project activities have impacted the RI-s for each SO. However, as many of the projects are still ongoing and with only 19 projects (as of July 2020), i.e. less than half, having submitted final reports, a full assessment on the impact of project activity on the RI-s is not possible until all the projects have been completed. Therefore, the impact of the projects and achievement of RI-s can be assessed based on what has been achieved to date from quantitative indicators such as the OI-s and RI-s; and qualitative information based on interviews – with project partners and programme authorities – and survey data (project partners).

Key findings

Survey results show a favourable assessment of the completion of project activities; with 90% of completed projects indicating that they have accomplished their objectives and 98% of ongoing projects stating they have completed their objectives or are on target to complete them. Survey results indicate that the OI-s and RI-s have been well set and are easy to understand. But, the overachievement of some SO-s for their performance indicators, and the decrease in RI-s for SO 1.1 and 1.2, may indicate a flaw in the methodology for measuring the indicators; indicating that the link between the RI and OI is weak.

Survey results indicate that a successful set-up of their partnership, experienced leadership, and good knowledge about the target group were the main success factors for ensuring an effective project. External factors, such as market factors and the COVID-19 crisis, and internal factors, like partnership issues, have shown to be challenges to project partners and could potentially impact the project results. But most have been able to cope, which is a positive indicator of effectiveness. Overall, the project partners have shown high levels achievement for their OI-s despite facing internal and external challenges; thus, it can be said that project activities have been effective in achieving their goals.

Achievement of OI-s and RI-s

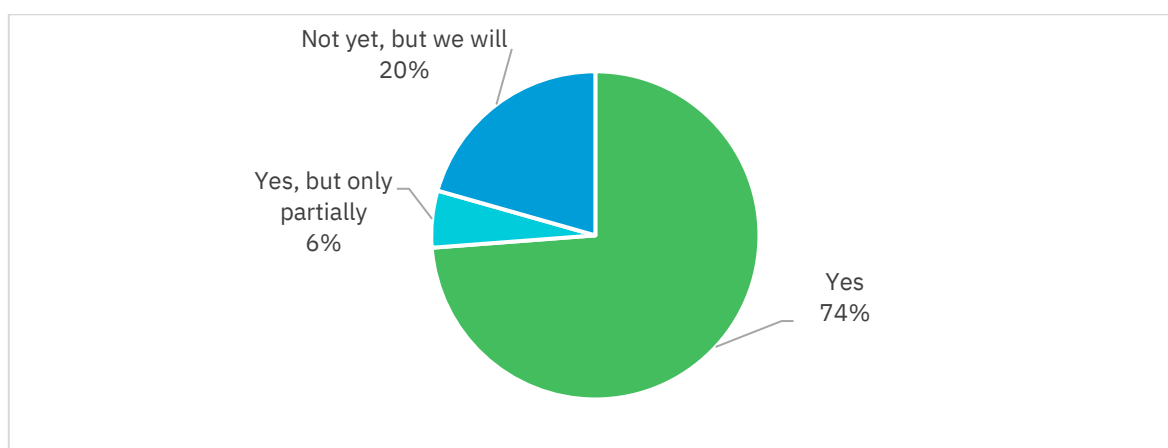
The 2018 RI assessment conducted by the programme⁴³ showed mostly favourable results, indicating that each SO, except for SO 1.1 and 1.2, have improved their RI targets from 2014/2015 with SO 2.1 Awareness, and SO 4.1 already meeting their 2023 RI targets (See Chapter 3). Final reports show that all finished projects have indicated that they rank their level of satisfaction with the project outputs and project results as “very high” or “high” (see Annex 17). Also, **all finalized projects have emphatically stated that their project activities and results have positively contributed to the RI-s**. The positive answers reported could indicate a disconnect between the RI and the impact in the programme area. For example, SO 1.1 and 1.2 projects both indicated that project activities have had a positive impact for project beneficiaries and the programme area, but the RI was still shown to have decreased (see Chapter 3, SO 1.1 and 1.2). Still, the achievement of the output indicators and specific objectives are generally consistent with answers from the final reports and it is therefore reasonable to assume that the project activities for completed projects have contributed to the impact on the programme area.

Output indicators have also shown a high level of achievement, with roughly 91% of the projects’ target output indicators being completed; and **only 5 out of 58 total output indicators being partially met**⁴⁴. Projects which reached their output indicator targets fully, also said that they achieved their planned objectives. This is also supported in the survey results (Figure 4.1) where most of the respondents (74%) have indicated that they have achieved the planned objectives. Further, while 21% of respondents indicated that they have not yet achieved their objectives, they are confident that those objectives will be achieved. Taken together, this shows that **95% of respondents have achieved their planned objectives or are on track to complete them**, which is a positive indicator for the overall effectiveness of the programme.

⁴³ Interreg V-A - Estonia-Latvia Cooperation programme under European territorial cooperation goal (2018) Annual Implementation Report, available at: <https://estlat.eu/en/about-estlat/annual-reports>

⁴⁴ Data received from the JS in “Programme Output indicators per project”, 2020

Figure 4.1: Has your project achieved the planned objectives? (N=126)



Source: Authors own, based on survey results, 2020

The results in Figure 4.1 are also consistent with the number of completed output indicators by SO, albeit slightly less. According to the programme’s completed output indicators⁴⁵, almost all the OI-s for each SO have been met or surpassed. Only SO 2.1 and SO 4.1 have not met their cumulative OI targets, however, some projects are still ongoing – 4 projects for SO 2.1 and 2 projects for SO 4.1 - and it is likely those figures will change once complete. At the same time, this contradicts what has been seen for SO 2.1 and 4.1 RI-s where according to the 2018 evaluation survey the RI-s had already met their 2023 targets. This indicates that the method for setting the RI-s might need to be reconsidered to build stronger link with specific OI-s. Survey results indicate a positive forecast for projects to meet their direct objectives, as can be seen when the results from Figure 4.1 are combined with whether the project has been completed or not (Table 4.1).

Table 4.1: Number of respondents who have completed their project objectives and project status

		Yes	Yes, but only partially	Not yet, but we will	Total
Yes, all activities have been concluded but we are still working on the final report	N	21	1	1	23
	%	91%	4%	4%	100%
Yes, all activities have been concluded, including the final report	N	56	5	2	63
	%	89%	8%	3%	100%
No	N	16	1	23	40
	%	40%	3%	58%	100%
Total	N	93	7	26	126
	%	74%	6%	21%	100%

Source: Authors own, results based on survey results, 2020

Unsurprisingly, almost 90% of projects which have concluded, including those which have submitted final reports indicate that they have reached their planned objectives. It is interesting to point out that 10% of

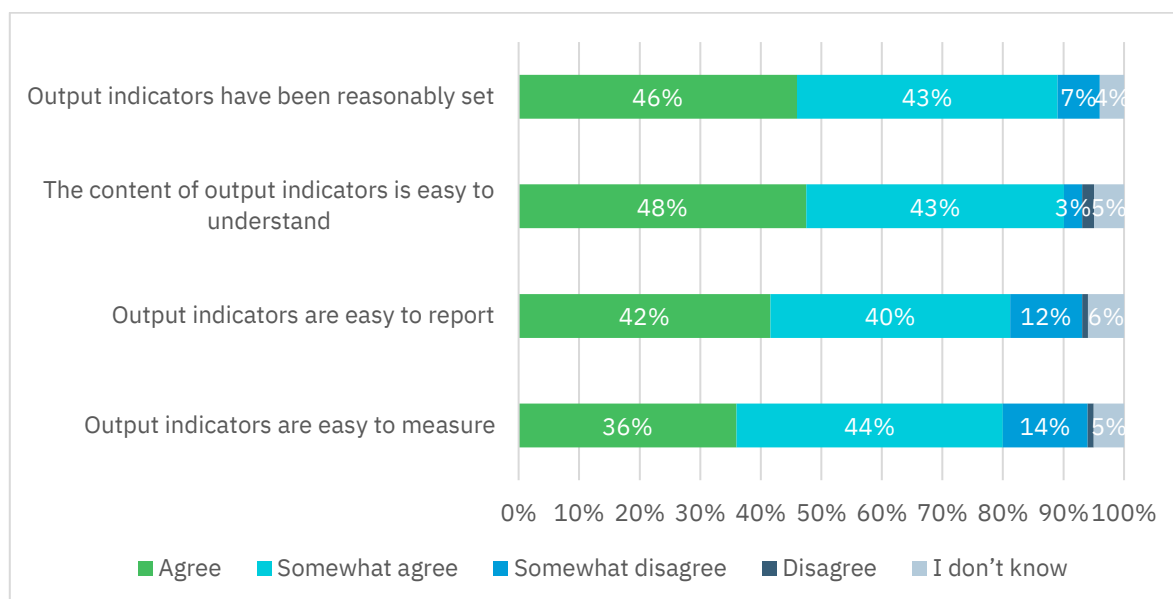
⁴⁵ Data received from the JS in “Programme Output indicators by SO”, 2020
Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

completed projects from the survey have not reached their planned objectives despite most projects having achieved their OI-s⁴⁶. Final reports indicate that most OI-s have been met, but some projects have indicated that some OI-s were only partially met, pointing to unforeseen circumstances which may lead to their partial completion. For example, one project partner indicated that it was more efficient and logical to combine events into one which resulted in them hosting less events than the OI target amount. In a different example, there was more international interest in their event and less local interest than the project partners had originally anticipated, which they claim was the reason for having less participants attend. Still, final reports claim that the main objectives have been achieved, which indicates that despite under achieving on some OI-s, project partners felt that their activities had been sufficient to achieve their objectives.

98% of ongoing projects have claimed that they have already completed their planned objectives or will complete their planned objectives at the conclusion of their project. This may indicate that survey respondents have been more positive in reflecting their experience and achievements in the programme introducing some bias to the overall results. This has been brought up in interviews with programme authorities where it was mentioned that the project partners oversee the reporting of their findings into the EMS system. In some cases, data entered by project partners for assessing the output indicators can be “random” leading to a higher level of achievement. However, the JS has since put a review process in which ensures that by the end of the project, the correct OI will be listed.

Strength of the link between performance indicators (RI and OI) and the impact on the programme area

Figure 4.2: Are the output indicators relevant for measuring the success of your specific objective? Please answer by indicating the extent to which you agree with the following statements. (N=126)



Source: Authors own, based on survey data, 2020

In case of OI-s the survey results indicate that **project partners felt that the OI-s were well-selected, easy to measure and understand** (see Figure 4.2 and Annex 11). These results are consistent with the data collected

⁴⁶ Based on data received from JS in “Programme Output indicators by SOs”, 2020.

from the programme⁴⁷ which shows that several projects have met or exceeded their OI-s, indicating that the projects have been effective at implementing their planned activities. For example, according to the Estonia-Latvia programme document for output indicators by project⁴⁸, 24 output indicators have already been accomplished for ongoing projects as of July 2020.

If the OI-s and planned objectives are an accurate indicator of the impact of the programme activities, then this is an encouraging sign that the ongoing projects have also positively impacted the RI. However, as already discussed in several instances in this report, there still emerged questions regarding the relevance of some programme RI-s, especially in case of RI-s in priority 1 and SO2.2A, and SO 3.1 (see Chapter 3).

Additional interviews with programme authorities also revealed that **the methodology for measuring the result indicators of project activities may be flawed.** For example, as was discussed in Chapter 3 under SO 1.1 and 1.2, interviewees highlighted doubts about the correct sample for the RI which may not have been representative of the businesses which are actually prepared for cross-border activities. Besides questioning the relevance of SO 1.1 and SO 1.2 RI-s, the RI for SO 3.1 was also perceived to not be the most realistic for measuring the impact of the programme (Chapter 3):

“Whether any of the indicators are unrealistic, I would point out the small port network indicator in terms of the number of guest bases may not be the most realistic, but it also depends a lot on other external circumstances.” – Programme authority

Still, the consensus among the interviewed programme authorities was that the indicators had been highly scrutinized and that they were “optimal” and the “best available”.

Interviews with project partners also show scepticism in the project results wider impact claiming that that the RI-s could be confusing and/or not important to the implementation of project activities. Explaining that indicators “are important for the programme” but that for the project partners, it was more of a “formality”. For another project partner, the indicators were confusing, stating that “it took a long time to understand” the indicators and they recommended that the “programme to give more clear explanation of indicators”. This illustrates that some indicators may not be relevant to the success of their project activities and that they are more important for the programme authorities which suggests that some indicators could be artificial, hence making the result also artificial. For example, one project partner felt that the indicator for measuring the number of companies making a joint product or service was an unrealistic indicator, stating that:

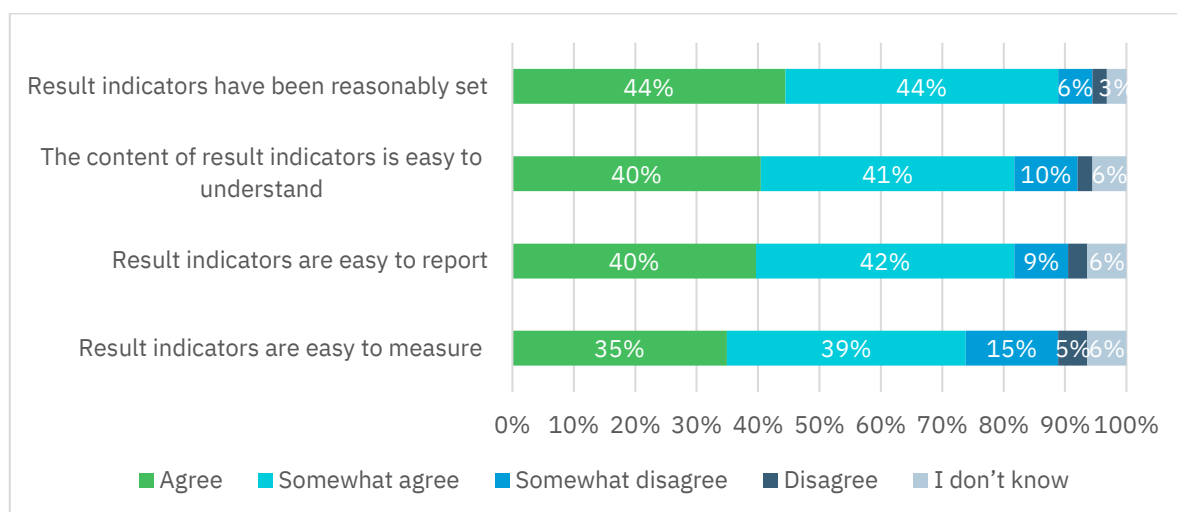
“Any kind of cooperation between two companies is a very difficult process and to force it in some way, say, take one Estonian and one Latvian company, and then also take into account that they are small, or so young and so old, of this nature. This is not how collaborative projects are born or survived. It is a little artificial. If you put an artificial purpose, then you'll get an artificial result.” – Project partner

Most of the scepticism regarding programme RI-s was shown in interviews with project partners. Conversely, survey results indicate that project partners felt that the RI-s were well-selected, easy to measure and understand which was similar to the attitudes towards OI-s (see Figure 4.2 and Figure 4.3).

⁴⁷ Data received from the JS in “Programme Output indicators per project”, and “Programme Output indicators by SOs”, 2020

⁴⁸ “Data received from the JS in “Programme Output indicators per project”, 2020
Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

Figure 4.3: Are the programme result indicators relevant for measuring the contribution of your project? (N=126)



Source: Authors own, based on survey results, 2020

Survey results do not indicate that the RI-s have been unreasonably set but it is important to note that more respondents under SO 1.2 somewhat disagree that the RI was relevant to measuring their impact, which supports the idea the RI may be less relevant for this SO specifically (see Annex 12). Further, SO 1.2 interviews with project partners specified impacts beyond what the RI measured as being more relevant citing the impact at an industry level, not in the programme. For example,

“Basically all [manufacturers] that are active in this sector in Latvia have now at least heard about us and our IT programme and all are so much more aware of the great improvements that can be achieved by integrating IT solutions. It is a really important impact on the sector.” – Project partner

In this case, the impact for the project partner was more focused on their industry and what it means for their company, not “share of entrepreneurs carrying out joint service or product development”.

