



Ex-post Evaluation of 2007-2013 ENPI CBC Programmes

Final Report

Volume II: Annexes 1-3

January 2018

Evaluation carried out on behalf of the European Commission

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FWC COM 2015

EuropeAid/137211/DH/SER/Multi

Specific Contract N°2016/379792

Ex-post Evaluation of 2007-2013 ENPI CBC Programmes

This evaluation was commissioned by
The Evaluation Unit of the DG NEAR (European Commission)

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LIST OF ABBREVIATIONS AND ACRONYMS

AIR	Annual implementation report
BCP	Border Crossing Point
BIOVecQ	Biotechnologie marine vecteur d'innovation et de qualité/ Marine biotechnology vector of innovation and quality
BSB	Baltic Sea Region CBC programme
BSC	Black Sea Convention
BSR	Black Sea Basin CBC programme
CBA	Club Bleu Artisanal/ Creating a cross-border club for the promotion of products of artisanal fisheries
CBC	Cross-Border Cooperation
CfP	Call for Proposals
CSO	Civil Society Organisation
DG	Directorate General
DG DEVCO	Directorate-General for International Cooperation and Development, European Commission
DG NEAR	European Neighbourhood Policy and Enlargement Negotiations
DG REGIO	Directorate-General for Regional and Urban Policy, European Commission
EaPTC	Eastern Partnership Territorial Cooperation
EC	European Commission
EEAS	European External Action Service
EE-LV-RU	Estonia-Latvia-Russia CBC programme
EE-RU	Estonia-Russia CBC programme
EGTC	European Grouping of Territorial Cooperation
EQ	Evaluation Question
ENI	European Neighbourhood Instrument
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood Partnership Instrument
ERDF	European Regional Development Fund
ESIF	European Structural and Investment Funds
EUD	European Union Delegation
EU	European Union
FA	Financing Agreement
FPI	Foreign Policy Instrument
HU-SK-RO-UA	Hungary-Slovakia-Romania-Ukraine CBC Programme
ICZM	Integrated Coastal Zone Management
IPA	Instrument for Pre-accession Assistance
IPCC	Intergovernmental Panel for Climate Change



IR	Implementing Rules
ISG	Inter-service Steering Group
IT-TN	Italy-Tunisia CBC Programme
JELLYRISK	Integrated monitoring of jellyfish outbreaks under anthropogenic and climatic impacts in the Mediterranean Sea (coastal zones): trophic and socio-economic risks
JMA	Joint Managing Authority/ies
JMC	Joint Monitoring Committee
JSC	Joint Selection Committee
JTS	Joint Technical Secretariat
KAR	Karelia CBC Programme
KOL	Kolartic CBC Programme
LIP	Large infrastructure project
LSP	Large-scale project
LT-PL-RU	Latvia-Lithuania-Russia CBC Programme
LT-RU	Lithuania-Russia CBC Programme
LV-LT-BY	Lithuania-Poland-Russia CBC Programme
M-3HABs	Risk Monitoring, Modelling and Mitigation of benthic harmful algal blooms on Mediterranean coasts
MAP	Mediterranean Action Plan
M&E	Monitoring and evaluation
MED	Mediterranean Sea Basin CBC Programme
MEL	Monitoring, Evaluation and Learning
MS	Member State
MSFD	Marine Strategy Framework Directive
NGO	Non-governmental Organisation
NIP	Neighbourhood Investment Platform
OVI	Objectively verifiable indicator
PL-BY-UA	Poland-Belarus-Ukraine CBC Programme
PL-RU	Poland-Russia CBC Programme
PSC	Project Selection Committee
PPF	Project Preparation Facility
RAG	Regional Assessors Group
RCBI	Regional Capacity Building Initiative
REEFs	Research and Restoration of the Essential Filters of the Sea
ROM	Results-oriented Monitoring
RO-UA-MD	Romania-Ukraine-Moldova CBC Programme
RO-UA	Romania-Ukraine CBC Programme
RO-MD	Romania-Moldova CBC Programme
SEFR	South-East Finland-Russia CBC Programme
SO	Specific objective



SP	Strategic project
SRCSSMBSF	Strengthening the regional capacity to support the sustainable management of the Black Sea Fisheries
ToC	Theory of Change
UfM	Union for the Mediterranean
TESIM	Technical Support to the Implementation and Management of ENI CBC programmes
ToR	Terms of Reference
WEI	Water Exploitation Index
WFD	Water Framework Directive



ANNEX 1. CASE STUDY ON ENPI CBC AND TOURISM DEVELOPMENT IN THE CARPATHIAN MOUNTAINS

1. Introduction

Tourism development illustrates both the challenges facing cross-border cooperation and the opportunities it can offer in the context of the European Neighbourhood Policy. Tourism can provide an important avenue of employment and economic growth and foster people-to-people contacts, thereby promoting a harmonious development and a better mutual understanding across the border areas. This is especially important in light of the broadening economic gap and decrease in contacts between Central and Eastern European countries (now EU members) and former Soviet Republics (now ENI partner countries) since the 1990s. Yet tourism development hinges crucially on the accessibility of border areas, which presupposes a dense transport network as well as smooth and effective border crossing.

This case study analyses whether and how ENPI-CBC programmes have contributed to tapping the full potential of tourism across the border areas. It provides an in-depth analysis of the impacts of six standard projects funded by two different programmes, PL-BY-UA and HU-SK-RO-UA.¹ The case study starts by reconstructing the logic of intervention for tourism development in the selected programmes. It then analyses the contribution of the projects to economic and social development and cross-border links in the Carpathian Mountains against key contextual factors. On the basis of this in-depth analysis, it identifies the factors that affected the performance of CBC in tourism development and offers recommendations to enhance impact through future programmes.

2. ENPI-CBC intervention in tourism development

2.1 Context of ENPI-CBC intervention

When the ENPI CBC programmes were being designed in the mid-2000s, the economic context in the Carpathian Mountains was conducive to tourism development. In 2005, the eligible areas covered by the HU-SK-RO-UA and PL-BY-UA programmes experienced a significant positive economic growth rate, e.g. 9.2% in Belarus, 3.2% in Poland and 2.6% in Ukraine. The tourism sector also demonstrated first signs of development, as indicated by the establishment of cross-border partnerships in this area and the introduction of new types of tourism in the Carpathian Mountains (e.g. rural tourism). The expectation deriving from this positive economic context was that the tourism offer would substantially expand and become increasingly diversified. This expectation was underpinned by structurally favourable conditions for tourism development in the regions covered by PL-BY-UA and HU-SK-RO-UA programmes. The area covered by the PL-BY-UA Programme enjoys a strategic position between European and Asia transport networks and it is crossed by 5 Pan-European transport networks. The regions eligible under both programmes have a rich historical and cultural heritage. Approximately 3,000 monuments are disseminated across the PL-BY-UA border areas; some of these are listed on the UNESCO World Cultural Heritage Site, which also includes monuments of the HU-SK-RO-UA border areas such as the wooden churches of Maramureş in Romania and the Slovak karsts. Finally, the Carpathian Mountains benefit from relatively unspoilt natural conditions, including a high biodiversity, a low level of pollution and large protected areas (e.g. 10 national parks in the Polish-Ukrainian part of the PL-BY-UA programme). Thus, there is a strong potential for a variety of tourism types in the regions covered by both programmes, including agro- and ecotourism, culture, health, spa and wellness, and pilgrimages.

¹ The six projects included in the sample are presented into greater detail in the field visit reports annexed to this report.



Crucially, while not being then a sector of significance owing to the lack of investment and the predominance of labour-intensive sectors in both regions, tourism was identified as a potential strong driver of development in border areas faced by a difficult economic and social situation. Located at the peripheries of the countries concerned, these areas were characterised by GDPs well below the national average (in the case of HU-SK-RO-UA, ranging from 1% of the national GDP in Chernivetska to 12.89% in Košice), a low level of income per capita, an insufficient competitiveness, a low level of foreign direct investment and (especially on the Polish, Hungarian and Slovakian sides of the border) a high rate of unemployment (between 17 and 21% in Poland). In addition, the border areas were characterised by economic imbalances between the two sides of the borders, as well as between urban and rural areas, the latter lagging behind in terms of economic activity.

It is in this context that ENPI-CBC prioritised tourism development. Economic growth in the areas covered by the programmes and the subsequent increase in the population's income across the border areas were expected to foster local and regional tourism. In order for this to unfold, ENPI CBC supported the border areas in addressing key obstacles to tourism development. The weakness of both infrastructure and services (stemming from the lack of investment in the sector) was a major impediment to tourism development across the border areas. In both regions, tourist facilities were characterised by low quality standards; yet while the accommodation capacity² was insufficient to meet an increasing demand across the PL-BY-UA border, existing data showed that this capacity was underused across the HU-SK-RO-UA borders. In 2005, the number of bed places in the eligible areas of the programme totalled 74,566, while 1,964,772 tourists visited the region. Potentially attractive tourism sites and monuments in areas covered by both programmes were in bad condition and/or could not be easily accessed, especially in ENPI partner countries. In addition, tourism services were of poor quality. Information (e.g. tourist information systems) and communication services (e.g. promotional material) were underdeveloped. As indicated by interviews with tourism stakeholders, tourism strategies were prepared at the local or regional level, and the border areas lacked a common strategy. In fact, the border regions had no experience of international cooperation for tourism development, and instead competed due to the similarity of tourism products, e.g. health tourism.

Changes needed to tackle the needs of the tourism sector in the Carpathian Mountains

Changes needed to exploit the tourism potential of the PL-BY-UA and HU-SK-RO-UA border areas included first and foremost the establishment of *supportive conditions for tourism development*. This relates primarily to the creation of new infrastructures and/or the modernisation of existing tourism infrastructures, e.g. roads, recreation facilities, tourism paths and routes, information boards. It also entails developing the regions' accessibility by upgrading local and regional transport infrastructures and border crossing points.

In the border areas covered by both programmes, changes also pertained to *tourism management*, i.e. the development of tourism strategies, innovative approaches to tourism standards and development of products, communication, promotion and information, using new technologies; and the improvement of staff qualifications. Owing to the similarity of problems faced by the border areas, cross-border cooperation is relevant to design common tourism strategies, approaches and products that are nevertheless implemented separately in each of the participating countries.

Finally, changes involved *tourism policy*. They entail devising a common strategy to fully tap the potential of tourism across the border areas (as existing strategies are designed per administrative entity, e.g. Podkarpackie in Poland, Lviv and Ivano Frankivsk Oblasts in Ukraine) and developing cross-border networks of tourism stakeholders (e.g. local authorities; chambers of commerce; tourism agencies; educational and training institutions).

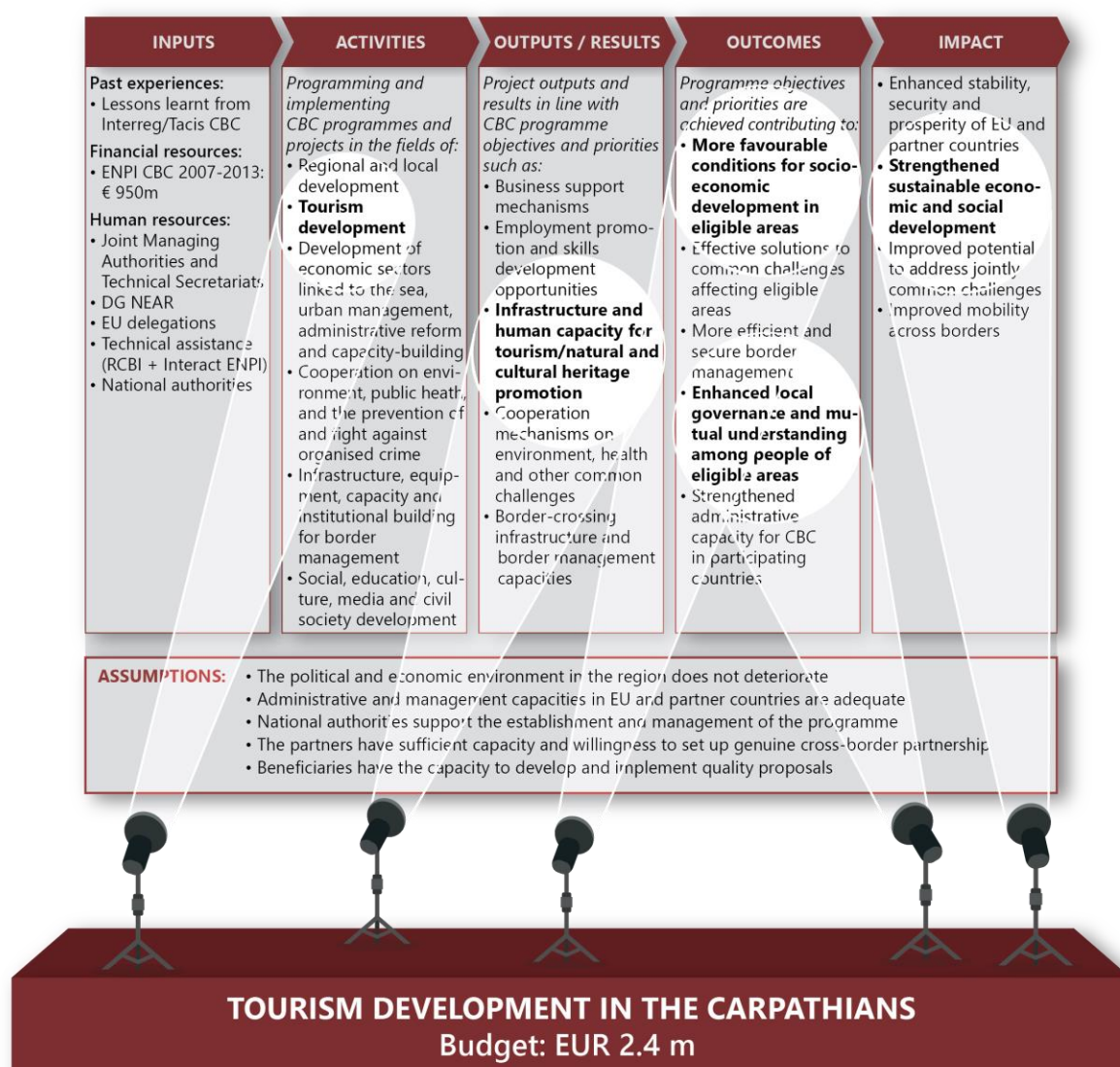
² As measured by the number of bed places: 117,000 for the PL-BY-UA border areas in 2005 and 75,000 for the HU-SK-RO-UA border areas. Source: Joint Operational Programmes.