While the RI-s can be a good measure of the quantitative progress and impacts from the programme intervention, there is a risk that other impacts resulting from specific projects are not measured. For example, highlighted in Chapter 3 and also Added value and Sustainability section, SO 2.1 project activities had broadened, improved, and built local networks of various tourist and regional organizations, service providers, and local producers, but **these** were not measured as a **part of the RI**. This is also the case for SO 3.1, while the “number of visiting vessels at small harbours” is an efficient way to measure the impact of revitalizing harbours, it may not be the most important aspect to capture the benefit of the programme support (see Chapter 3, Priority 3).

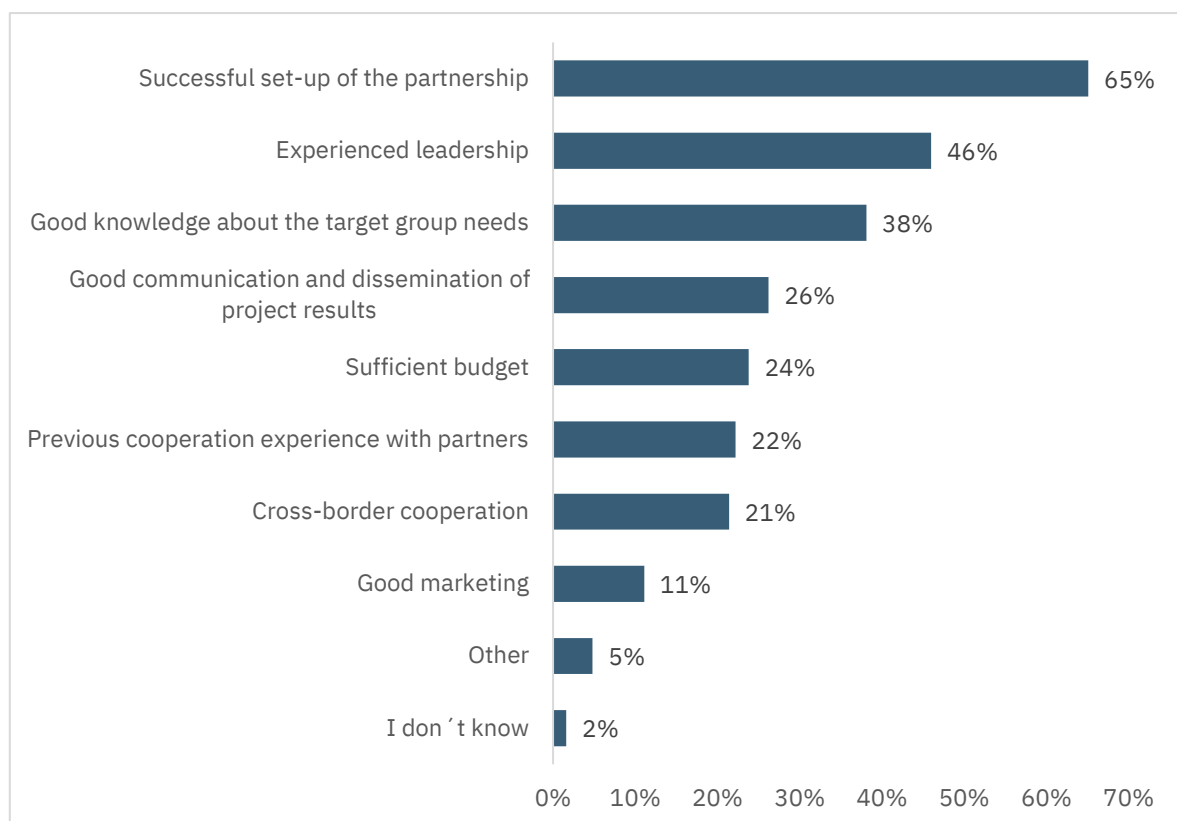
There have also been doubts as to whether the amount of funding in the programme is not matched well with set RI targets, i.e. **the funding amount might be too small to elicit the desired impact on the programme area**. Given the limitations of programme funding, narrowing the focus for some RI-s and priorities may help the programme utilize their funds in a more effective way. This was also suggested in programme authority interviews where the interviewee stated:

“If we think about the fact that here before this [COVID-19] crisis began, the investment volume of [our] city this year was projected to be 28 million euros. And we're talking about one year's investment by a municipality of 50,000 people. It is not the kind of number that can change the world. There should be very clear choices and nation's delegations should agree the areas where they actually want to see this change. /--/ Dividing such a small sum between multiple areas, well, in reality, this can't have any effect.” – Programme authority

Factors affecting the achievement of objectives

In the survey, project partners were also asked to indicate what has helped them the most to reach their objectives. The results for this are included in Figure 4.4 below:

Figure 4.4: What has helped you the most to reach your objectives during the project implementation? Please select up to 3 most relevant options. (N=126)



Source: Authors own, based on survey data, 2020

The top three responses (1) successful set-up of partnership (65%), (2) experienced leadership (46%), (3) and good knowledge about the target group needs (39%) indicates that **the project level management structure** was important for the success of the project. Particularly for response (1) and (2), it appears that a well-coordinated partnership with experienced leaders were the most valued. In most of the final reports, the right set-up of professional partnership and active involvement of partners was lauded as an important factor for influencing the smooth implementation of the projects. From a programme level perspective, this is also positive because it shows that the cooperation and partnership aspect was highly valued, adding credence to the idea that cross-border partnerships can be effective.

A small number of respondents (6%, N=7) indicated that they only partially achieved their planned objectives. Reasons for this were mainly seen in **overly ambitious objectives, insufficient budget, and external factors like changes in economic situation, market demand, regulations, etc.** Only 1 respondent saw reasons in insufficient capacity of their organization, like insufficient internal support or lack of resources as a challenge.

Figure 4.5: What have been the main challenges in your project? Please select up to 3 most relevant options. (N=126)



Source: Authors own, based on survey data, 2020

For respondents who will reach their objectives or have already reached their objectives, the main challenges affecting their project implementation has been mostly external factors (Figure 4.5). Explained later in this section, one of the main external factors can be related to the COVID-19 crisis. This is particularly true for tourist related activities such as SO 2.1 and 3.1 which rely on the visitors. Further, this can cause delay in project activities which may also hinder the effectiveness of the projects as seen in Figure 4.6.

Market factors, like demand for a product or service, have also been a recurring theme in project and programme level interviews as a challenge for project activities. However, market factors seem to be more of a challenge for SO 1.2 activities as they are creating a jointly developed product or service to be sold. For example, in one project level interview, it was stated that it can be a challenge to convince your target group to “change their habits” and be willing to try a new, innovative service. Another interviewee said that as the products developed in Estonia-Latvia projects tend to be more high-end and luxury then the demand for these might also fall in times of uncertainty such as COVID-19 crisis.

Market factors have also been cited by programme authorities and project partners as an important indicator as it relates to effectiveness. For example, prices for 2017 for certain project activities may not be relevant anymore due to changes in economic activity. This can negatively impact the effectiveness of project activities

because they may not be able to fully implement their plans due to budget constraints. This had been the case in the “ESTLAT harbours” project where by the time all preliminary design was done and the project reached the building stage, the construction prices had already increased, which meant that some infrastructure developments had to be done in a more modest manner than initially planned. Although not the focus of this evaluation, according to one programme authority interviewee, the same situation had occurred regarding the “Valga-Valka Centre” project. According to the same interviewee, they foresee these two projects accomplishing 95% of project activities because of this unforeseen increase in construction prices. Therefore, for projects requiring large scale investments the changing market prices can really hamper the fulfilment of the projects’ objectives.

Interestingly, **problems with partnership** have occurred for ¼ of the respondents, even though this was also seen as one of the main success factors (see Figure 4.5). Partnership challenges have mostly been linked to internal factors related to the management of the project activities. For example, several project partners referenced **the bureaucratic processes as being particularly burdensome**. In some cases, this could manifest itself in the form of Estonian and/or Latvian colleagues not understanding the laws or procedures of their respective partner country. For example:

“Lack of understanding by Latvian auditing bodies causing a delay of about 6 months and reproaching LP a number of irregularities, like incorrectly calculated salaries. This exaggerated bureaucracy is a big hinder not only for our, but also for many other projects.” – Project partner

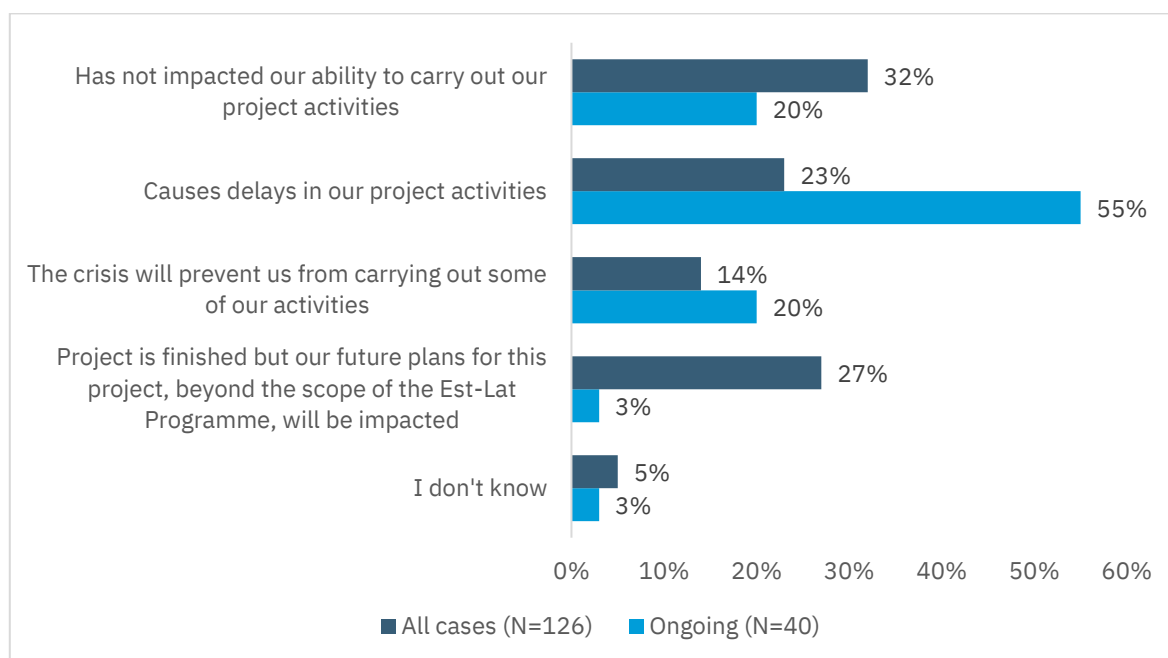
Another managerial challenge which has been cited in project partner interviews are difficulties in synchronizing partner activities to focus on the project implementation. For many partners, they may also be juggling different roles outside of the project activities which can impact the effectiveness of the project. For example, it was cited in an interview with a project partner that it was difficult to get all the partners on the same page to deliver reports because of their intense workload in addition to programme activities. Lack of capacity for some organizations have also been cited by the programme authorities as a reason for projects being less effective, which may play into the managerial burdens at the project level.

Challenges related to the COVID-19 crisis

As seen, important consideration when assessing the impact is understanding **the external stressors which may affect the impact of the projects in the programme area**. The most obvious external influence now is the already mentioned COVID-19 crisis and how this may impact project activities. To assess the potential disruption from the COVID-19 crisis further, the evaluation team included two survey questions to gauge the extent of the impact (Figure 4.6 and 4.7).

Figure 4.6 compares the number of all respondents to the share of respondents whose projects are still ongoing. 32% of respondents indicated that the crisis has not impacted their ability to carry out project activities, but only 20% of respondents from ongoing projects indicated this, implying that ongoing projects will be more impacted. Indeed, **for ongoing cases**, 55% of respondents indicated that it causes delays in their project activities and 20% of respondents said the crisis will prevent them from carrying out some of their activities which in turn could limit the overall impact in the programme area. Regarding the future impact of project activities **for all projects**, 27% respondents indicated that the crisis will have an impact on their project activities.

Figure 4.6: To what extent has the COVID-19 crisis impacted your ability to carry out activities as planned? Please select the most relevant option. (N=126, all respondents and N=40, ongoing projects)

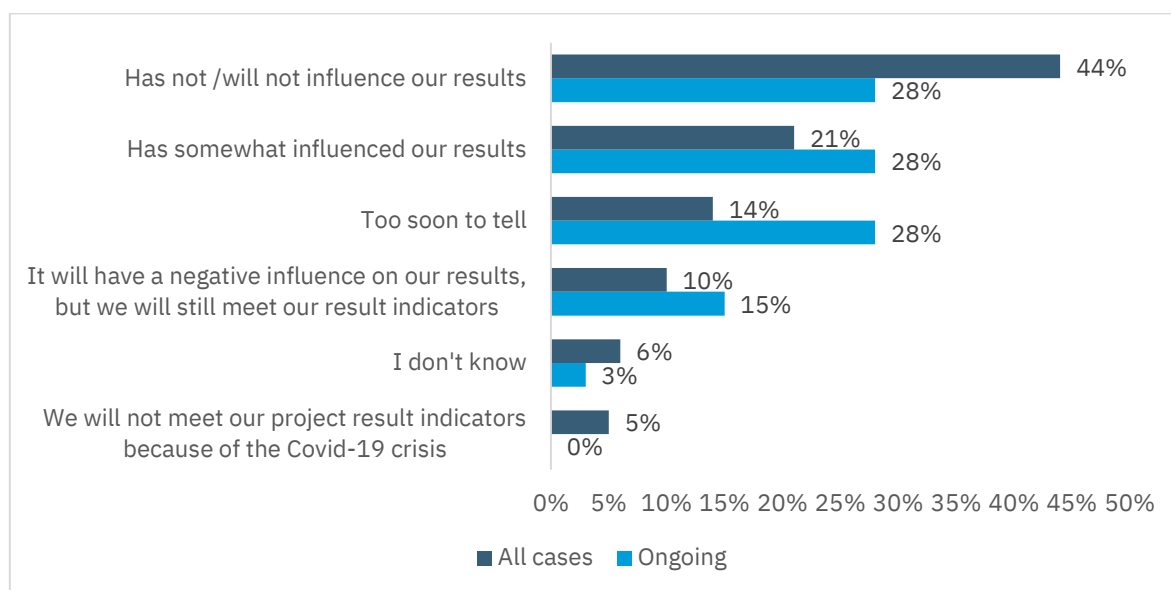


Source: Authors own based on survey results, 2020

For ongoing projects, as many of the output indicators have not been reported yet, it is unclear whether the delays in project activities will impact their OI-s or the RI-s. For SO-s which incorporate social gatherings as a part of their planned activities, as is the case in most SO-s, this could impact their OI achievement and possibly the contribution to the RI-s. Across all SO-s, future plans appear to be the most effected and for SO 1.2 and SO 2.2, this causes delays in project activities for 35% of respondents in each of these SO-s (see Annex 13). For tourist activities, project partners in SO 2.1 have indicated that events have been cancelled with one project partner mentioning events that were targeted at local entrepreneurs, thus having a detrimental effect on these organizations. In another case, the COVID-19 crisis attracted different types of visitors to the area, i.e. cyclists, hikers, nature tourists and camper vans, but they were not ideal because it was perceived that these types of tourists were “spending less money”.