By bringing about these changes, ENPI CBC was expected to result in expanding and strengthening the tourism sector. In turn, this would contribute to promoting economic and social development in the regions and expanding cross-border links. The prioritisation of tourism as an instrument to expand people-to-people contacts across the borders was especially important in the context of the accession of Poland, Slovakia, and Hungary to the Schengen area in late 2007 and the introduction of local border traffic (LBT). Upon joining the Schengen area, these countries introduced a special regime (LBT) for systematic border crossing by inhabitants of border regions and their stay in a defined area (30-50 km from the border)³ on the basis of a special permit for (among others) tourism purposes.⁴

Such a strategy was however premised on the assumption that the economic trends observed in 2005 would persist (thereby fuelling tourism demand and investments in the tourism sector) and that no external shock would affect the implementation of ENPI CBC.

Figure 1: The place of tourism development projects in the intervention logic of ENPI CBC Programmes as a whole



³ Vladimír Benč (ed.), *Enhancing cross-border cooperation between the European Union and Ukraine with regard to regional development, investments and social capital development in the cross-border region*, Prešov: SFPA, 2014.

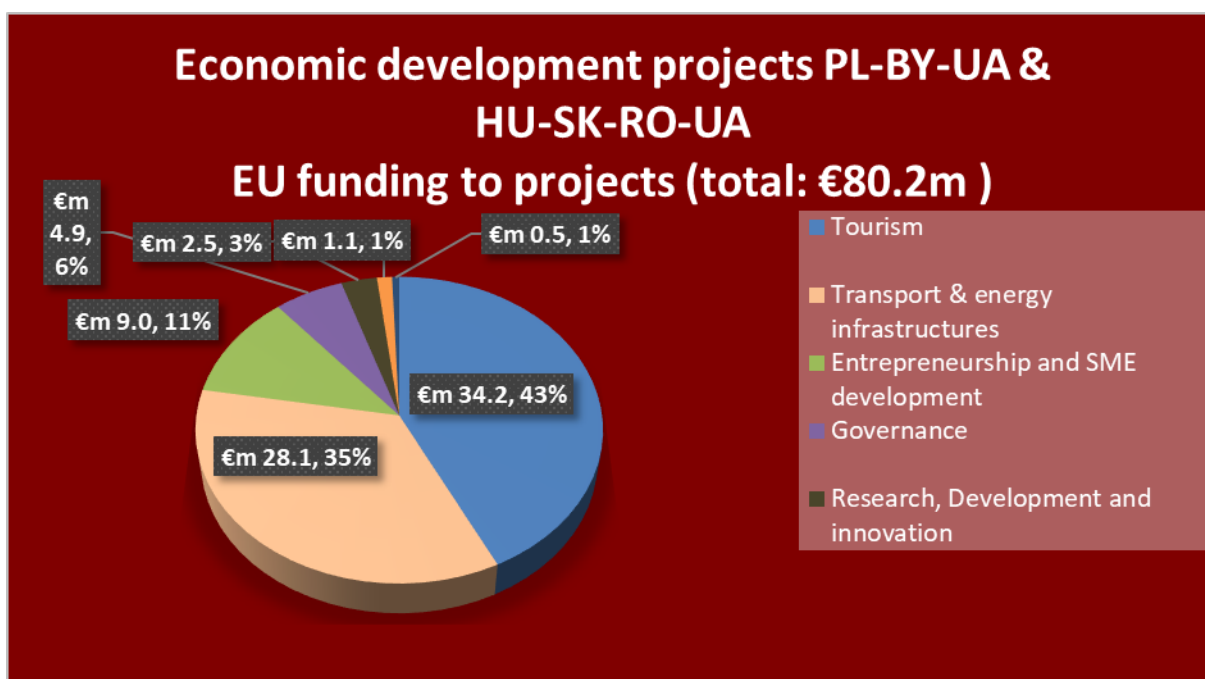
⁴ Agreements on local border traffic between Ukraine and Hungary, Poland and Slovakia entered into force in January 2008, July 2009, and September 2008, respectively.

Our project sample included six standard projects implemented under the broad headings of tourism development and people-to-people cooperation. Two of these projects (under the PL-BY-UA programme) were umbrella projects, consisting of 10 to 12 micro-projects. The total value of the projects in our sample is EUR 2.4 million. This represents 7% of the funds allocated to tourism development under PL-BY-UA and HU-SK-RO-UA in the period. The following table provides the full list of the projects selected in our sample.

SECTOR	PROJECT NAME	TYPE	PROGRAMME	VALUE
Tourism (People-to-people underlined)	Carpathian Tourist Road	S	HU-SK-RO-UA	€m 0.5
	Carpathian Tourist Road 2	S	HU-SK-RO-UA	€m 0.4
	<u>Discover Uzhhorod. The First Step in the Opening of Zakarpattya.</u>	<u>S</u>	<u>HU-SK-RO-UA</u>	<u>€m 0.1</u>
	Geo-Carpathians – Creating a Polish-Ukrainian Tourist Route	S	PL-BY-UA	€m 0.3
	<u>Promotion of a common historical and cultural heritage of Poland and Ukraine – "Fortress of Przemyśl"</u>	<u>S</u> <u>(Umbrella project)</u>	<u>PL-BY-UA</u>	<u>€m 0.5</u>
	<u>Cross-border cooperation for health tourism of Polish-Ukrainian borderland</u>	<u>S</u> <u>(Umbrella project)</u>	<u>PL-BY-UA</u>	<u>€m 0.6</u>

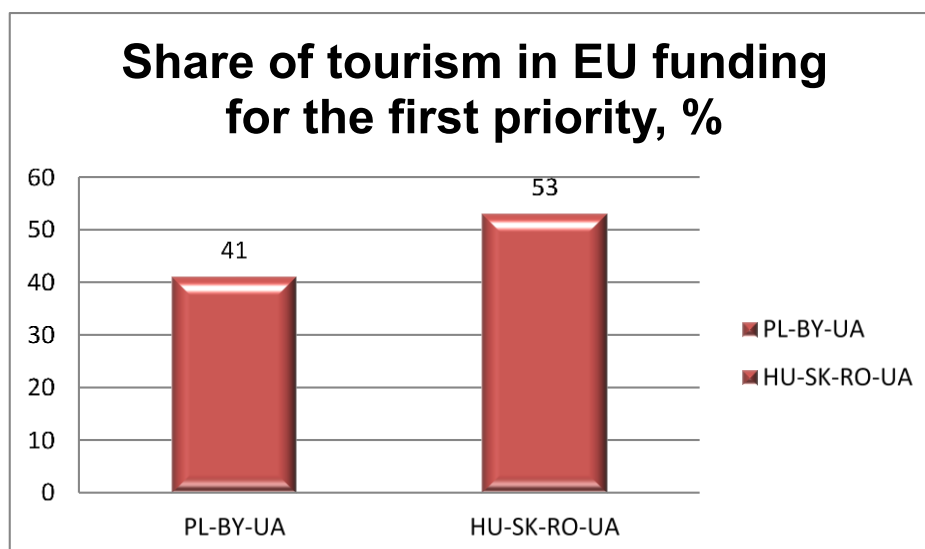
2.2 Tourism development in the CBC programmes PL-BY-UA and HU-SK-RO-UA

This section presents a reconstruction of the two programmes' logic of intervention in tourism development, based upon the programmes' documents and interviews conducted with stakeholders.



In both programmes, tourism accounts for a substantial share of EU contribution to economic development, as reflected in the chart above. Tourism development projects exceed half of the total funding for economic development in HU-SK-RO-UA and over 40% in PL-BY-UA. The full list of projects is provided in Annex 16.





Both programmes identify tourism development as a priority measure expected to boost economic development and reinforce the competitiveness of the border areas. However, they differ with respect to (i) the objective pursued by this measure and its desirable outcome, and (ii) the resources allocated to it.

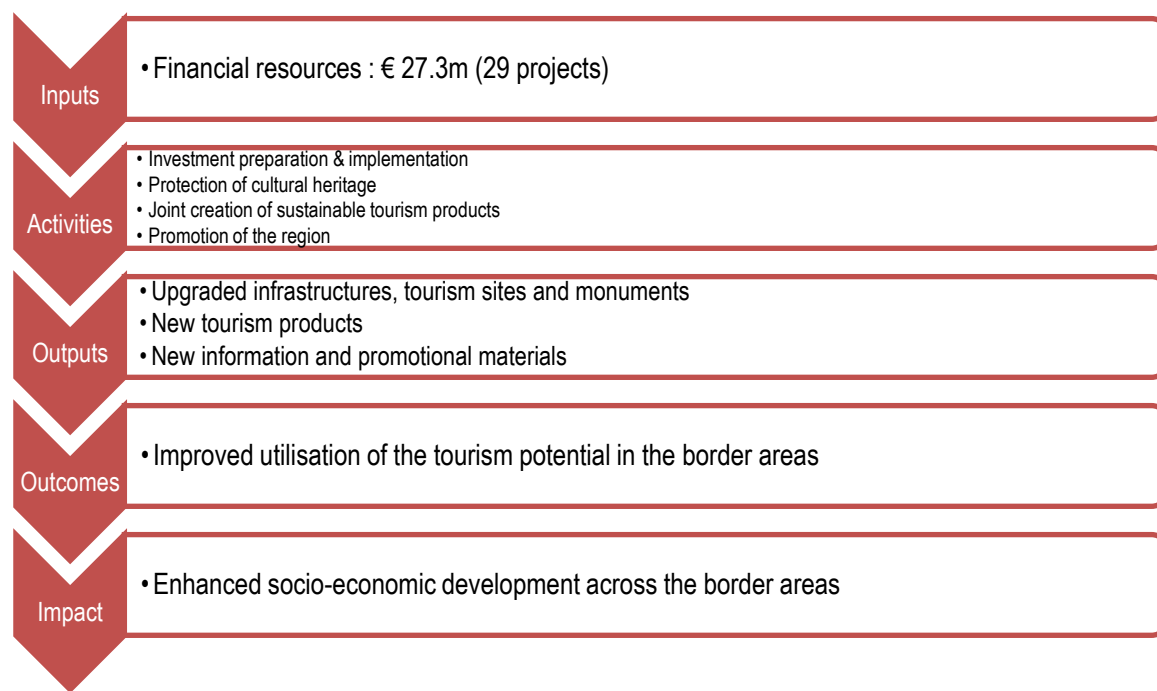
PL-BY-UA

As part of the PL-BY-UA programme, the objective of priority measure 1.2 (“tourism development”) is to improve and fully utilise the tourist potential of the region. This full utilisation of the existing touristic potential is expected to result in job creation and the delivery of improved services in the tourism sector and it is thus regarded as a *sine qua non* to enhancing the competitiveness of the programme area (defined as the first programme priority). The latter is identified as a key common challenge for sustainable social and economic development in the Polish-Belarusian-Ukrainian cross-border area, and thereby corresponds to the core objective of the programme (“support for cross-border development processes”). Thus, CBC is regarded as a major vehicle in order to address common challenges and lead to impacts desirable for the whole region. Under PL-BY-UA, € 27.3 million were allocated to measure 1.2, with 29 projects being funded.

Overall, the intervention logic of the PL-BY-UA programme was well structured for addressing the challenges faced by the border areas in the tourism sector. The high number of project proposals for tourism development measures testifies to the relevance of the strategy to the needs of the border areas: during the first and second PL-BY-UA calls for proposals, 74 and 129 project proposals, respectively, were submitted under measure 1.2. The activities supported under the programme were in line with the envisaged results, with one notable exception: while priority 1 entailed “facilitating job creation processes”, measure 1.2 on tourism development did not include any indicative action that could lead to this broader outcome. The programme also included clear indicators at the output and outcome level, yet it did not mention any target. In addition, there was no indicator at impact level.