Survey respondents were also asked to assess the potential influence of COVID-19 on the project results (Figure 4.7). Almost half of respondents (44%) have indicated that the COVID-19 crisis has not or will not impact their results, although it is worth looking deeper. **For ongoing projects**, 15% of projects have indicated that it will have a negative influence on their results but they will still meet their expected results, 28% have responded that the crisis has somewhat influenced their results, and 28% have responded that it is too soon to tell. While it is possible that the current crisis may have an impact on the project results, the data is still inconclusive and it will not be possible to assess the full impact of the crisis until all the projects have finished their activities. This sentiment is also shared by the programme authorities where it was mentioned that the COVID-19 crisis has been challenging and that “some sectors are still dead” like tourism and that especially in these trying times, it will be important to think about how the programme can provide practical support for organisations in projects who are hurt.

Figure 4.7: To what extent has the COVID-19 crisis influenced your results? Please select the most relevant option. (N=126, all respondents and N=40, ongoing projects)



Source: Authors own, based on survey results, 2020

The impact of COVID-19 was also elaborated by programme authorities where it was mentioned that with activities related tourism, it is difficult to assess what the impact will be during this novel crisis. This sentiment is also shared for business activities and there is a concern that they cannot continue as planned due to disruption in their normal, daily business activities.

Still, Figure 4.7 shows that for many survey respondents, the COVID-19 crisis will impact their results to some extent, although critical impact was indicated only by 5%. **The severity of the impact largely depends on the project type and whether the project has finished their activities.** For projects that are ongoing, some indicated that their project activities may need to be delayed and thus, lead to delays in the project results. Projects with activities which could be conducted remotely via digital communication seemed to cope better than those which relied on hosting events or tourist activity.

However, some respondents indicated that the crisis will negatively impact their results and planned activities. This was most apparent for projects which relied on tourism or events which brought many people together. For example, one project respondent indicated that:

“The final event, which was planned on site, has been cancelled. We will have a remote event instead, but it will not be as effective. For the second new Est-Lat project the conference was cancelled, which in turn will cause problems in transferring funding, finding new conferences or gaps in gained knowledge. It takes extra work.”– Survey respondent

It is important to consider that if normal business operations for project partners is disrupted by the COVID-19 crisis, then this could reduce their capacity to effectively implement the programme related activities. As could be seen in above discussions, even attending events for small businesses could be burdensome for SMEs because they would be losing a profit from normal business activities. If their day to day business activities are stressed by COVID-19, then it is possible that it will impact their ability to implement project activities. It has also been mentioned in interviews with programme authorities that if attending conferences or meetings are a part of their results and they are now cancelled due to the COVID-19, then there is a chance some

projects will not meet their OI-s. **The impact of COVID-19 on the results shows that SO 3.1 is the most impacted**, with 63% (N=7) of respondents indicating that their results will be impacted (see Annex 14).

Opinions on the COVID-19 crisis are consistent between programme authorities and the project partners. In general, there is uncertainty as to what will happen to project results in the future. For projects that are finished, the COVID-19 crisis will likely not impact their final results, but it may impact future activities for these projects (Figure 4.6). Ongoing projects may experience delays but projects that do not rely on in-person gatherings can generally cope through digital communication whereas tourist activities or activities that require conferences, trainings, or other gatherings may be affected.

Efficiency

The efficiency of the programme is determined by the degree to which the budget was adhered to in accordance with the project's time plan, the outcome of the funded projects - i.e. if the projects have completed their planned objectives - and the funding used - i.e. whether the funding was sufficient to achieve their planned objectives or if the project had left over funds. From this criterion, the analysis for efficiency can be sorted into three main components:

- Outcomes
- Were the funds sufficient to meet the projects intended objectives?
- Were there left-over funds?

Key findings

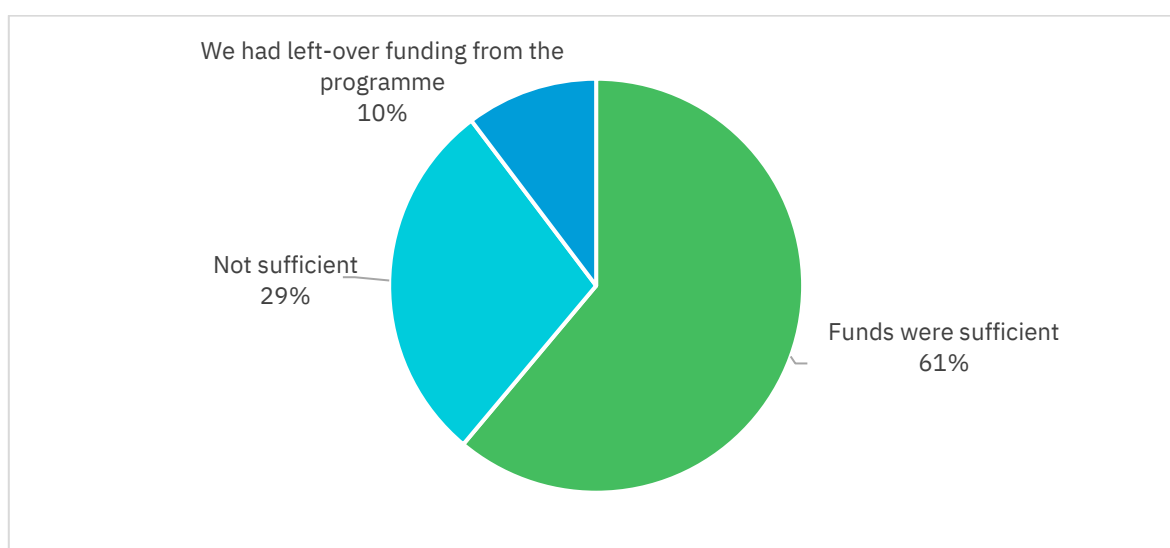
The level of success as shown by the successful completion of OI-s implies that the funding for these projects has been sufficient, thus it can be inferred that project activities have been carried out in an efficient manner. Most survey respondents indicated that the funds were sufficient to perform project activities, still, many project partners (29%) said the funds were not sufficient. Some project partners cited budget constraints due to slow financial flow as a reason for this. Complicated financial reporting has been cited by project partners as a possible reason for the slow financial flow. In this case, the lack of efficiency may limit the impact of their results which ties into the overall effectiveness of the project (as indicated in the Effectiveness and Impact section). Programme authorities have indicated that this could also be caused by capacity issues of the project partners themselves, lacking the managerial skills and know-how necessary to fulfil the financial reporting procedures. Still, complicated reporting procedures were consistently cited as an issue from project partners in each SO. In the event of insufficient funds, project partners have been able to cope and still achieve their result indicators, indicating an efficient use of resources. Further, performing well with less financial support, staff, and other resources shows that projects have been largely efficient.

Budgetary constraints and efficiency

Discussed in the effectiveness and impact section, the level of success shown by **the achievement of output indicators implies that the funding for these projects has been sufficient**. This is also supported by the survey results which show that 61% of respondents have indicated that the funding has been sufficient to meet their project needs (Figure 4.8).

Still, a large portion of respondents (29%) feel that funds were not sufficient which may show a lack of efficiency. **Budget and/or financial constraints were recurring criticisms from project partners, with financial reporting and the flow of funds being highly criticized.** In the final reports, the partner’s level of satisfaction with the programme was assessed and it was shown that “financial flow” was consistently ranked lower than other elements of the programme. In fact, financial flow was the only category in which project partners indicate a “very low” marker (2 respondents out of 19 projects) for their level of satisfaction. Further, 3 respondents indicated a “low” level of satisfaction with financial flow, 7 had a medium level of satisfaction, leaving 6 respondents as satisfied with the financial flow and only 1 project very satisfied (Annex 17).

Figure 4.8: Have funds been sufficient to meet the project’s intended objectives? Please select all relevant options. (N=126)



Source: Authors own, based on survey data, 2020

SO level differences were consistent with the results in Figure 4.8, with most indicating that the funds were sufficient. The largest difference was for SO 3.1 (64%) and SO 2.1 (42%) where respondents felt that the funding was insufficient (see Annex 18). Insufficient funding for SO 3.1 may be explained by the financial reimbursement delays. In fact, one partner had to renegotiate their bank loan repayment schedule because there were delays in project funding as well as the increased market prices for construction work from the original estimate. Financial flow was also cited as a criticism in Chapter 3, under SO 2.1 which may also explain the perception that they were operating with insufficient funds.

The survey responses also support the sentiment that the financial reporting process caused delays in funding. In response to the question “What have been the main challenges in your project?” one survey respondent stated:

“Excessive approval of reports due to the Ministry of Finance + movement of funds” – Survey respondent

Complicated reporting systems were also highlighted in interviews with project partners:

“Too complicated 3-level system of audit and financial control that creates unnecessary extra stress for all parties involved. Reports had to be adjusted for several times for very small details.” – Project partner

Complicated financial reporting was a common theme throughout the project interviews, with most citing a lack of understanding of the rules which could sometimes cause unintended consequences. **Issues with reporting and programme financing came out as main weaknesses of the programme as perceived by project partners in almost all SO-s** (see Chapter 3). In one case, the LP had missed a rule in the financial reporting process which meant not being able to pay the salaries related to project activities for the last month of the project which was a struggle for the project partner. Further, some project partners experienced delays in their activities due to a slow financial flow and reporting process. This can also be linked with effectiveness issues mentioned in the previous section as some bureaucratic processes caused delays in project activities which could limit the achievement for these projects.

From the standpoint of small organizations, **delays in payments can impact the capacity of organizations** and their ability to carry out normal business operations. Particularly with NGOs or SMEs where programme authority interviews have raised concerns about their financial capacity, such delays could put undue stress on these organizations which could severely limit their ability to participate in the project activities. One programme authority representative called it a “miracle” that NGOs apply to the programme as they “have to wait 6-8 months for the money”. This point of view can best be captured by the following quotes from project partner interviews:

“For me to have financial flow in my NGO, I need to take out a loan as a private individual /--/ It’s absolutely ludicrous that someone has to take out a loan to be able to work.” – Project partner

“Luckily for us as a large institution it did not impact our financial liquidity, but it likely impacts smaller partners who need the money faster.” – Project partner

It is possible that the budgetary constraints and financial reporting challenges could indicate a lack of an organized financial plan on the side of the project partner. For example, final reports have cited a well-structured financial plan that is transparent and understood by the project partners as key success factors for adhering to their project budget. This sentiment is also shared by the programme authorities and a well-organized budget is something that is carefully analysed during the project selection process:

“Budget is important. Try to be strategic and how these prices could look in the future. From one side it could be seen that somehow it is overestimated, but if you think about how costs could look like in some years... Important not to cut too much... Budget issues are always sensitive always.” – Programme authority

But, if such budgetary constraints were caused by a burdensome reporting process as outlined above, this could negatively impact project partner results. In the survey, the project partners who had indicated that they had faced insufficient funds problem, were asked to specify the consequences of this. Figure 4.9 shows that 8 respondents have been performing activities at a lower volume than planned and 3 respondents used less staff to coordinate activities. For both cases, this indicates a lack of efficiency because they are operating at a lower capacity than is necessary to achieve their objectives. What is more, this can directly impact the effectiveness and impact of their project activities (as outlined in the Effectiveness and impact section).

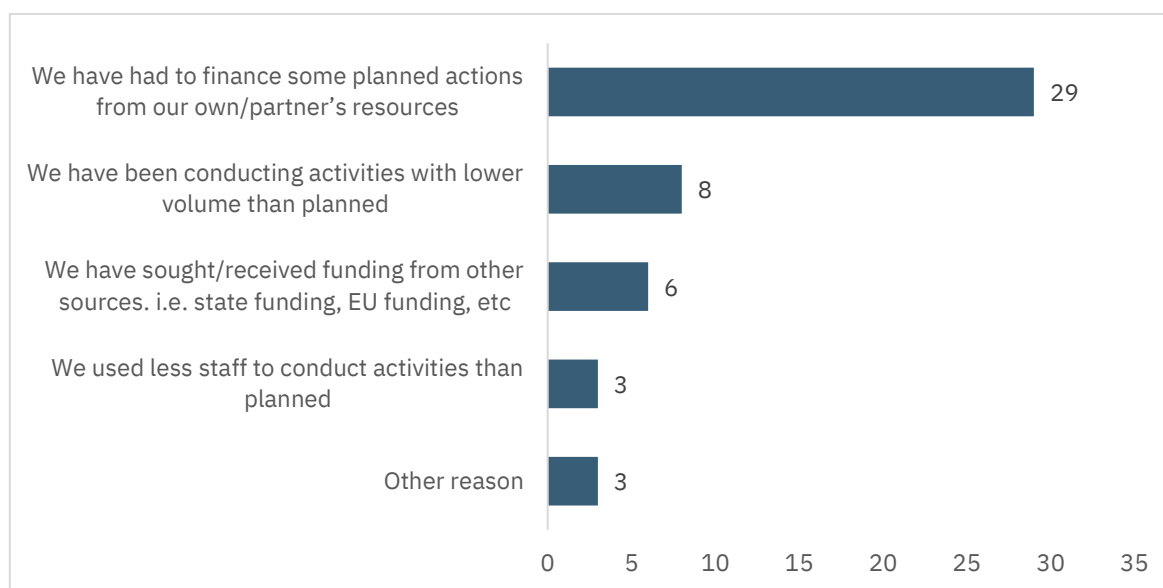
However, budget constraints may not be an indicator for lack of efficiency, in fact, programme level interviews have acknowledged that resources are limited for project activities and in a way, this can “force” the efficient use of programme funds. So, in the case that respondents used less resources to achieve the same results as outlined in the previous paragraph, this may show an efficient use of resources. Also, as was described under Effectiveness, most projects have achieved or exceeded their OI-s which can also be considered a sign of

efficient use of the allocated financial resources; that more has been achieved than initially planned with the budgets.

Coping with budget constraints

The ability to cope in the event of insufficient funds is also supported in Figure 4.9 where most projects were able to use their own or their partners resources (N=29) or sought and received funding from other sources (N=6). Although challenging, this shows that most respondents were able to cope in the case of having insufficient funds.

Figure 4.9: How have you coped with the situation of insufficient funds? Please select all relevant options. (N=36)



Source: Authors own, based on survey results, 2020

The final reports help identify some of the reasons for projects being under budget. In general, most project partners have identified unforeseen changes as a cause for spending changes. For example, some expenses for travel and costs for hosting an event have been cited as reasons for budget changes. In some cases, the capacity of organizations became an issue, particularly in the case of cash flow and reporting as shown above.

This may be due to a lack of understanding on the side of the project partners for how to complete the reports. On the other hand, **lack of project management skills** for some project partners has been cited as a possible reason for this. For example, it was mentioned by the programme authorities that:

“Problems I have seen is where project manager changes. One manager has built up the capacity and new manager has to start capacity building from scratch. Some project managers are very capable, others prioritize some areas over others so their can be inconsistency with programme result or delays with reporting.” – Programme authority

This is also supported in project partner interviews where some LPs admitted that without procuring additional project management services, they would not have been able to handle the administrative projects themselves. Programme authorities have also cited cases where the JS is managing the daily relations of project partners which underscores the management and administrative capacity that is lacking for some

partners. This can be linked to Figure 4.5 which indicates that 25% and 21% of respondents stated that partners being able to perform their tasks and change in project management were challenges for their project activities.

Based on the perspectives of the programme authorities and project partners, **project management capacity and financial reporting appear to be crucial factors to ensure the efficiency of the project**. However, as evidenced by the achievement rate of project objectives, the managerial challenges and financial reporting does not show a significant impact on the results.

Another indicator of a possible lack of efficiency is **the presence of leftover funds after a project has completed their project activities**. According to the programme authorities' leftovers from the budget "may indicate lack of efficiency" or that the planning may not have been efficient.