Reconstruction of the PL-BY-UA intervention logic for tourism development

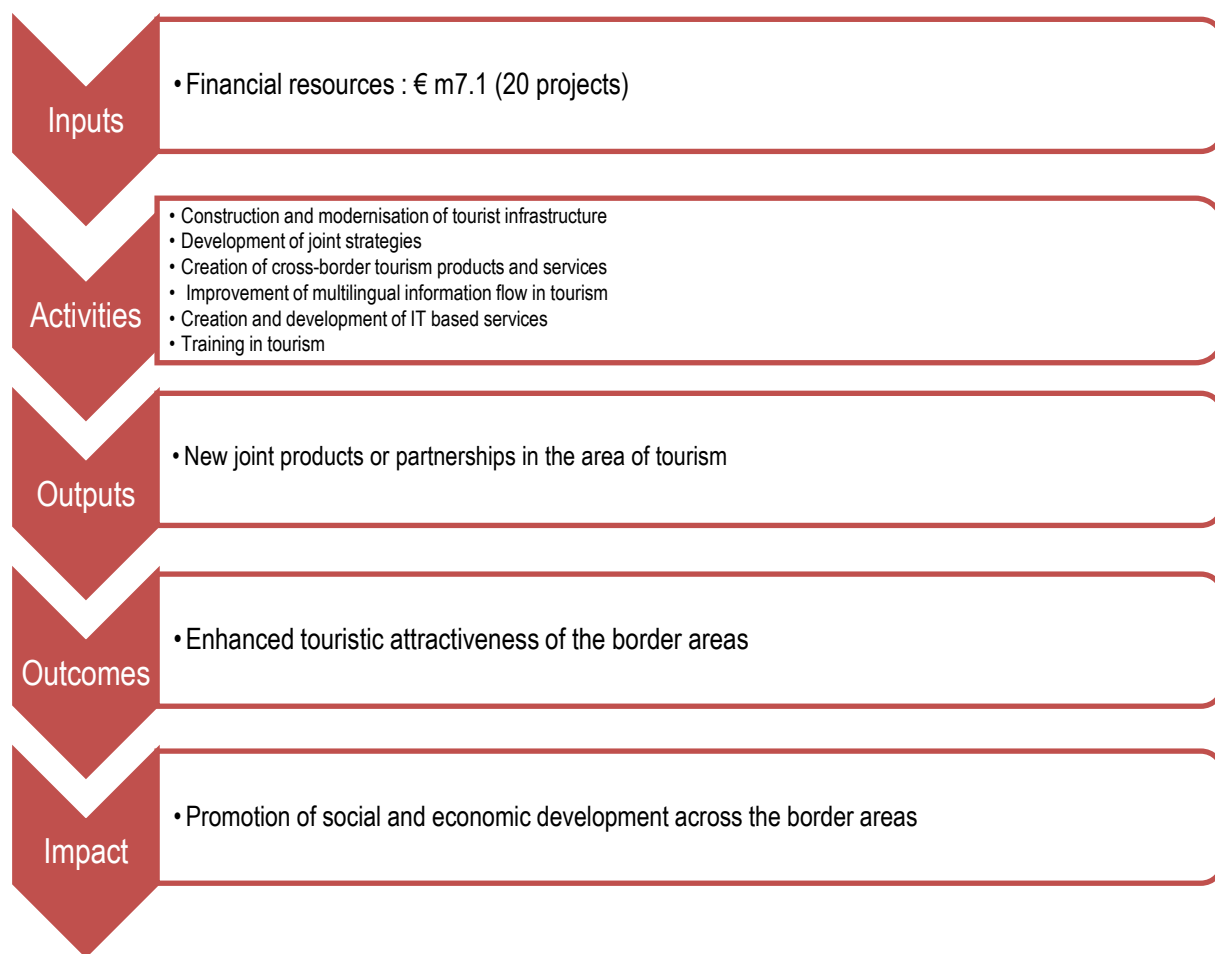


HU-SK-RO-UA

In the HU-SK-RO-UA programme, tourism development is regarded as crucial for addressing both the poor economic development of the border areas and the low intensity of cooperation between EU Member States and Ukraine. The programme assumes that both issues are closely intertwined and establishes a cause-and-effect relationship between them. It identifies the economic gap between EU member states and Ukraine as a major obstacle to the development of cooperation with this ENPI country, and thus as an impediment to tap the full potential of business opportunities. Enhancing the region's touristic attractiveness (defined as the objective of measure 1.1) is expected to contribute (through knowledge transfer and practice sharing) to promoting social and economic development of the border areas, therefore contributing to the programme's overall objective (defined as "Intensifying and deepening the cooperation in an environmentally, socially and economically sustainable way between Zakarpatska, Ivano-Frankivska and Chernivetska regions of Ukraine and eligible and adjacent areas of Hungary, Romania and Slovakia"). As compared to PL-BY-UA, the allocation for measure 1.1 is substantially lower (€7.1 million), with 20 projects being funded.

The proposed HU-SK-RO-UA strategy was relevant to the needs of the selected sector in the border areas. It addressed the key challenges of the tourism sector and sought to foster previously underdeveloped cross-border activities in a way that would promote economic and social development across the border areas. However, the relationship between activities and outcomes was less clear: as was the case under PL-BY-UA, there was no correspondence between the indicative list of activities and the outcomes in terms of job creation, that were nevertheless mentioned in the rationale for measure 1.1. The programme included clear indicators with targets at output level; however, it lacked impact indicators.



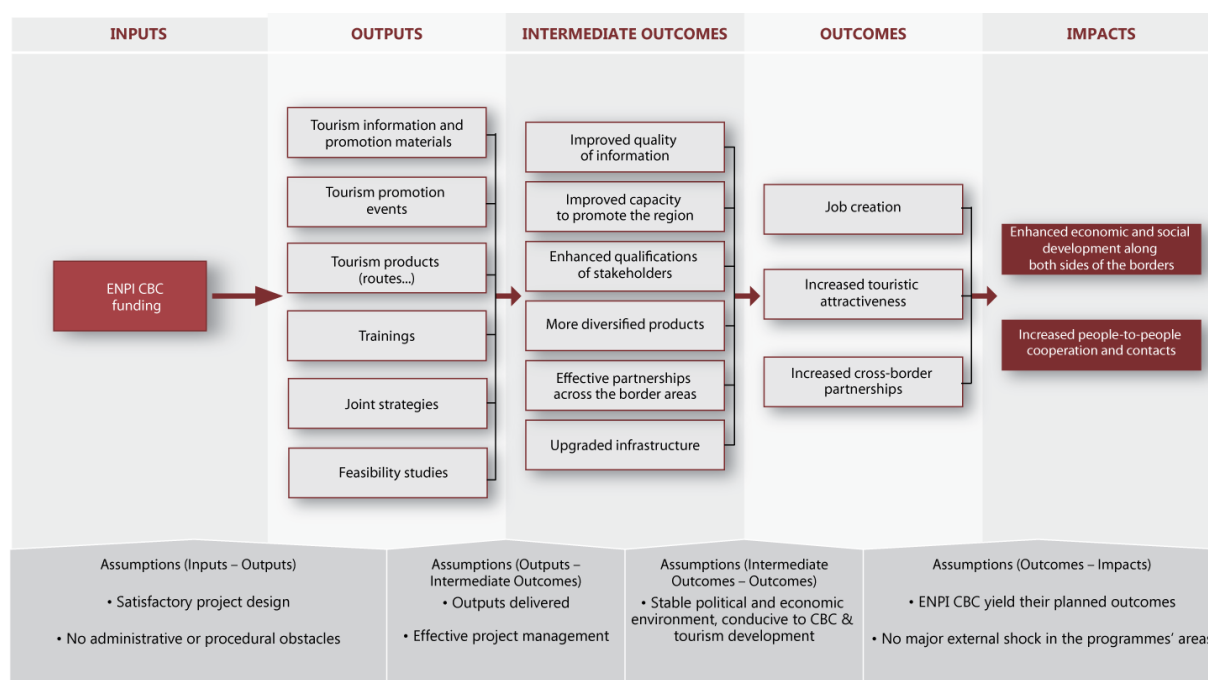
Reconstruction of the HU-SK-RO-UA intervention logic for tourism development

3. Contribution of ENPI-CBC projects to economic and social development and cross-border links

This section traces changes in the tourism sector as a result of ENPI CBC interventions. In particular, it analyses the contribution of our selected projects to cross-border links and economic and social development against their underlying causal logic and contextual factors.

The chart below presents the theory of change that was reconstructed on the basis of programmes' and projects' documentation, as well as interviews conducted in the field.





3.1 Pathways from inputs to outputs

Findings

ENPI CBC interventions assumed that investing in the development of tourism infrastructures and “soft activities” would result in the development of joint tourism strategies and products. Overall, we find that the outputs planned as part of the projects have been delivered. We identify the following factors as critical to this performance of ENPI CBC interventions:

✓ A long-standing experience of cooperation

It appears that most, if not all of the projects visited involved partners with previous contacts and/or experience of cooperation (whether under the PL-BY-UA or the HU-SK-RO-UA programme). However, the length of this experience and the degree to which they had previously cooperated varied greatly across the border areas. ENPI CBC was the first experience of cooperation for the partners of the projects visited under HU-SK-RO-UA programme, even though most of these organisations had established contacts prior to ENPI CBC. By contrast, the Polish and Ukrainian organisations from the Podkarpackie Voivodeship and Lviv oblast shared so many experiences that they came to see cooperation as “natural”, as mentioned during interviews. This is also due to the fact that cooperation is embedded in strong inter-personal links favoured by a common history and heritage, as well as the widespread use of a common language. Some of the ENPI CBC interventions (e.g. “Cross-border cooperation for health tourism of Polish-Ukrainian borderland”) were the continuation of previous projects involving the same core partners. A long-standing experience based upon regular contacts thus favoured a joint approach to the project design and it facilitated the implementation of project activities as well as a smooth handling of reporting, which would otherwise have been difficult for partners from ENPI countries.

✓ The supporting role of the JTS and its branch offices

All interviewed project partners of the PL-BY-UA programme mentioned the facilitating role of the JTS and its branch office in Lviv. Besides the provision of trainings and information, the JTS proved both helpful to clarify financial and reporting issues and was supportive of projects that needed contract modifications or extensions. According to stakeholders, this was an important



factor in the smooth delivery of projects' outputs. This was also noted under the HU-SK-RO-UA programme.

However, stakeholders also mentioned administrative and financial procedures as factors that affected their capacity to deliver the planned outputs on time.

✓ Time lapse for evaluation, contracting and payment

The time lapse between the submission of the proposal and the signature of the contract was regarded as excessive by stakeholders. Project partners under the PL-BY-UA programme mentioned 14 months on average. The evaluation of proposals took on average one year and one month, owing primarily to the huge number of applications received (500 under the second call for proposals).⁵ This had implications on the projects, .e.g. in some cases contracts needed to be modified to take into account new developments affecting the partners or the project; in other instances, as a result of staff turnover the persons involved in the activities were not the ones who had designed the proposal ; and, on one occasion, one of the partners initially included in the proposal ceased to exist during the evaluation and contracting process. In a number of cases (whether under PL-BY-UA or HU-SK-RO-UA), tourism development projects were implemented by small NGOs for which the length of the process entails a major disruption of funding.

Likewise, the length of payment procedures (with the last tranche of 20% being paid on average one year after the project completion) proved problematic for NGOs, especially in Ukraine where NGOs are not allowed to get credit from banks.

✓ National procedures

The difference of rules to be applied among partners proved complex to handle, especially in the case of PL-BY-UA umbrella projects which gathered between 20 and 30 partners. For instance, the Polish lead partner of the project "*Cross-border cooperation for health tourism of Polish-Ukrainian borderland*" requested all partners to prepare expenditure reports complying with Polish legislation, which proved burdensome for the Ukrainian partners. In some cases, these differences in procedures pertained to the rules to be applied to partners from the same countries, but with different statuses. As part of the project "*Cross-border cooperation for health tourism of Polish-Ukrainian borderland*", state-funded Polish partners had to comply with the stricter Polish rules (e.g. on public procurement) while Polish NGOs could follow EU rules. The heterogeneity of procedures made coordination substantially more burdensome for the lead partner.

In ENPI countries, administrative procedures constitute a significant hurdle that has affected output delivery of ENPI CBC projects. In Ukraine, until recently ENPI-CBC funds allocated to public institutions were considered government-owned and held by the Ukrainian Treasury and project partners needed an authorisation from the Treasury to use the funds. Yet the delay in granting this permission prompted the partners to request extensions of the projects' duration, as was the case under "*Geo-Carpathians – Creating a Polish-Ukrainian Tourist Route*".

3.2 Pathways from outputs to intermediary outcomes

The outputs delivered by the projects (i.e. renovated tourism sites and monuments, new tourism products and information materials, common strategies) were expected to result in the following intermediary outcomes:

- Improved quality of information for tourists,

⁵ Interview with the JMA-JTS, Warsaw, 4 September 2017.



- Improved capacity to promote the region,
- Enhanced qualifications of stakeholders in the tourism area,
- Effective partnerships between tourism stakeholders across the border areas,
- More diversified products and improved services offered to tourists,
- Upgraded infrastructure.

Findings

Overall, we find that the projects yielded the expected outcomes in terms of quality of information, improved capacity to promote the region, enhanced qualifications of stakeholders and variety of services offered to tourists. However, it is difficult to assess whether this performance results solely from the projects. In addition, ENPI-CBC interventions have only partially resulted in upgrading tourism infrastructures. Judging from the sample of projects visited, the projects have resulted in developing effective tourism partnerships across the Polish-Ukrainian border area, but less so across the Slovak-Ukrainian border area.

✓ Improved quality of information for tourists

The quality of information offered to tourists has substantially improved as a result of the projects. CBC interventions have led to the introduction of more user-friendly information, available in a greater diversity of languages and relying upon interactive IT technologies. For instance, as part of “*Carpathian Tourism Road 2*” the East Slovak Museum purchased audio-guides and touchscreens and introduced materials in English. Likewise, the website prepared as part of the project “*Discover Uzhhorod*” offers a high-quality portal for visitors to discover the city, with audio-guides prepared in three languages.

✓ Improved capacity to promote the region

It appears that the capacity of local stakeholders to promote the region has been strengthened as a result of the projects. There is an enhanced awareness of the need to promote the border areas as attractive touristic destinations. The materials produced during the projects are now used by tourism stakeholders (e.g. tourism offices and local authorities) to promote the region, e.g. the Košice local government draws upon the database of pictures gathered throughout the project “*Carpathian Tourist Road 1*”. Crucially, the development strategies prepared as part of the projects (e.g. “*Promotion of a common historical and cultural heritage of Poland and Ukraine – ‘Fortress of Przemyśl’*”) provided local authorities with concepts and related activities to give further impetus to regional ‘branding’. Therefore, CBC interventions have laid the basis for more systematic efforts to promote the Carpathians as an attractive touristic destination.

However, their outcomes in this respect appears to be limited by the geographical eligibility of the programmes.

✓ Enhanced qualifications in the tourism sector

The professional qualifications of tourism stakeholders have been enhanced during the projects. This is the case, for instance, for tourist guides who were trained as part of the projects “*Promotion of a common historical and cultural heritage of Poland and Ukraine – ‘Fortress of Przemyśl’*” and “*Geo-Carpathians – Creating a Polish-Ukrainian Tourist Route*”. ENPI CBC also had indirect effects in terms of developing education curricula in the tourism sector. The projects conducted as part of PL-BY-UA led to the creation of a tourism department at Lviv University and that, in 2014, of a new mining and geological department at the State Higher Vocational School in Krosno (leader of the project “*Geo-Carpathians – Creating a Polish-Ukrainian Tourist Route*”). This signals a growing interest for tourism among youth and students as ENPI CBC projects are being implemented. Some of these projects, e.g. “*Geo-Carpathians – Creating a Polish-Ukrainian*



Tourist Route” which was implemented by a university and a vocational school, sought to involve students in their activities. The creation of tourism departments is a positive and durable outcome in terms of developing qualifications in the tourism sector.

✓ Effective and sustainable tourism partnerships across the border areas

The projects selected as part of the PL-BY-UA programme were premised on pre-existing contacts and experiences of partnership. The projects turned ad hoc cooperation into more sustainable partnerships, as evidenced by the joint submission of proposals for ENI-CBC projects and especially by the conclusion of agreements between municipalities across the border areas (e.g. between Ukrainian Truskavets and Polish Rymanów in the wake of the project “Cross-border cooperation for health tourism of Polish-Ukrainian borderland”). In addition, new partnerships developed as a result of the projects, e.g. between schools across the border areas.

Judging from the sample of projects visited, the congruence between outputs and outcomes is less strong in the HU-SK-RO-UA programme in terms of developing partnerships. While the cooperation was generally smooth between the Ukrainian and Slovak partners of the project “*Discover Uzhorod*”, the Slovak partner (the ONG ISD Slovensko) was disappointed in the delays and perceived lack of commitment of the Ukrainian partner. Under the Carpathian Tourist Road project 2, the degree to which Hungarian and Romanian stakeholders were effectively associated remains unclear, given the scarce information available.⁶ Crucially, under *Carpathian Tourist Road* projects 1 and 2 financial issues during the projects’ implementation severely affected the relations between partners. As these financial issues are still unresolved, they undermine the possibility of any new cooperation between the former projects’ participants, be they regional development agencies or NGOs. During interviews, this was recognised as problematic given the limited number of tourism stakeholders in this part of the border area. This indicates that further joint cooperation in tourism development across the Slovak-Ukrainian border may be damaged as a consequence of financial issues that arose during ENPI-CBC project implementation. In addition, the contrast observed between the two programmes suggests that it was challenging to initiate cooperation with new partners in the context of ENPI-CBC, given the complexity of EU rules and the limited familiarity of ENPI partners with these rules. By contrast, mutual trust derived from previous experiences of cooperation facilitated experience-sharing for EU partners and learning processes for ENPI partners.