As a possible reason for leftover funds, survey respondents mostly indicated that changes during the project had made some of the planned budget unnecessary. Some survey respondents who had left-over funds explained that "not having to pay for certain services" or "partners were always looking for the cheapest option" as reasons for underspending. From the final reports, project partners referenced overestimation of some costs as a reason, citing "overestimation of travel costs" or "events were organized at a lower cost".

However, left-over funds are not entirely indicative of a lack of efficiency, in fact, left-over funds can enhance the impact of projects and the programme. For example, in the final reports, one project partner said:

"The financial plan was followed well and some of the funds that remained available were used to increase the impact of the project even more, e.g. for organizing a study visit and for publishing an information brochure." – Final report

In this case, the project partner was able to use the left-over funds to extend the impact of their project thus showing an efficient use of the left-over funds. At a programme level, left-over funds are being used to fund additional projects which can also be used to increase the impact of the programme. In fact, strategic monitoring for left-over funds has already begun and a plan will be created to use the funds in the coming months.

According to interviews with the programme authorities, the programme goes through great lengths to review the financial capacity of partners before a project can be implemented to avoid situations where projects are not able to fulfil their objectives. Additionally, the programme has designed safeguards within the programme to make it easier for projects to re-allocate their budget in case of changes. For example, the "10% budget flexibility" rule allows for projects to change budget lines up to 10% without submitting an official request for changes. This allows the programme to anticipate budget changes and adapt programme activities should the need arise. In one case, the project partner claimed that the 10% rule had worked well for them and that they did not have any financial issues.

Based on the evaluation, the projects have shown to be managing their funds in an efficient manner, despite 39% of survey respondents having faced budget challenges related to insufficient funds or underspending. Still, the project objectives are largely being met which also indicates the projects have been efficient. However, complications related to financial reporting and the capacity of some project partners may limit the project partner's ability to carry out their planned activities. In this case, the lack of efficiency may limit the impact of their results which ties into the overall effectiveness of the project (as indicated in the Effectiveness and Impact section).

Relevance

The relevance analysis in this evaluation will focus on two main aspects:

1. Importance of the Estonia-Latvia programme to address the needs of the projects and target groups
2. The relevance of cross-border cooperation

Regarding the first point, the purpose of this section is to assess whether the Estonia-Latvia programme is the most appropriate funding tool to address the needs of the SO-s. For example, understanding why the projects applied for the programme, whether changes needed to be made in the projects plan to fit the needs of the programme area, and whether the SO-s match the thematic objectives of the programme. The answers to these questions will help assess the overall relevance of the programme.

To the second point, cross-border cooperation lies at the core of the programme's mission and it can be argued that the success of the programme relies on leveraging cooperation between Estonian and Latvian partners to make an impact in the target area. Therefore, if cross-border cooperation is not valued by the project partners, then this could mean that the programme itself is not relevant or that the cross-border nature of the programme is not necessary to make an impact in the target area.

Key findings

The Estonia-Latvia programme can be seen as an added value for project partners in the border region, making it an important source of funding that may not have been otherwise possible. For many project partners, the cross-border aspect is an added benefit because it raised the capacity of organisations, allowing them to participate in projects that would have been difficult or impossible to do on their own. While some projects had to make changes to their original idea to fit the thematic objectives of the programme, indicating that it may not be totally relevant to their project, most project partners indicated that it improved their idea which shows the relevance of the programme. The relevance for SO 4.1 was questioned due to a low application rate for project proposals and external market factors, i.e. the unemployment rate changing in the border region.

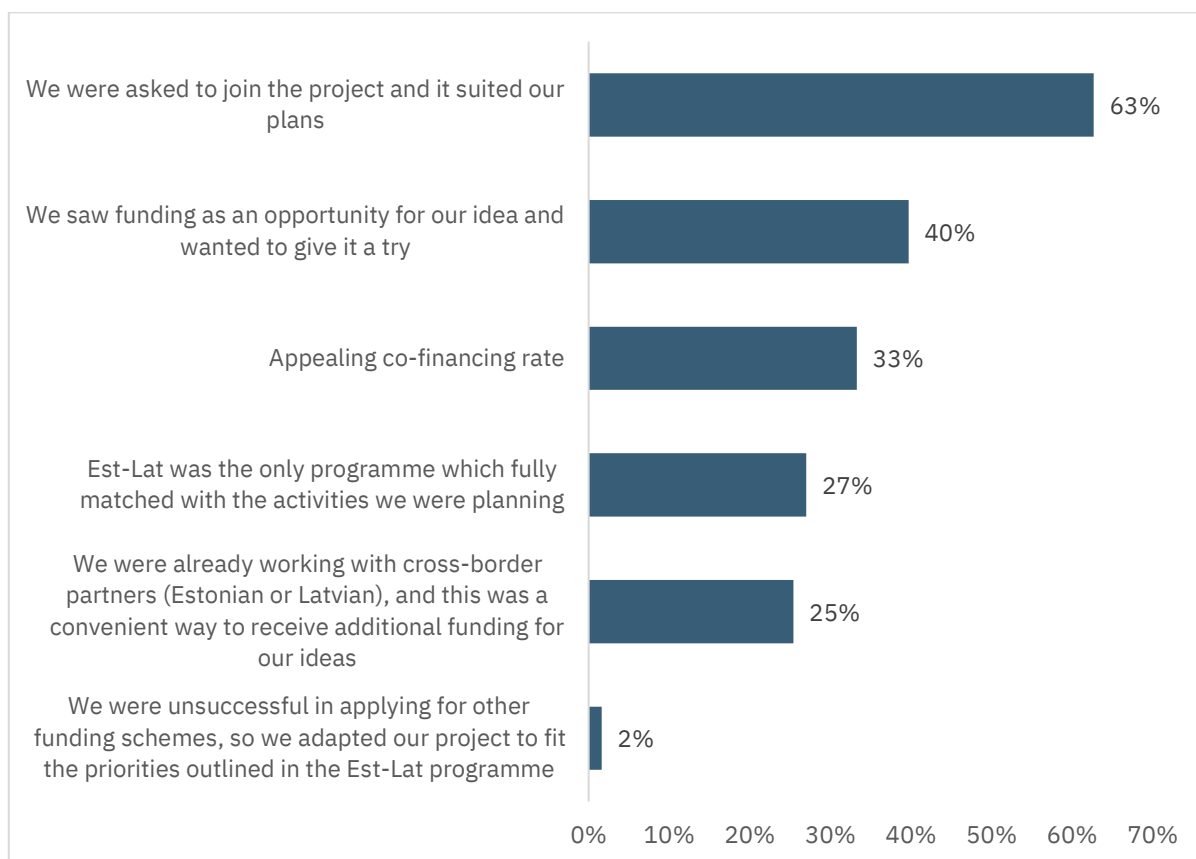
The cross-border nature of the programme was highly relevant to the projects that participated. Evaluation findings indicate the cross-border cooperation was highly valued by project partners and has encouraged some partners to continue working with each other in other projects, thus enhancing the impact of the programme.

Importance of the Estonia-Latvia programme

The importance of the programme is an important variable for assessing the overall relevance of the programme. In this context, "importance" refers to the necessity of the programme for carrying out the project partners' activities and whether the projects fit the overall theme and goals for the programme.

Starting with the survey, the evaluation found that project partners had most commonly applied to the programme because they were asked to join the project and that it had suited their plans (63%), followed by seeing the funding as an opportunity for their idea and give it a try (40%) (Figure 4.10, see also Annex 21). 27% of respondents indicated that Estonia-Latvia was the only programme which fully matched with the planned activities. This indicates that the programme must have offered an added benefit to the project partners compared to other funding sources.

Figure 4.10: Why did you apply for the Estonia-Latvia Programme? Please select all that apply. (N=126)



Source: Authors own, based on survey, 2020

Estonia-Latvia programme as an added benefit to project partners

Programme management level interviews suggest that the cross-border cooperation aspect was an added benefit which makes the programme stand out from EU and national funds. Interviewees on that level indicated that even though programme thematic objectives are closely related to national programmes and policies, the focus on the border area and cooperation aspect differentiates this from other available programmes and that it is carefully considered that the activities could not be funded from other programmes.

Project partners also identify the benefits of cross-border cooperation for their project activities. As Chapter 3 showed, in all SO-s the benefit of the programme intervention was the added value of cooperation between project partners. Discussed later in the relevance of cross-border cooperation section, project partners saw their partnership as one of the main success factors for their project activities. Further, partners have also indicated that without such a partnership, they may not have been able to implement their project or they would need to implement their project on a smaller scale.

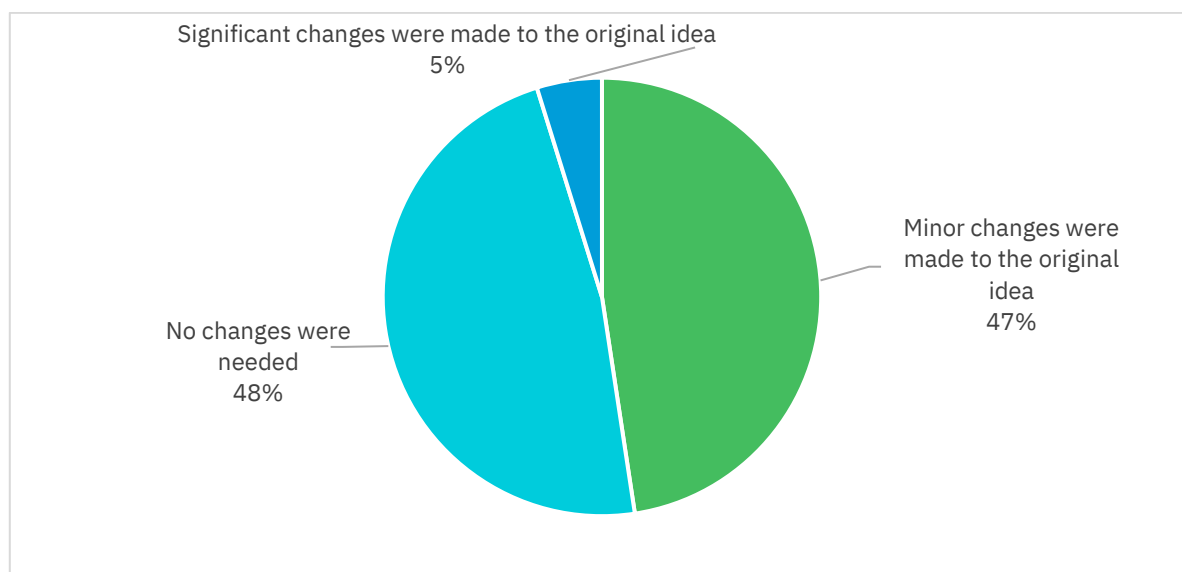
From this point of view, the programme is considered an additional benefit for project partners who are seeking national and EU level funding for their projects. Programme authorities explained in interviews that the programme funding is also an added benefit because **it targets issues that are unique to the border area** and that the goal is to “create more jobs and revenue” in the border region. For project partners in the border region, this enhances the relevance of the programme because most EU and national funds are highly competitive. Having targeted funding to address the needs in the programme area makes it easier for project

partners to propose their ideas. Project ideas that address regional needs might not receive funding in larger and more competitive funding schemes.

Some projects changed their original idea to fit the thematic objectives of the programme

The relevance of the programme is also punctuated by the fact that most respondents in the survey made no changes or only minor changes to fit the thematic objectives of the programme. The results can be observed in Figure 4.11.

Figure 4.11: Did you need to make changes to your original idea to fit the project with the programme objectives? Please select the most relevant option. (N=126)



Source: Authors own, based on survey, 2020

The results indicate that in general, the survey respondents did not need to adjust their project in a significant way to match the priorities of the programme, thus supporting the idea that the programme is sufficiently relevant to their project objectives. However, SO 1.2 and SO 2.1 were the outliers when it comes to making changes to their project idea as 65% (SO 1.2) and 51% (SO 2.1) indicated that significant changes were made in their project idea to meet the needs of the programme (see Annex 19). The deviation in responses may indicate that for these SO-s, the programme may not have been the most relevant choice at first. For example, SO 1.1 interviewees described that for them, such Estonia-Latvia projects are just one of many of their activities. Business support organizations pick programmes and funding instruments that are most suitable to their organization's aims at the time. Often this means that the Estonia-Latvia programme is in competition with national funding or with other regional Interreg programmes like Central Baltic, Baltic Sea Region, Latvia-Lithuania.

"The project would most likely have a different format, since it is the source of financial funds often defining the format. Maybe it would not have been a cross-border project. Our organization is all the time providing various types of support to entrepreneurs." – Project partner

Despite having to make changes, 56% respondents in SO 1.2 and 80% of respondents in 2.1 indicated that those changes had improved their idea (see Annex 20). This implies even if the programme may not have been the most relevant option, the change was viewed as a positive outcome. Further, even if the programme is

not the most relevant funding tool, it does not appear to influence the results. This can be observed in Chapter 3 where the output indicator targets for SO 1.2 and SO 2.1 have already been met.

Another aspect of relevance that came up in interviews with programme authorities is that if there were other funding sources which could help projects achieve the same goals, then those projects may be less important to fund. From a programme perspective, this is important to understand because if there are funding sources that are more relevant to projects under a specific SO, it would not make sense to allocate resources to these projects because the money could be better spent by supporting more relevant projects.

However, as seen in Figure 4.10 only 2% of respondents indicated that they applied for Estonia-Latvia because they were unsuccessful with this idea in some other programme and almost 1/3rd (27%) were certain that Estonia-Latvia was the only programme which fully matched with their planned objectives and activities, which support the relevance of the programme. For example, project level interviews reveal that while water management and environmental topics are funded from other sources as well, they are either too broad, do not have the cross-border aspect, or just is not a good fit as the Estonia-Latvia programme.

In interviews with programme authorities SO 2.2A was identified as being less relevant because of the availability of other funds. When asked why this was the case, the programme authority stated:

“A lot of mainstream funds and national instruments are devoted to this question and we were hoping that with Estonian colleagues we could find something interesting together. Reality showed that the organizations from partners are more overloaded with other funds and instruments that are easier to receive. Impact was much less than we expected. So, this is not demanded due to other available instruments. Not because it is not popular or important. Other instruments are more available and easier to access. This was the main reason.” – Programme authority

The programme authority representative also makes an important distinction, it is not that SO 2.2A is not a valid objective or less important than others, it is because there is a perceived abundance of funds that are available to address environmental awareness. While it goes beyond the scope of the evaluation team to assess all available funding sources for environmental awareness raising topics, the results from the survey indicate that for SO 2.2, programme specific goals did not seem as relevant. For example, 70% of respondents under SO 2.2 said that they were asked to join the project and it suited their plans followed by 45% of respondents who indicated that an appealing co-financing rate was important and only 25% of respondents indicated that the programme was the only source of funding which suited their needs (see Annex 21).

The full relevance of SO 4.1 is also questionable, as evidenced by the low application rate for this priority (see Chapter 3, SO 4.1). The relevance for this SO was also impacted by market factors, i.e. unemployment was relevant at the beginning of the programming period, but this issue has become less relevant now. In light of the recent COVID-19 crisis, the unemployment issue may become relevant again, but this shows that the SO is based on a cyclical phenomenon (unemployment) which may make this SO ineffective if the thematic objective can easily change. As was recommended in Chapter 3, the programme should have more freedom in adjusting priority goals which are affected by external socio-economic conditions the most.

While there are differences in the importance of the programme for each SO, it can be said that the objectives of the programme are mostly relevant for addressing the objectives for each priority. The broad appeal of the programme shows that the programme objectives are well-aligned with EU and national level goals which elevates the programme as a viable choice for the projects.

Relevance of cross-border cooperation

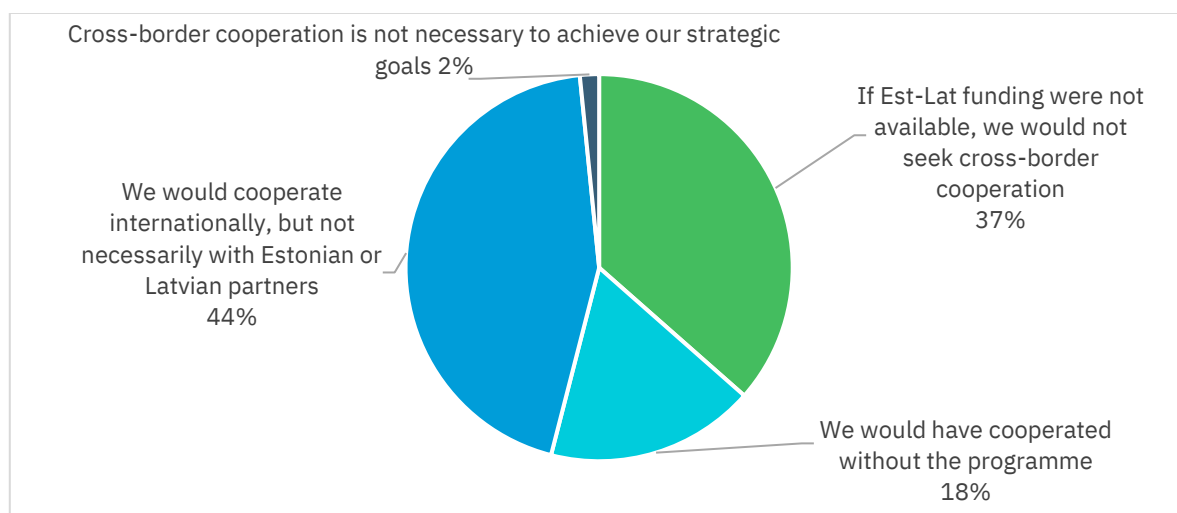
Cross-border cooperation is the central theme to the programme. In the survey, several questions were asked to assess the importance of cross-border cooperation to the project partners. These questions can be split into two different categories:

1. Importance of cross-border cooperation: Questions here address the importance of cross-border cooperation for the project partners
2. Results of cross-border cooperation: Questions in this category focus on the value that was created because of cooperation, i.e. results and impact

Importance of cross-border cooperation

Starting with the importance of cross-border cooperation, project partners were asked how important cross-border cooperation is for them (Figure 4.12).

Figure 4.12: How important is cross-border cooperation for your organization? Please select the most relevant option. (N=126)



Source: Authors own, based on survey data, 2020

Figure 4.12 results indicate that for most respondents, **international cooperation is important for their organization**. This can be understood as a positive indicator for relevance of cross-border cooperation because even if cross-border cooperation is not necessary for the projects, it does not mean that it is not important or valued. This sentiment is also supported in the final reports which show that satisfaction with partners in the project implementation was rated very high (N=11) and high (N=7) with only 1 respondent indicating a medium level of satisfaction (see Annex 17).

Interviews with project partners in ongoing projects also revealed that the cooperation aspect was highly relevant to their project activities not only because it created a positive learning experience, but because it also enhanced the impact of their project activities. For example:

“The idea itself was created, and in some form it would have been developed, but I believe it would be on a much smaller scale./--/ The very idea of fostering cooperation between Estonia and Latvia is one of the strong points. Estonia is one step, two steps in front of us in many aspects, and we can learn a lot from a neighbour that is so close to us.” – Project partner

In this case, the programme enabled the project to expand their idea on a much larger scale and the cooperation aspect was very important for sharing ideas with cross-border partners. The quote also indicates that cooperation is more valuable for less developed partners because the partner that lacks a certain skill set can learn from the experience of the more developed partner.

When broken down by country, Estonian partners were more prone to the statement that cooperation is important but not necessarily with the Latvian partner (50% as opposed to 38% of Latvian partners) (see Annex 22). It is supported by the result that Estonian partners were less certain that without the programme support they would not have sought cross-border cooperation (27%) while for more Latvian partners this was the case (48%). According to the survey results, international cooperation is important to both countries, but whether it is with Latvian partners seems less relevant for Estonian organizations than for Latvian ones to cooperate with Estonians.

Interviews with programme authorities mentioned that cultural differences related to language and business culture can be a challenge for cooperation and this was also mentioned by some project partner interviewees as an initial challenge in implementing their project. Programme authorities added that Estonians are generally more advanced with digital tools and that Latvians lag in this regard. But there have been no specific reasons as to why these differences exist or if they make cooperation less relevant. In fact, one of the benefits of cross-border cooperation that has been hailed as a success is the mutual exchange of information and benefits of collaborating with cross-border partners. For example, the final reports reference “sharing best practices” between partners, “finding common interests for business cooperation”, and the “usage of knowledge from both partners” as positive impacts for cooperation.

The respondents’ answers were also consistent for organization type which indicates that cross-border partnership vis-à-vis Estonia or Latvia is not critical, but the cooperation aspect in general, is important (see Annex 23). Only 4% of public entities stated that cross-border cooperation was not crucial to achieve their goals which further supports the idea that cooperation is relevant.

Any kind of international cooperation and not just between Estonia and Latvia was far more important for SO 1.2 (54%), 2.2 (70%), and 3.1 (55%) compared to the other SO-s. One possible explanation could be that the thematic objectives for these SO-s are not necessarily reliant on cooperation with Estonian or Latvian partners, but that cooperation outside of the programme area is also valued.

Starting with **SO 1.2**, the focus of this SO is to create a jointly developed product of service through cross-border cooperation. Therefore, who the partnership is with may be less relevant so long as the partnership creates a valuable product which can be sold to other markets. For example, Figure 3.3 shows that projects under SO 1.2 agree (N=11) and somewhat agree (N=8) that the Estonian and Latvian markets are too small to create a jointly developed product without additional funding and N=20 said that their project can be launched outside of the programme area. The importance of selling a service outside of the Estonian/Latvian market was also mentioned in a partner interview:

“Focus on only two (small) countries can be an advantage, but it can also be a weak point because we are all also looking for those larger networking possibilities and various markets abroad.” – Project partner

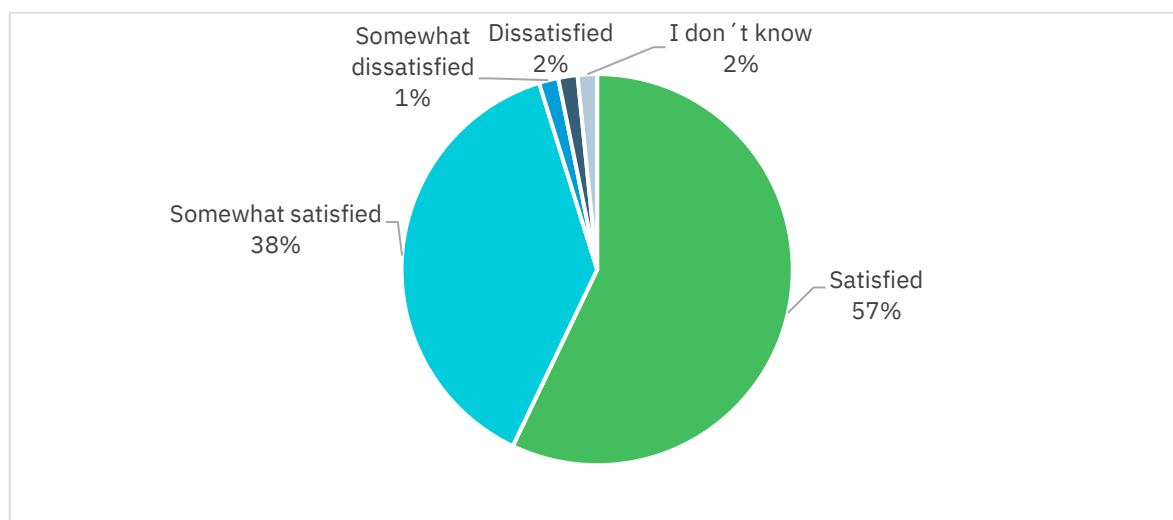
Regarding SO 2.2, it is also important to note that SO 2.2W projects were highly reliant on cross-border cooperation as indicated by project partner interviews, so it may be the case that the cross-border aspect is more important for SO 2.2W than it is for SO 2.2A.

SO 3.1 is interesting because as a pre-defined project it was purposefully selected and planned to incorporate cooperation with cross-border partners as a key element for the project. However, 55% of respondents in this SO indicated that they would cooperate internationally, but not necessarily with Estonian or Latvian partners. This implies that there is value in broadening the reach of the harbours to include international partners from outside the programme area and to connect the harbour network with harbours in Germany and Finland. This value can be best captured from increased interest of foreign visiting vessels to harbours within the programme as outlined in SO 3.1 (Chapter 3). At the same time, project partner interviewees indicated that cooperation has made it easier to “contact colleagues from other harbours” and “ask for advice for tenders” and it is easier to share experiences with other harbour managers. In this case, cross-border cooperation is important for strengthening the harbour network within the programme area and attracting vessels from other harbours.

Lastly, Figure 4.4 indicates that **programme support is very important in fostering cross-border cooperation** as 65% of respondents felt that “successful set up of partnership” was the biggest contributor to the success of their project. What is more, the cooperation and partnership aspect has been lauded as a success by project partners in the final reports, which again, underscores the relevance of cooperation for the programme.

Value of cross-border cooperation

Figure 4.13: How satisfied are you with the cooperation among project partners? Please select the most relevant option. (N=126)



Source: Authors own, based on survey, 2020

To assess **the value of cross-border cooperation**, survey respondents were asked a series of questions which measure their level of satisfaction and the results from their partnership. The results show that most projects viewed cross-border cooperation in a favourable light, as seen in Figure 4.13. These results are consistent when they are evaluated by organization type and by country (see Annex 26 and Annex 27). When evaluated by organization type, non-profits, private companies, and public entities are 52%, 61%, and 61% “satisfied” respectively; and by country, Estonian project partners are 44% “satisfied” and 50% “somewhat satisfied” whereas Latvian project partners are 73% “satisfied” and 23% “somewhat satisfied”.

While there is a difference in the level of complete satisfaction from country to country, “somewhat satisfied” can still be considered a positive view on the cross-border cooperation experience. Adding the percentages

together, the Estonian project partners are mostly 94% satisfied and Latvian project partners are, 96% mostly satisfied.

Regarding the level of satisfaction for cross-border cooperation, it appears that in all SO-s respondents generally view it in a favourable light which supports the cooperation requirement in the programme. This is also confirmed by the feedback reported in the final reports where the partnership and cooperation aspect were highly valued for the project partnerships. While some partners did indicate that communication could be challenging with partners at times, such internal managerial challenges can be expected to happen from time to time. For example, it was stated by one project partner that:

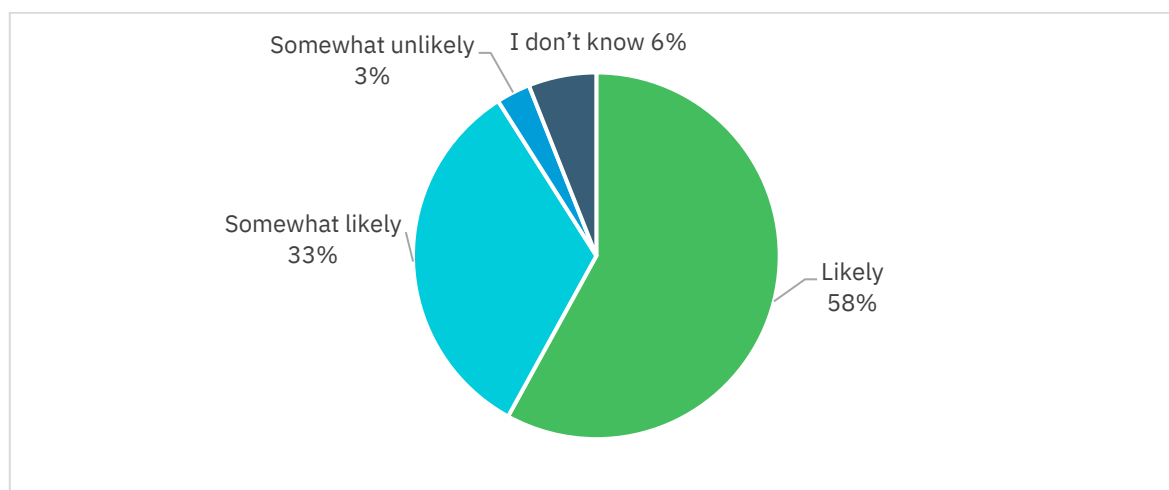
“At times it was visible how one partner managed its workflow relatively effortlessly while other partner had some problems with it.” – Final report

And by another project partner:

“During the project there have been some communication problems in the beginning of the project, but during the common approach how to solve it – the problem diminished. One of the challenging factors was staff change during the project implementation.” – Final report

Problems related to communication and managerial issues (outlined in the Effectiveness section) can be expected to a certain extent due to the cultural and language differences, however, these issues appear to be less relevant as most survey respondents indicated that they would continue to work with these organizations in the future (Figure 4.14, see also Annex 28).

Figure 4.14: How likely is it that you will continue to work with the partner organizations within your project in the future? Please select the most relevant option. (N=126)



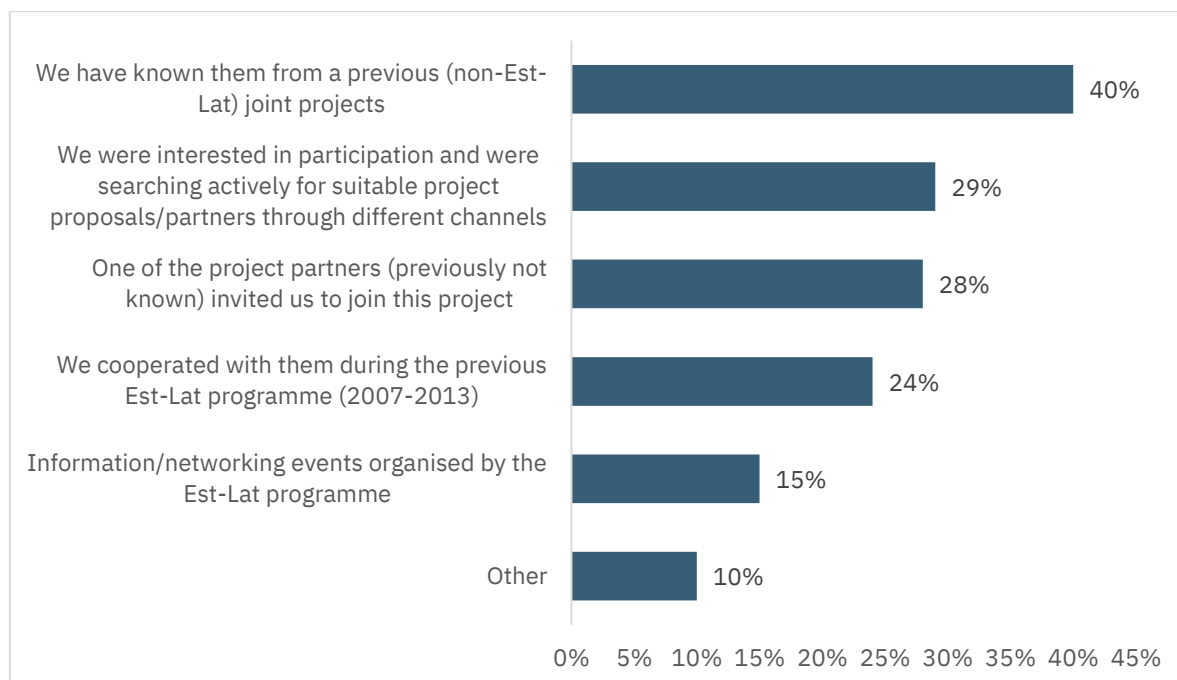
Source: Authors own, based on survey, 2020

The likeliness of cooperation in the future underscores the value of cooperation as it indicates that **the cooperation aspect was a positive enough experience to encourage the partners to seek cooperation again.** In fact, several projects who have submitted final reports have indicated that are already working with their partners on new projects outside of the programme.