✓ More diversified products and improved services offered to tourists

The projects substantially contributed to diversifying the touristic offer by creating and/or developing new tourism products drawing upon the multifaceted potential of the Carpathians. A key aim of the project “*Cross-border cooperation for health tourism of Polish-Ukrainian borderland*” was to promote health tourism as a new product in the area of the Polish-Ukrainian border. While the numerous health resorts on both sides of the border had been used thus far for health purposes only, the project designed a strategy linking tourism and health treatments which is now used by municipalities and other local authorities. Likewise, the project “*Carpathian tourism road*” developed new products in the form of Transcarpathian hiking and biking trails, as well as a wine road. The project “*Geo-Carpathians – Creating a Polish-Ukrainian Tourist Route*” introduced geological tourism in the region by creating a tourism route comprising 28 geotourist sites (12 in Poland and 16 in Ukraine). Overall, stakeholders from the Lviv oblast’ noted that new types of tourism (such as agro-tourism) have gained prominence in recent years and services have diversified. However, it is not possible to assess whether this results from ENPI CBC interventions.

⁶ All the staff from the Ukrainian Agency of Regional Development and Cross Border Cooperation “Transcarpathia” was changed in autumn 2016.



✓ Upgraded tourism infrastructure

We find that ENPI CBC outputs have only partially produced intermediary outcomes in terms of upgrading tourism infrastructure. Under the HU-SK-RO-UA programme, the project “*Carpathian tourism road*” prepared feasibility studies and the corresponding technical documentation for future infrastructures. Under the PL-BY-UA programme, the project “*Geo-Carpathians – Creating a Polish-Ukrainian Tourist Route*” refurbished information centres and installed markers as well as information boards along the Geo-Carpathian Tourist Route. However, umbrella projects could only fund “soft” activities such as conferences and trainings. Overall, under the PL-BY-UA programme, 52 historical sites were renovated, 31 tourism information centres were created, and 1,875 kilometres of touristic routes were constructed or marked as part of ENPI-CBC.⁷

However, under both programmes the construction and/or upgrading of infrastructure hinge crucially on the level of investment, which appears much lower in ENPI countries. The Fortress of Przemyśl offers a good illustration of the contrast between the two sides of the borders in terms of investments, with some forts on the Polish side being renovated and managed by the private sector while forts on the Ukrainian side and their immediate surroundings are not easily accessible owing to the lack of investment. In fact, according to stakeholders the upgrading of the whole fortress on both sides of the borders would require considerable funding which cannot be allocated in the framework of a cross-border project. Yet the level of public investments is low in ENPI partner countries, among others in Ukraine, due to the low prioritisation of tourism development at the central level.⁸

3.3 Pathways from intermediary to broader outcomes

The intermediary outcomes of CBC interventions were expected to yield broader outcomes in terms of:

- Job creation in the tourism sector,
- Increased touristic attractiveness of the border areas.

The achievement of these broader outcomes supposes that the geopolitical, political and economic environment remains conducive to enhanced cross-border cooperation on tourism development.

Findings

Overall, we find a weak degree of correspondence between intermediary and broader outcomes. The results of CBC interventions in terms of job creation are yet to be achieved. In addition, there is no conclusive evidence about the projects’ contribution to the increase observed in the border areas’ touristic attractiveness.

✓ Job creation

There is no evidence of ENPI CBC contribution to job creation across the border areas. This results primarily from weaknesses in the programmes’ strategies. While tourism development was mentioned in both programmes as having a great potential in terms of job creation, the activities envisaged under the ENPI CBC projects aimed primarily at creating an enabling environment for tourism development. The lists of activities did not include any specific action that would result in the creation of jobs. Therefore, according to the stakeholders interviewed during fieldwork, the projects created *pre-conditions* for future job creation, rather than jobs themselves.

⁷ Source: PL-BY-UA 2007-13, *Book of projects*.

⁸ Viktoriia Riashchenko*, Marga Zivitere, Liubov Kutryieva, “The problems of development of the Ukrainian tourism market and ways of their solution”, *Information Management, Technologies and Society* (8)1, 2015, 21-26.



This disconnection between intermediary and broader outcomes is also due to the fact that the assumption underpinning the broader outcome has failed to materialise. While the early years of ENPI-CBC programme implementation was characterised by moderate to high economic growth in Eastern Europe, the countries covered by the two programmes underwent serious economic turbulences in the wake of the global financial crisis of 2008-09. The immediate consequences were moderate in Poland and Belarus, yet Slovakia, Hungary and Romania suffered from a steep GDP decline (5-8% in 2009) and rising unemployment (up to 10% in Hungary) and Ukraine was badly hit, with a GDP decline by 12%.⁹ In addition, the political upheavals in Ukraine in 2013-14 resulted in a massive (even if temporary) rise of inflation and fluctuations of the hryvnia exchange rate. Therefore, the deterioration of the economic environment (especially in Ukraine) was not conducive to investments in the tourism sector and the creation of jobs.

✓ Increased touristic attractiveness of the border areas.

There is no comprehensive data from which to assess the effects of the projects on tourism attractiveness. This is due to the lack of comprehensive and/or reliable regional statistics in some ENPI partner countries, mostly Ukraine. However, available evidence points to an increase in the number of visitors in the areas covered by the programme. In 2014, 2.4 million tourists were accommodated in the Ukrainian-Polish cross-border area, i.e. an increase by 84% over a decade.¹⁰ In the Ukrainian Lviv oblast', the number of visitors has almost doubled between 2011 and 2012 (from 17,974 to 33,508).¹¹ Likewise, according to the Department of Culture and Tourism of the Košice region the number of visitors staying overnight in the Slovak bordering regions has substantially increased in recent years (from 34,825 to 46,027 in Michailovce between 2014 and 2016).¹²

However, it is not possible to assess whether the increased tourist attractiveness of the border areas results from the projects. Other external factors have played a role. In Ukraine, while the conflict in Donbas initially disrupted tourism toward the country, the annexation of Crimea by Russia triggered a reorientation of internal and regional tourism flows from the peninsula to the Carpathian regions covered by the programmes. Therefore, there is no conclusive evidence to gauge the contribution of ENPI-CBC projects against contextual factors.

3.4 Pathways from broader outcomes to impacts

The outcomes in terms of job creation and enhanced touristic attractiveness of the border areas were expected to yield the following impacts:

- Enhanced economic and social development along both sides of the borders,
- Increased people-to-people cooperation and contacts.

The achievement of these impacts was premised on the assumptions that ENPI CBC interventions would effectively yield their envisaged outcomes and that political and economic developments would not adversely affect the environment in which the programmes unfold.

Findings

While ENPI-CBC contributed to developing contacts and cooperation across the border areas, we find that the economic and social impacts of ENPI CBC interventions have yet to materialise.

⁹ Anders Åslund, "The East European Economic and Financial Crisis", CASE Network Studies and Analysis No.395/2009, https://www.files.ethz.ch/isn/110749/395_Dec%2017.pdf

¹⁰ Olga Chertybuk, "Historical and cultural tourism in the Polish-Ukrainian Border Region", *Zarządzanie. Teoria i Praktyka* 16 (2) 2016, p.26.