Further, survey results from Figure 4.15 (see also Annex 29) indicate that most partners (40%) knew their project partner from previous (non-Estonia-Latvia programme) joint projects and 24% have cooperated during

the previous Estonia-Latvia programme (2007-2013). This is important because it indicates that first, cooperation is important for the project partners and second, the previous programming period (2007-2013) was successful in facilitating future projects, thus showing the relevance of cross-border cooperation.

Figure 4.15: How did you find your cross-border cooperation partner(s)? Select all that apply. (N=126)



Source: Authors own, based on survey data, 2020

Plans for cooperation in the future are also a positive indicator that cooperation as a concept is growing as a viable and relevant option for organizations and people in the border regions. For example, it was mentioned in programme authority interviews in the context of SO 1.1 and SO 1.2 that cross-border cooperation is becoming more common:

“First of all, I remember ten years ago everyone was talking about how Estonians were cold and not easy to cooperate with. So, it was a huge stereotype, so more or less the company starts thinking about this cooperation and the interest rises from both sides. I think changes happen in long term step by step. And if we continue to work with this topic it continues to develop more and more.” – Programme authority

As projects within the programme continue to reach more people, cross-border cooperation is seen more as a viable option to expand the reach of the organizations, thus becoming more relevant. This can also be seen in the level of interest across the SO-s (see Annex 30) where most project partners indicated that interest in cross-border cooperation has increased amongst project target groups and participants during the project.

Based on the feedback from the final reports, survey data, and partner level interviews, the cooperation aspect is seen as an important aspect for achieving their project goals. Further, results have been consistent across SO-s that the cooperation aspect creates value for their organization and in some cases, are planning future cooperation projects with their partners; thus, supporting the relevance of cooperation. As the centre piece of the programme, the cooperation aspect is built into the objectives and goals of the programme, so the projects also reflect this. For example, a programme authority interviewee stated:

“Programme is designed with project partnership requirements. /--/ Applications must have cooperation..” – Programme authority

From this perspective, the cooperation aspect must be a part of the project, so the importance of this aspect is already addressed from the beginning stages. But the value that is created from cooperation can be viewed as the measurement of how relevant this aspect is to project activities. Based on the findings from project activities, **the partnership aspect is highly valued for project partners for both finalized and ongoing projects**, as indicated in the discussion above. Further, the cross-border cooperation projects have encouraged some partners to continue working with each other in other projects, which will further the impact of the programme. In conclusion, cross-border cooperation is important for the success of project activities and relevant to achieving the programme goals and objectives.

Added value and sustainability of results

The programme **added value** is assessed as far as possible, indicating the extent to which the programme contributes to solving problems at a project and regional level. In the context of this evaluation, “added value” refers to the effects of the project activities that would not have come about without programme support. At this stage of programme implementation, many of the projects are still in the implementation stage, so the full assessment of the added value will not be possible until the conclusion of the programme activities in 2023. However, an initial assessment and estimates is conducted based on the results so far.

Sustainability refers to the durability of the effects of project activities, i.e. the longevity of the programme results and how likely they are to last beyond the period of the programme intervention. For sustainability, it will be important to assess the aspects of the project activities that ensure their continued benefit.

Following this logic, the added value and sustainability section can be divided into two sections; first, an analysis of added value will be conducted. Second, factors related to sustainability will be evaluated.

Key findings

The added value of participating in the programme is considerable. Projects who normally would not have a chance to receive funding from larger sources or any funding at all now have an opportunity to develop their project. Further, targeted projects in the programme area have shown to create positive spill-over effects. While the impact of the spill-over effects is still developing, the results so far indicate that the programme area has benefited in a positive way.

Sustainability can be linked with internal and external factors. Internally, the willingness to continue the project activities and the partnership is key to ensuring the sustainability of project results. Externally, there needs to be a market demand for the product or service that has been created by the project otherwise it is unlikely the project will continue. Further, the COVID-19 crisis may hurt the capacity of organisations thus hindering their ability to carry on project activities after the conclusion of the project.

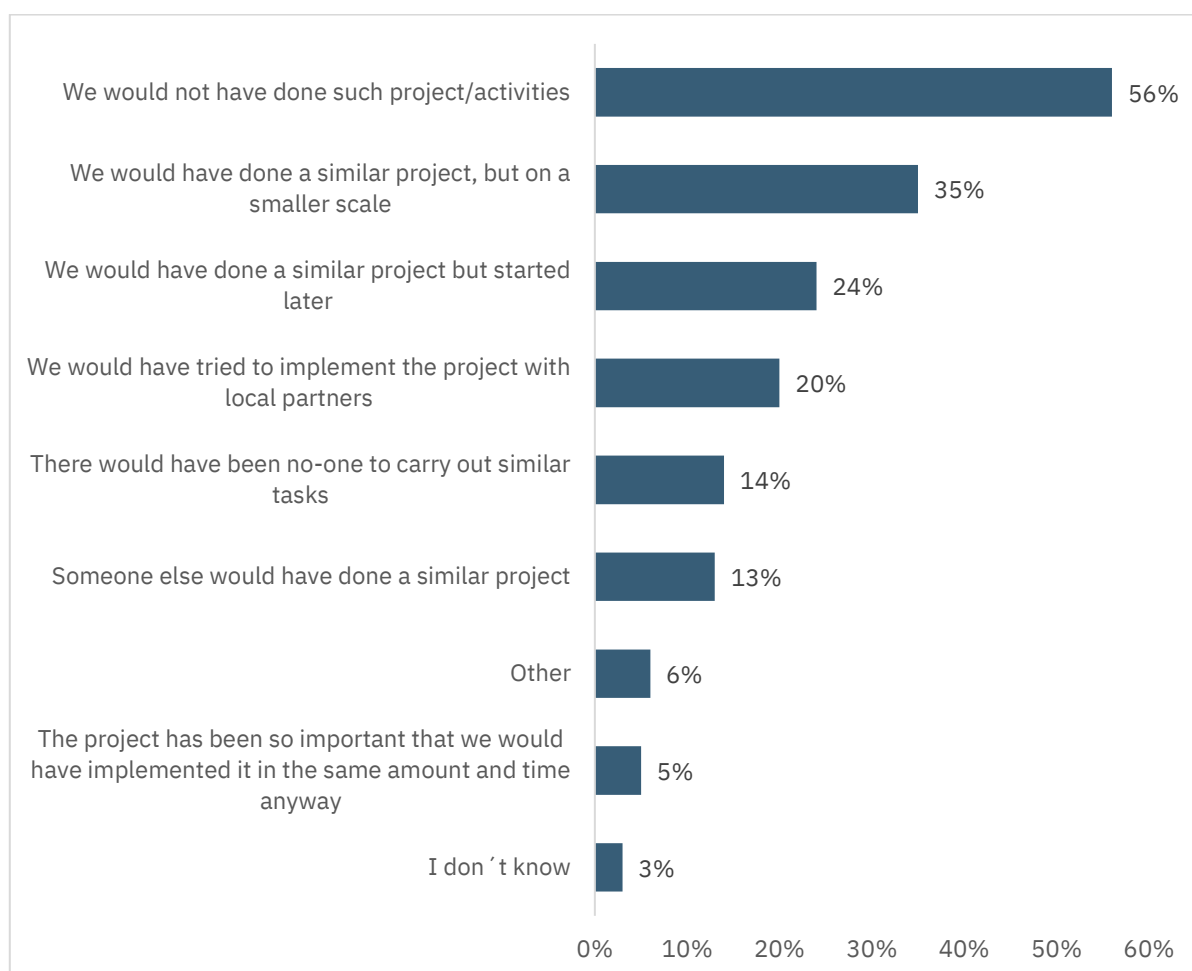
Added value of project activities

Added value assesses the benefit that was created for the programme area in general and the additional benefit of programme funding for the projects. In this regard, the added value can be considered an extension of the impact section; where the impact section focuses more on the RI-s, the added value addresses the impact that is not measured by the programme, but still relevant to consider.

The value that is created from the programme can be linked to the project activities themselves, i.e. if there are no projects then there is no value being created by the programme. Therefore, to gauge the importance of programme support for the projects, survey respondents were asked what would have happened had they not received support from the programme (Figure 4.16).

Most respondents (56%) indicated that they would not have done their project or activities had it not been for programme funding. Also, only 13% of respondents thought that someone else would have done a similar project and only 5% indicated that they would have implemented the same amount of activities without the funding. This is supported by 35% of respondents who indicated that the project would have still gone forward, except on a smaller scale. These responses are significant because they imply that first, **programme support is crucial for most projects** and second, **programme support has potentially increased the capacity of the projects by enabling them to conduct their activities on a larger scale.**

Figure 4.16: What would have happened had you not received support from the Estonia-Latvia programme? Please select up to 3 most relevant options. (N=126)



Source: Authors own, based on survey data, 2020

Capacity building as an added benefit

To the first point, the importance of the programme has been well supported throughout the evaluation. As discussed in the Relevance section, the programme is an added benefit for many projects because of the targeted focus on the border areas of Estonia and Latvia and it provides an attainable funding source for

smaller projects. As such, this aspect has been regarded as highly valuable for project partners. It has also been indicated that the national level and EU funds are highly competitive, making programme funding valuable and necessary for many projects in the cross-border region. Project partner interviewees underscore the importance of the programme, often citing that they would not have been able to do their project had it not been for the support or that the project would have been in a much smaller scale. The added value of cooperation has also been linked to expanding the partners network of contacts and mutual learning experiences by way of exchanging best practices, tools, and other insight through cooperation.

This can be seen, for example, in **SO 2.1**, where projects have also seen added benefit from programme support because they have been able to increase the capacity of their consortia through goal setting and strategic planning (see SO 2.1 section). Also indicative of an added benefit is the number of projects that have expressed interest in cooperating with project partner organizations even after activities have been concluded. For example, in Figure 4.14 (Relevance of cross-border cooperation), roughly 91% of respondents indicated that it is “likely” or “somewhat likely” that they will continue to work with project organizations in the future, which supports the idea that the programme has created added benefit for participating organizations.

The survey results also show that more respondents for **SO 1.1** (70%) and **SO 3.1** (82%) felt that they would not have carried out their project activities had it not been for programme support (see Annex 31). As a predefined project, this makes sense for SO 3.1 as local governments or NGOs managing the harbours may not have been able to support such an investment with their own funds as was elaborated by the project partner interviewees as was shown in Chapter 3, Priority 3.

This sentiment can also be linked with responses from Figure 4.16 which indicates that projects would start later or have done the project on a smaller scale. The process for project activities would have been much slower, relying on sources of funding which may or may not be available. The importance of programme funding is also confirmed in interviews with programme authorities as they “100%” agree that the harbour project would not have happened had it not been for programme support. As was explained in Chapter 3, there were no other national or EU measures of comparable scale available that could have supported the investments done in the harbours.

Also, **in the case of 3.1**, added value was created from project activities which directly benefited the programme area through spill-over effects. For example, one project partner stated that the effects have been “considerable” and that a number of small businesses started to provide services to visitors to the harbours which include canoe rentals, sea boat rentals, activities for kids, group boat rides, etc. In this situation, the targeted support from the programme has been linked to the spill-over effects from the project activities.

For **SO 1.1** the reliance of programme support can also be expected given the target groups are small SMEs, entrepreneurs, and local artisans which, in general, lack the financial capacity to pursue cross-border business opportunities. The discussion in section SO 1.1 also shows a clear link with the value of cross-border cooperation and the business opportunities that are linked with it (See Figure 3.1). For this situation, programme support can enable SMEs and entrepreneurs to participate in projects which help grow their capacity as an organization, thus creating an added benefit. Interviews also confirm the added value of increased capacity where it was mentioned that:

“EU funding has strengthened the capacity of our employees; we have also employed new staff members. We got an important insight that it is really worth to work together with another company

instead of hiding from others and trying to do everything by ourselves and keep our product development in secret.” – Project partner

There has also been a significant number of projects which have indicated that project activities would have occurred, but a much smaller scale (Figure 4.16). This is important to consider because it implies that by reducing the scale of project activities, the impact and reach of the benefits to the programme area could have been less.

In interviews with SO 1.1 project partners, the projects seemed more likely to have taken place in some form even without Estonia-Latvia programme funding, albeit on a smaller scale:

“Definitely it would have been in a smaller and more limited capacity. We would have invited our Latvian friends over and we would have visited them. We would have done this less frequently, with a smaller group of people. We would have organized less events on-site and in a smaller scale.” – Project partner

In this case, the project would have still occurred but the scale and by extension, the potential impact would have been smaller. In fact, it has been cited in the relevance section that programme support has enabled projects to expand their activities beyond what could be achieved alone. In fact, in describing the importance of the programme to SO 2.1 activities, one project partner stated:

“Proved by a number of huge projects, like Green Railway, Coastal Hiking, Garden Pearls, Industrial Heritage, Military Heritage. All these projects foster development of new, extensive cross-border tourism products that are interesting and recognisable not only in the Baltic states but also elsewhere in the world, thus attracting new target groups.” – Project partner

Raising the capacity of organizations has been shown to maximize the impact of project activities in the programme area which can be considered an added benefit. For example, **programme support has helped increase the capacity of organizations to be able to conduct larger projects than they would have been able to do on their own**; thus, increasing the potential impact. This has been confirmed in interviews with the programme authorities where capacity, particularly financial capacity, has been linked with lower efficiency for projects. Some project level interviews also described how they had become more confident in running large scale international projects thanks to the programme experience, i.e. their organizational capacity to take on such projects in the future had increased. Therefore, the programme has helped improve the capacities of organizations by hosting informational events, providing assistance for financial reporting, and providing project partners with helpful resources to further the impact of project activities.

Sustainability

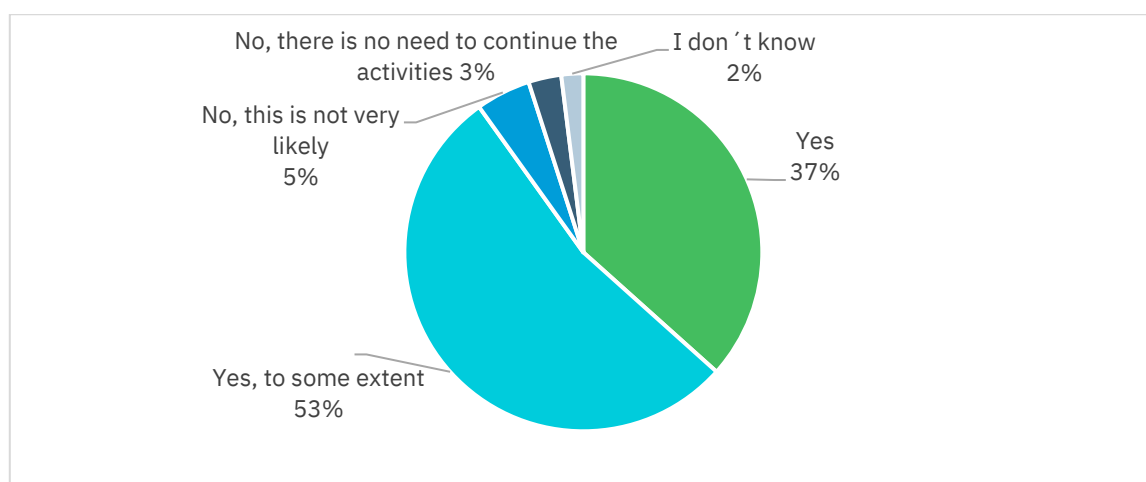
Sustainability of the project results focuses on what has been implemented to date and how the benefits of the project activities will be sustained. As there are only 19 projects who have concluded project activities and submitted final reports, the full extent of the impact cannot be known until all project activities have been completed. Therefore, this section will focus on the mechanisms that are in place to ensure the continuity of the programme benefits and the qualitative assessments of project partners and programme authorities to gauge what the expected impact will be in the future.

Survey results indicate that **most respondents feel that it will be possible to continue project operations into the future**. According to Figure 4.17, 53% of respondents agree to an extent that project operations can

continue and 37% believe that it will be possible to continue project operations after the project operations are terminated.

Most survey respondents have, therefore, a favourable view of the possibility of continuing project operations after project termination (90%) which is a positive indicator for the sustainability of results. This result was consistent across each SO, with most SO-s responding favourably (yes or yes to some extent) in the range of 85% or higher (see Annex 32 and Annex 33). As to why this may be the case, the cooperation aspect comes up as an important factor in the sustainability of project results.

Figure 4.17: Would it be possible to continue your project operations after the project termination? Please select the most relevant option. (N=126)



Source: Authors own, based on survey results, 2020

Quality of partnerships strengthens the sustainability of project activities

Programme authority interviews indicate that if there is a “willingness to cooperate” and that “if cooperation is good” then projects are more likely to continue in the future. Discussed in the cross-border cooperation section, the positive impact of cooperation has been highly valued in the survey, final reports, and project partner interviews, which is a positive indicator for future cooperation.

Further, “trust” between organizations which has been cultivated in previous projects has also been identified by programme authorities as a key element of cooperation and that knowing the partner before the project started was relevant to the success of the partnership (see Relevance section). This is also linked to the results in Figure 4.15 which shows that 64% of project partners had already worked on projects with each other in the past. This can also be supported in the results in Figure 4.14 which shows that roughly 91% survey respondents indicated that they would work with their project partner in the future.

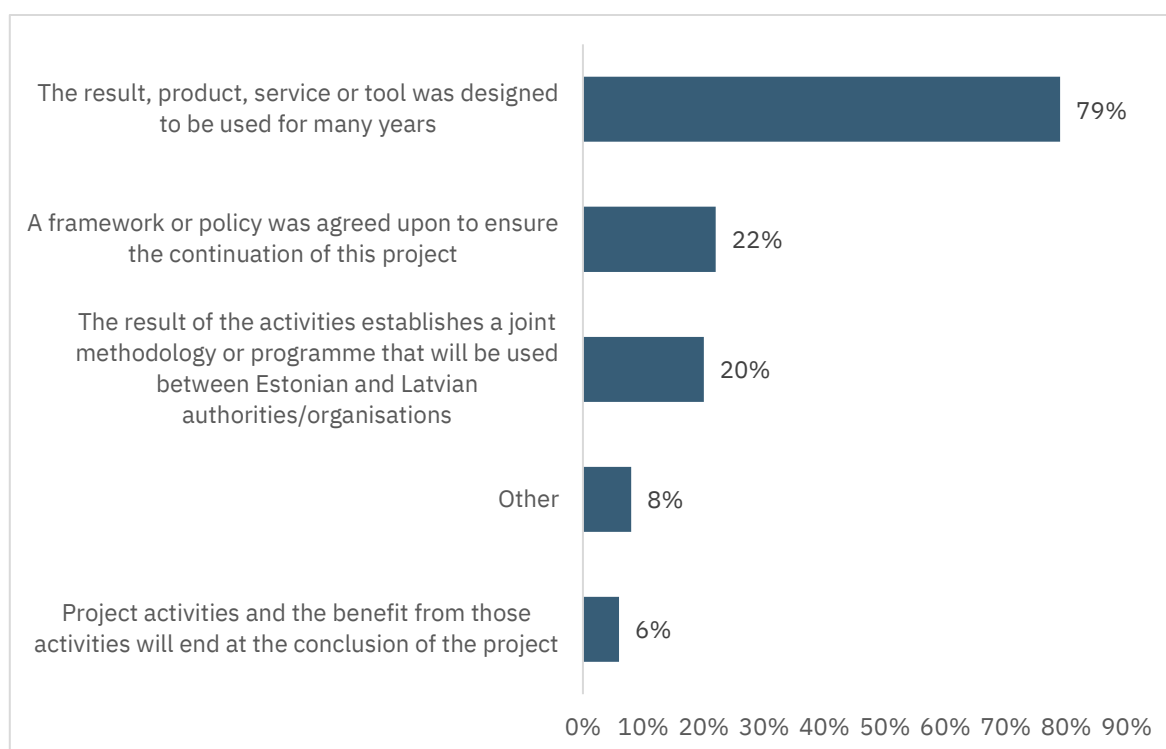
Cultivating relationships through cooperation and partnerships has been linked to the likelihood that project partners will cooperate in the future. Final reports and project partner interviews have consistently shown that one of the benefits of the project activities has been their partnership and the expansion of their business networks. It is also important to consider that 28% of survey respondents had not known their partner before the programme (see Figure 4.15 in Relevance section), and it can be assumed that through this partnership, new relationships have been developed. Based on these indicators, it can be said that **programme has**

positively impacted cooperation networks within the programme area, adding to the sustainability of project results.

Project activities and results were designed to be durable

In addition to the likelihood that projects will continue their project activities, it is important to consider how project results have been ensured to continue. Results from the survey indicate that 79% of respondents selected that the result, product, service, or tool was designed to be used for many years (Figure 4.18). On a broad level, this shows that the projects have been well-selected and that the sustainability of their results was incorporated into the design of their project activities.

Figure 4.18: How are the continuation of the initiatives and/or benefits from your project ensured? Please select all that apply. (N=126)



Source: Authors own, based on survey data, 2020

From the programme level, interviews with the JS indicated that they want to make sure there is a “concrete institution” in place to encourage the durability of the project. Further, it was noted that sustainability is an important aspect in the selection criteria:

“We have scrutinized them much during the assessment. We want to see this concrete institution. /--/ We have always pushed that you have to establish, already now who will keep it up.” – Programme authority

This indicates that from the assessment stage, the sustainability of the project was an important criteria of the programme and based on results from Figure 4.18, this shows that it has been effective as most respondents have indicated that they designed their project results to be durable. This can also be supported in SO level responses which are consistent with the results (see Annex 34).

The durability of project results has also been linked to the added value that comes from project activities. In the case of tourism projects and SO 3.1, the spill-over benefits of project activities have been increased visitors as well as increased interest from people outside of the programme area (see Chapter 3 SO 2.1 and 3.1 sections). According to a project partner interviewee, the positive results have encouraged local governments to commit to maintaining the project to expand the project:

“Municipalities are committed to maintain the results, as the route also brings financial benefits to them. /--/ Many partners that are not only interested to maintain the marked route, but also to develop it further is growing into a real network where new tourism services and attractions are added all the time. General public is also contributing to fostering the popularity, like, people spreading their travelling experiences in social media.” – Project partner

While it is too early to say that these projects will continue in the future, the JS has indicated that similar projects related to cultural tourism which were implemented in the Estonia-Latvia programming period for 2007-2013 are still in use today. One SO 1.1 interviewee also said that they are regularly using the tools developed in the “Riverways” project of the previous programming period for canoeing activities. In fact, it was mentioned for one project that the tourism site has maintained the interest of tourists and the infrastructure that was developed during the project is still in use today. This relates back to the recommendation made by another SO 1.1 interviewee that the programme should conduct a follow up ex-post analysis of the projects of the previous programming period (see Chapter 3, priority 1).

Market factors outside the control of the JS can put sustainability of the project results at risk

However, thematic differences between SO-s may create higher levels of risks for some projects compared to others. For example, a programme authority interviewee said that one of the biggest challenges to the durability of project results are market factors, i.e. if there is a demand for the product or service that is being developed.

In this situation, **market factors can be considered external constraints or challenges which can hinder the sustainability of project activities**. This was brought as a point of concern for SMEs and entrepreneurs in SO 1.1 and 1.2. In interviews with programme authorities, there was a concern that the financial capacity of some partners may be put at risk due to the COVID-19 crisis and that if they were not earning an income from their normal business activities, that this could hurt their project activities. This is also supported in Figure 4.7 (Chapter 4, Effectiveness and Impact) where 27% of respondents indicated that their future results would be impacted as a result of the COVID-19 crisis.

Cited by programme authorities, it appears that **financial capacity can be a risk for ensuring the durability of project results** as indicated above. However, some partners have been able to leverage their successful cooperation and the success of their project activities to insulate themselves from financial capacity issues. For example, one partner indicated that they:

“[We] have already another project running with some of the previous partners, thus developing further our very successful cooperation. /--/ We have developed an innovative product that we are selling on market, so the financial durability is obvious. “The results”, that is, the product itself is not only maintained but constantly further developed with good future prospects.” – Project partner

In this case, the partnership has created value for the partners involved, and, their product that has been developed can be sold which also helps the financial durability of their activities. This underscores the point

that if cooperation has been successful and there is a market for their service, then the durability of the results is likely to continue.

Based on the results from the evaluation, the sustainability of project results can be linked to internal and external factors. **Regarding internal factors**, there needs to be a willingness of project partners to continue the project activities which is linked to the level of satisfaction of the cooperation and the results of the project activities. It has been shown that when added value is created, then project partners seem more willing to continue those activities.

Externally, there needs to be a demand for the product or service that was developed by project partners. If there is interest from outside sources, like tourists or consumers for a product or service, then this may be enough to encourage the project partners to continue. On the other hand, factors outside the control of the programme or project partners, like the COVID-19 crisis, may hurt the capacity of organizations to continue their project activities and by extension, the sustainability of the results. Therefore, **the capacity of organizations, the willingness to continue with a partnership, and the added benefit of the project activities have been found to impact the sustainability of the results and in large in a positive way in case of Estonia-Latvia programme.**

5. CONCLUSION AND RECOMMENDATIONS

Conclusion

The key finding from the evaluation is that **in broad terms, the Estonia-Latvia programme is relevant, achieving its intended objectives and introducing impactful projects.** Added value of the programme is clear, projects are contributing to sustainable activities and partnerships are being created that value cross-border cooperation. **The impact on programme direct beneficiaries, i.e. project partners, has been especially strong.** Project partners have throughout final reports, interviews and the survey reported benefits on their capacity growth, partnership formation, follow-up activities and so on. **This is a short-term impact that has yet to manifest in the RI-s but it can be expected that in the long term these impacts would have positive spill-overs for the region.**

The Estonia-Latvia programme **is a relevant and impactful source of funding** for beneficiaries in the programme area. Discussed in Chapter 4 (Relevance section), the Estonia-Latvia programme provides targeted funding to address the needs of the border region which may otherwise go overlooked by National and EU level funding sources. Results also show that many project ideas would not have been implemented or their activities would have been done on a smaller scale without programme funding. The evaluation team finds, therefore, that the Estonia-Latvia programme is a relevant source of funding for projects in the border area and project activities have made a positive impact in the programme area **manifested first and foremost on the project partner level.**

For some SO-s, programme effects are more visible than in others, which is in most part **related to correct setting of the output and result indicators for measuring the impact of the SO-s.** Many OI-s have already been met or overachieved. Most SO-s have seen a positive impact on their respective RI-s, with SO1.1, SO 1.2 being the exception, and SO 3.1 growing slower than expected. However, these results should be also seen with caution. While most project partners and management level authorities believe that the RI-s for measuring impact are well chosen and effective, there is still a risk that they do not account for the specific impacts that may be unique at the project level and some impacts may go overlooked.

The evaluation team recognizes that when establishing the RI-s, the programme authorities cannot be expected to know what the true results will be of the projects and must establish the best RI-s which can be measured. But, based on the indicators which have been established and the qualitative data received from project partners, it can be said that positive impacts have been made in the programme area which may be more effective at measuring impact than the current RI-s. Moreover, the programme volume and funding may not be sufficient enough to introduce the intended impact in the programme area as indicated by the RI-s. This favours the narrowing the RI-s to capture more direct links with the actual programme activities. In conclusion, internal and external constraints have been shown to limit the effectiveness of programme activities.

The impact evaluation of Estonia-Latvia programme addressed two horizontal key evaluation questions which answers are **based on the discussions presented in previous chapters and concluded below**.

A. Why some interventions worked with the desired effect and others did not?

Prior to this evaluation, it was already understood that some SO-s have achieved their “desired effect” and others did not, if to rely on the assessment of the fulfilment of RI-s. But it is important to understand “why” this may be the case to improve the quality of the projects, help the programme become more efficient, and enhance the impact of the results for future interventions. To do this, it is important to assess which aspects of programme activities have been successful and which activities need improvement.

The evaluation has found the cross-border cooperation aspect of the programme to be the most impactful aspect for ensuring the success of project activities. As to why cross-border cooperation has helped projects achieve the desired effect, project partners and the programme authorities have both stated that **the partnership element helps raise the capacity of the organizations to implement project activities**, thus increasing the potential impact in the programme area. For example, the added value of cooperation has been linked to expanding the partners network of contacts, the facilitation of shared learning experiences by exchanging best practices, tools, strategies, and other project specific insights (see also Added value and Sustainability). These success factors can be observed in Table 5.1 below:

Table 5.1: SO level benefits attributed to cross-border cooperation

SO 1.1	Business support organizations formed new contacts with the target groups, gained new knowledge on how to facilitate cross-border cooperation and to run international projects, and in some cases, increased their service portfolio.
SO 1.2	The programme support for joint product development has been beneficial to companies involved in the programme. Some innovative ideas would have never been realized without forming a partnership, whereas others would have taken a lot longer or would have been put on hold.
SO 2.1	The communication and marketing skills, and local and cross-border networks of project partners were developed and improved.
SO 2.2	2.2 A: The projects also contributed to raising the institutional capacity of the participating organizations and helped them build and expand their cross-border and local networks. 2.2 B: W: Project partners accumulated new knowledge and scientific findings in their field. In case of surface water projects, the benefits for common water bodies have been many, ranging from marine safety to jointly developed management systems.
SO 3.1	Cooperation among the harbours has increased and a stronger sense of community emerged. The joint marketing activities have been a big step forward – the marketing activities have been consolidated and the Estonian and Latvian harbours are now marketed as a joint network.
SO 4.1	Internship cooperation is now on a new footing, several partners are interested in cooperating in the future and are planning to provide further matchmaking activities or services after the project’s lifetime. Cooperation among unemployment offices is also on a better footing.

Source: Authors own, based on interview and survey data, 2020.

Further, it has also been mentioned by project partners that in the absence of cooperation, the scale of their project activities would have been smaller (Figure 4.16), thus decreasing the potential impact of project activities. This has been illustrated in each SO, but SO 3.1 stands out as a priority which exemplified this aspect, as some partners have indicated that the results of their project activities would have been completed to a

much smaller scale and in most cases, they would not have been able to achieve the same results had it not been for programme support.

In Chapter 4 (Effectiveness and Impact), **successful set-up of the project partnership and experienced leadership** were cited as being the main factors for helping project partners achieve their desired results. This is illustrated in Chapter 3 under SO 2.2A where it was cited that successful set-up of the partnership helped increase the institutional capacity of the project partners involved. Programme level interviews (Chapter 4, Sustainability) indicate that the main factors for ensuring the successful set-up of the partnership was developing “trust” between project partners and a well-managed project from the LP was also linked to the success of the project. It was also mentioned by programme authorities that if partners knew each other before the project, then this also helped the overall success of the project as the partners were already familiar with each other (Chapter 4, Relevance). Survey responses support this, showing that 40% of project partners had known their partner from a previous joint project (Chapter 4, Relevance). Thus, it can be said that **capacity of the project partners, trust and previous cooperation experience between project partners, and effective management are key factors to creating a successful partnership and the success of the project in general.**

On the other end of the spectrum, **a lack of capacity of project partners** can negatively impact the effectiveness of the project, leading to less than desired results. Managerial capacity is important because if a project partner lacks sufficient project management skills or sufficient staff, then this can lead to delays in project reporting due to missing information or deadlines for submitting budgets to the proper authorities (see Chapter 4, Effectiveness section). On a programme level, the lack of managerial capacity can become a time consuming and inefficient process because the JS will need to step in and coach project managers through different bureaucratic hurdles and sometimes day to day operations, as cited in interviews with programme authorities. These issues can lead to inconsistencies with project reporting that can affect the project results.

Project management issues can also arise if the project manager role changes. In some cases, the programme authorities have mentioned that project partners have relied too much also on “the JS to manage daily relations” which indicates that there may be project managing deficiencies that can impact the effectiveness of project activities. Fortunately, **the successful completion of project OI-s across SO-s suggest that most projects have been effective at implementing their activities.** What is more, results for ongoing projects also show a high-level achievement, which indicates that projects continue to be effective.

In conclusion, the degree of success from programme interventions depends largely on the strength of the cross-border partnership. The cooperation aspect enabled project partners to increase the scale of their project activities by combining their resources and working together to achieve their objectives. The added benefit to this is the increase in the capacity of project partner organizations and confidence in durable project results.

B. Which were/are the constraints (internal and/or external) that have prevented the programme from having achieved its desired impact?

The evaluation team has identified several internal and external constraints which could impact the results of the programme activities. In the context of this evaluation, internal constraints deal with the challenges which the programme authorities and/or project partners can directly impact. As such, internal constraints will be valuable for the programme to understand as these are challenges that can be improved upon and remedied. External constraints are the challenges which the programme authorities and/or project partners do not have control over. For example, COVID-19 is an example of an external constraint that cannot be solved at the

programme level. Identifying external constraints will help the programme authority anticipate and prepare for these challenges to limit the negative impact on project results.

Internal constraints

Starting with **internal challenges**, project partners have consistently criticized the **financial reporting process** in interviews, final reports, and in the survey results. Discussed in the Efficiency section, financial reporting has led to delays in project funding which can cause delays in project activities. One reason for this is a lack of understanding of the financial reporting procedures including timelines for document submittals, clarity of the context of the budget, and other issues. Particularly for smaller SMEs and NGOs who may lack the capacity to cope without funds and related financial flows for an extended period of time, this creates a real threat to the project results or sometimes even for the existence of the organization. Project partners in SO 1.1 (Chapter 3) cited the 3-level system of audit and financial control being complicated and they also cited that financial control bodies and the JS are not inconsistent in interpreting the application of the programme rules. Further, project partners in SO 2.1 (Chapter 3) have indicated that there are different standards of financial control in both countries which can make the financial reporting process difficult. **This may indicate that more coordination between the JS and auditing control bodies is necessary to ensure that the project partners are receiving consistent information.**

Cumbersome bureaucratic processes have also been cited as a challenge for project partners in Chapter 3 for each SO. Reporting results have been found to be a major weakness of the programme and a very time consuming endeavour for the project partners. As was described in length in Chapter 3, there are still problems especially with contradictory rule understandings from different programme management levels, too long financial flows, too many rigid measures. eMS system was also seen as complicated for many partners, however, at the same time also a strength of the programme for others. **This indicates that such a system is necessary, however, may require some further improvement in user friendliness or support to partners.** While there is room for improvements, it should be stated that communication from programme authorities, specifically cooperation with the JS, has also been reported as a strength of the programme by interviewees. Consultations, face-to-face seminars, and support for the application phase of the programme were also valued by project partners.

There are doubts as to the **accuracy of some of the indicators which highlights internal constraints** at a programme level. Programme level interviews state that the “target values may be too high” or that the methodology for measuring the indicators could be flawed. This point of view is also supported at the project level which shows that for some project partners, the indicators were more of a formality rather than a useful tool to measure their achievement. However, survey responses show that most project partners agree that the indicators are relevant, easy to understand, measure, and report (Figure 4.2 and 4.3), but project partner interviews also address doubts, especially in already mentioned SO-s 1.1, 1.2 ,2.2A and also SO 3.1. The evaluation team also considers currently set RI-s, especially in mentioned SO-s difficult to measure and to link directly with the programme impact.

It is important thus to note that even if the RI increased or decreased for some SO-s, it does not mean that the results are well-linked to the project activities as seen especially in case of SO 1.1, SO 2.2A, SO 3.1 and SO 4.1. For example, the narrow scope for SO 4.1 objectives may have led to a lower application rate resulting in only two projects for this SO potentially limiting the impact of programme activities. In priority 1 evaluation shows good results and visible impacts if to consider affected projects and target groups. The reasons behind decreasing indicators mainly seem to lie in questionable method to calculate the value of priority 1 RI-s and the fact that especially this priority is most affected by external market factors.

External constraints

The most prominent **external forces** observed in the programme activities are **market factors** which can impact project results and **the COVID-19 crisis**. Market factors can elicit a diverse set of consequences for project activities which vary in their level of impact. The most substantial effects can be related to the relevance of RI-s, where **changes in the economic situation for border regions** may make the specific objectives for some project activities less relevant. This has been discussed, for example, in Chapter 3 under SO 4.1, where the unemployment situation in the border region had improved since the beginning of the programming period and it is possible that projects related to labour mobility in the border region were no longer needed, thus decreasing the potential impact. Similarly, as was discussed under priority 1, the globalization of world economy could have influenced the willingness to cooperate across the border as markets further away had become more attractive.

Market factors can also cause changes in the cost for project activities from the conception of the project idea versus the implementation period. This was explored in Chapter 4 (Effectiveness and Impact) where construction costs planned in 2017 no longer reflected the costs for 2019 which may cause budget constraint and decrease the impact of the project due to the smaller scale of the project. This can also be tied into the management issues because if budgets need to be amended as a result price changes, then this could create more bureaucratic hurdles, making the project implementation less efficient.

Lastly, the **COVID-19 crisis** can be considered a significant external constraint both for ongoing projects, and the sustainability of the results for completed projects. Discussed in Chapter 4 (Impact), projects which rely on in-person activities, such as conferences, trainings, tourist activities or travel, will likely be impacted. Some projects have been able to cope with COVID-19 restrictions by using digital communication, but this is not ideal for all projects and it is perceived that if an event needs to be held via a video conference, then it will be less-effective (see Chapter 4, Impact section). Also, if planned activities need to be cancelled, there is also a risk of budgetary issues because if the project receives funding for an event that is now cancelled, they will need to reallocate those funds, putting them at risk of not receiving financial support for planned activities or having left-over funds (Chapter 4, Impact section). Despite these challenges, projects have still been able to achieve a high level of success based especially on the OI-s.

In conclusion, internal and external constraints have been shown to limit the effectiveness of programme activities. Internally, the most common challenges were related to the cumbersome reporting processes for project activities and financial reporting and slow financial flows while external constraints are related to changing market factors and the COVID-19 crisis.

Recommendations

Based on the observations of this evaluation the following key recommendations have been made:

1. Strengthen links between indicators and the impact in the programme area

According to the evaluation, the link between the indicators and the impact in the programme area is not well connected. Additionally, some RI-s have been found to be too broad and not well matched with the amount of funding necessary to elicit a real impact in the programme area. Similar results were identified in the 2010

evaluation of the Estonia-Latvia programme from the previous programming period where it was found that the programme funding is too small to impact regional statistics for some RI-s⁴⁹.

In the current programming period, particularly for SO-s 1.1, SO 1.2, 2.2A, and 4.1, the desired impact of programme funded projects for these SO-s is too broad and actual activities may not introduce a relevant impact to the programme area. The current RI-s are impacted by external factors such as other funding instruments, use of structural funds and changes in the socio-economic situation; thus, it is hard to separate the impact of the Estonia-Latvia programme from other elements and it is not done so in the methodology used in assessing the RI-s. The evaluation results have shown that the programme impact is strongest for project partners and target groups directly benefitting from the programme activities, which shows the effectiveness and impact mostly on project level. Whether these effects bring long-term impacts cannot be captured yet, although short-term project level impacts observed in the current evaluation allow to predict positive contribution.

One suggestion is to better connect the RI better to the participants and target groups who directly benefit from project activities, especially in priority 1. For example, instead of SO 1.1 targeting the number of entrepreneurs and new businesses in the region which are ready for cross-border cooperation, the RI could focus on the readiness of companies who directly benefitted from the project activities which is more telling regarding the impact and usefulness of the programme. Other option is to keep broad RI-s and carefully select evaluation measures (mainly counterfactual evaluation techniques) which could capture the probable programme effect. This will help separate the project impact from other influencing external factors, like changes in the labour market, economy and other interventions. However, such studies are large and complex and have their limits as discussed under the Methodology chapter. Considering the volume of Estonia-Latvia programme, it would be reasonable to rather make the RI-s more concrete and better related to the programme support.

It is also recommended to encourage projects with large target audiences to collect some feedback from their target groups on their own as has already been done by some projects. Such surveys can unpack the impact of project activities from a different angle than the OI-s and RI-s set on the programme level. To encourage projects to do this in the future, the programme could modify its evaluation criteria to give more points to projects that intend to collect such feedback. At the same time, it is not advisable to make it mandatory across all SO-s, as projects deal with third party target groups in varying extent.

In conclusion, it is recommended that the programme adds impact indicators which more narrowly focus on the project beneficiaries. This way, a stronger and more visible link can be established between the programme funding and project activities. This is further explained in Recommendation 2.

2. Clarify the methodology for setting and measuring the result indicators in SO-s 1.1, 1.2, 2.2A, and 3.1

Related to recommendation 1, Chapter 4 identifies issues related to the methodology for setting and measuring the result indicators as a potential reason for the disconnect between project activities and desired impact in the programme area. This was particularly the case for SO-s 1.1, 1.2, 2.2A, and 3.1 where doubts have been raised about the validity of the RI-s for these SO-s.

⁴⁹ Institute of Baltic Studies (2010) "Evaluation of the Estonia-Latvia Programme 2007-2013 – Final report", available at: <https://www.ibs.ee/projektid/programmi-estlat-2007-2013-hindamine/>
Programme impact evaluation of Interreg V-A-Estonia-Latvia Programme 2014-2020

For example, the sample size and target audience for measuring the RI 1.1 was chosen according to random sampling criteria which at the same time has only weak or at least unknown links with actual programme activities and the target groups in the programme area (see Chapter 3, SO 1.1). SO 2.2A projects have been successful, but questions have been raised about how to accurately measure the level of awareness people have in the programme area about environmental issues and the extent to which such activities impacted people's views (see Chapter 3, SO 2.2). Programme authorities for SO 3.1 believe the number of visiting vessels to harbours is overly ambitious and may not be fulfilled (see Chapter 3, SO 3.1). Furthermore, project partners felt that the RI was too narrow to capture the impact of the "ESTLAT harbours" project.

Based on these observations, the evaluation team recommends that the programme authorities clarify their methodology for measuring the RI-s in future programming periods and to better align them with the output and impact of the projects themselves, not the impact on the target groups in general, i.e. those who do not directly benefit from project activities. **Even though this may not reveal the actual share of impact of the programme in regional context and on wider statistics, it captures better the results of projects and their potential long-term effect on developments in the region.**

3. Consider addressing larger funding to more focused activities

Evaluation of previous Estonia-Latvia programme concluded that the programme focus could be narrower to increase its effectiveness and impact. It was advised to focus the contribution on job creation and export led economic growth as values supported horizontally in each priority which was the corresponding recommendation to existing socio-economic situation at that time. This evaluation also saw a risk that the impact of the programme may remain limited in terms of the actual regional development in the programme target area.

In the current programming period, many changes were introduced into the programme and indeed, more focus was set which has shown positive effects, especially in priority 1 focusing on business environment, but most importantly in large pre-defined projects like in SO 3.1 or focus on broader and systematic cooperation in public sector services and management (e.g. SO 2.2W, also objectives set for SO 4.1). However, the limited programme budget of around 36 million EUR has still been divided between four priority areas and seven SO-s⁵⁰ which makes achieving a significant impact in the programme area across all the priority areas unrealistic. Even more so, according to programme authority interviewees, the programme budget for the next period will be even smaller, which makes it even harder for the programme to have visible impact on the region. The programme should, therefore, continue to narrow its focus.

The main way to set such focus is through dedicating larger finances to concrete objectives and ambitious projects, which has been done through pre-defined projects in this programming period. Pre-defined projects, as evidenced by SO 3.1, can be used to enhance the impact of project activities in the programme area in a targeted way. In this case, SO 3.1 was considered to have well-defined priorities that matched with the expected impact of project activities (see Chapter 3, SO 3.1). The objectives were able to target the programme area in an efficient way and the results from the project activities were evident.

Such targeted investment of programme resources could be used in other priority areas to enhance the impact of project activities. While it has been noted that open calls are advantageous in that the competition can increase the quality of the project activities, integrating pre-defined projects into further priorities, especially

⁵⁰ Including SO 2.3 that is not part of this evaluation.

priority 4, may result in a better link between project activities and the impact in the programme area. The management capacity for project partners in predefined projects should also be carefully considered as this was mentioned as a challenge for programme authorities who, in some cases, had to manage the daily operations for some partners (see Chapter 4, Efficiency section). Such a format may also introduce mixed attitudes as opposed to open competition, the procedure should be as engaging and transparent as possible in regards the targeted area and target groups.

In conclusion, in topics which are most important in border area regional development goals clear focus and larger contribution can make more visible impact. Whether it is through well and carefully managed pre-defined projects or just dedicated larger funds to specific area projects, e.g. increasing the maximum budget limit in specific areas for one project, it could be used more in the Estonia-Latvia programme.

4. Improve and simplify the controlling procedures

In general, support from programme authorities, especially the JS, has been beneficial and well-received. This has been identified in Chapter 3 where when a project received support or utilized programme services, the project partners were appreciative and listed this support as a strength of the programme. But the abundance of feedback on the complicated reporting procedures indicates that there is further room for improvements.

To the extent that is possible, controlling procedures should be expedited to ensure timely flow of financial resources to project partners. The main criticisms from project partners have been linked to burdensome reporting procedures which can be confusing and complicated for the project partners (see Efficiency). Complications arising from financial reporting has led to poor financial flow of resources to project partners and in some cases, this has caused delays in project activities which may impact project results. This also creates added pressure for SMEs and non-profits who may lack the financial capacity to cope with lapses in funding, thus increasing their risk of failure. Therefore, it is recommended to find additional ways to align the reporting system as much as possible with overall accounting and bookkeeping rules of the country legislations which is part of the beneficiaries every-day activities and integrate/harmonise stronger existing systems in use.

Programme authority interviews also indicate the managerial capability of some lead partners is lacking which can also lead to inaccurate reports and extra work for the JS who will need to explain the reporting procedures to the project partner. Therefore, it will be to the benefit of the programme to streamline their reporting procedures and improve and/or offer more training services for project partners. Where possible, more flexibility could be added to the rules as these were criticized as too rigorous. Also, more certainty within the reporting process may be relevant as the evaluation indicated that still many partners have been challenged by different and not harmonized requests from the programme level causing longer delays. For example, “one-time asking rule” could be introduced to streamline the reporting process and to dedicate certain timelines for reporting known to all parties so that it would not take around unreasonably long periods to accept a final report as was the case with some projects.

Survey results and interviews show that project partners would appreciate even more face to face consultations or seminars where questions can be asked to the financial controllers to ensure high quality. Even though supporting documentation and consultative support exists for project partners, survey responses indicate that they can be further simplified. For example, an easy to read bulleted to-do list, i.e. a “financial reporting check-list”, could help to avoid incomplete financial reports.