¹¹ *Tourism development*, thematic brochure prepared by the PL-BY-UA programme.

¹² Data provided by the Department of Culture and Tourism of the Kosice region, meeting in Kosice, 26 September 2017.



✓ Enhanced economic and social development along both sides of the border

ENPI-CBC expected impacts include sustainable development on both sides of the borders, thereby helping to decrease the differences in living standards between the two sides of the border and preventing the emergence of new dividing lines in Europe (a core objective of the European Neighbourhood Policy).

However, as both the funding and the economic outcomes of ENPI CBC interventions are limited and the eligible areas had to face major economic shocks, there is no evidence yet of the expected impact of ENPI CBC interventions in this respect. Available data shows that the economic situation in the border areas has not improved during the period of implementation of ENPI-CBC. While growth indicators do not significantly differ from national rates, the eligible areas are still below national average in terms of GDP (68.67% on the Polish side, 67.06% on the Belarusian side and 63.25% on the Ukrainian side for PL-BY-UA). This is due to the fact that the structural problems which were identified upon the launch of ENPI-CBC programmes have not been mitigated. Despite the rise of the service sector e.g. in Ukraine, labour-intensive sectors (e.g. agriculture) still play a prominent role in the economy of the regions covered by the programmes. Unemployment is still a major issue on the Polish, Hungarian and Slovakian side of the programme areas, with an unemployment rate ranging from 12 to 17% in the Polish areas, between 16.2 and 9.7% in the Slovak and Hungarian areas. Furthermore, the eligible border areas still attract a minor part of foreign investment directed to their respective countries, e.g. 2.8% in the case of the Belarusian regions covered by PL-BY-UA and 4.41% in the case of the Ukrainian regions.

✓ Increased local cross-border people-to-people contacts and cooperation

Another ENPI CBC expected impact relates to the increase in cooperation among local communities sharing long-standing historical, cultural and societal contacts, yet separated by borders.

Available data shows that mobility has not substantially improved over ENPI-CBC period of implementation. The most dynamic border traffic between Poland and Ukraine, at a level of 20 million crossings, was recorded in 2006-7, just before Poland joined the Schengen area. It fell to 11.6 million in 2009, to increase again up to 17 million in 2014. In the case of Polish-Belarusian border, the volume of traffic decreased by 45% between 2000 and 2013, when 7.2 million crossings were registered. Therefore, the accession of Central European EU member states to the Schengen area disrupted mobility patterns with ENPI partner countries. These effects have not been offset by LBT regimes which were meant to favour local mobility across the borders. This is due to the insufficient capacity of the border crossing points and the bad condition of road and railway infrastructures, which result in long waiting times at the border. Thus, as was made abundantly clear during interviews conducted with stakeholders, the difficulty of border crossing is a major obstacle to mobility and hence affects cross-border cooperation. As a rule, project planners envisaged three days for a seminar under ENPI CBC projects, out of which only one was dedicated to the seminar itself and two to border crossing. The elimination of the Schengen visa obligation for those Ukrainian citizens who hold a biometric passport will only partially alleviate the organisation of project activities.

However, despite obstacles to mobility, cooperation has significantly expanded across the border areas during 2007-2013. ENPI CBC interventions have enabled those organisations with a previous experience of joint cooperation to deepen and sustain links. In addition, they have favoured the engagement of new actors (e.g. schools, youth organisations...) in CBC activities. Importantly, they have contributed to developing management skills of ENPI partners, thereby facilitating their involvement in ENI-CBC. For instance, the Uzhhorod City Council, which was informally involved in ENPI CBC interventions by local NGOs, has now recruited English-speaking staff to increase its participation in CBC interventions and it has submitted eight applications under



ENI-CBC (three under PL-BY-UA and five under HU-SK-RO-UA). Thus, overall ENPI CBC has been a success in terms of fostering links and building capacities of ENPI partners.

4. Synthesis, findings and recommendations

Findings and recommendations

RELEVANCE

Strategy of intervention

- Envisaging ENPI-CBC as an instrument of tourism development and promotion of people-to-people contacts across the border areas was highly relevant. Clearly, the political and socio-economic has drastically changed during the period of implementation. Yet while the economic crisis and the conflict in Ukraine have affected ENPI-CBC interventions, their relevance remains high.
- This is especially the case for cross-border contacts. ENPI-CBC offers an opportunity for local communities on both sides of the borders to expand and sustain links. Such an opportunity was regarded as crucial by Ukrainian stakeholders in a difficult political context, where societal links with EU organisations appear pivotal in light of the disruption of contacts with Russia. In this sense, ENPI-CBC has emerged as a highly relevant instrument to “avoid new dividing lines” between the enlarged EU and its new eastern neighbours after 2004, even though the development of cross-border links is in essence a long-term process.

Geographical scope of ENPI-CBC intervention

- The geographical scope of ENPI-CBC intervention was criticised by stakeholders for being too narrow and thus sub-optimal. This is due to the fact that the Carpathian Mountains are split between two programmes, which de facto limits the possibilities for tourism development projects covering the whole area. In other words, the current geographical scope of the programmes does not allow for cooperation between their eligible areas. For instance, stakeholders in Lviv stressed that they had no possibility to cooperate with Slovak organisations, despite the fact that in their view such cooperation would be more relevant than the one with Belarus to which they are entitled under PL-BY-UA.
- To some extent, this limitation has been mitigated by the implementation of mirror projects, with projects initiated as part of PL-BY-UA being replicated for instance in Hungary. In principle; such projects should be facilitated by the geographical overlap (even if limited) between the two programmes: for instance, the Ukrainian city of Uzhgorod can apply for proposals under both PL-BY-UA and HU-SK-RO-UA. Nonetheless, the fact that the two ENPI-CBC programmes had different requirements de facto restrained such a possibility.

Recommendations:

- ✓ **Recommendation 1.** Consider revising **the geographical scope** of the programmes (for instance the combination of countries or the scope of eligible areas) in order to maximise the impact of CBC contributions in tourism development in the Carpathian Mountains;
- ✓ **Recommendation 2.** If two different programmes are maintained, **harmonise the administrative requirements** between them in order to facilitate the effective participation of “overlapping” areas in both programmes.



EFFICIENCY

Programme design and management

- While the programme's strategy for tourism development was relevant, both the programmes and projects suffered from design weaknesses. At programme level, activities and results (e.g. job creation) are not sufficiently linked.
- In addition, there is limited data from which to analyse the performance of programmes. This results from the lack of result and especially impact indicators.

Project design

- There were important weaknesses in the design of the visited projects. These result from the fact that most beneficiaries (especially in ENPI countries) had a limited understanding of the PCM/logical framework approach.
- Some projects include vague or overly ambitious objectives. In most proposals, results are ill-formulated and not clearly articulated with activities, and indicators are vague. Under PL-BY-UA, umbrella projects suffer from insufficient coherence and some of them are an aggregation of activities without any overall strategy.

Project management

- In the visited projects, all activities indicated in the proposals were implemented. However, the application of specific national procedures (e.g. the need for Ukrainian public bodies to get an authorisation from the Treasury to use the funds) and the conflict in Ukraine caused delays in implementation, thereby prompting an extension of several projects.
- In a difficult implementation context, the support of the JTS and their branch office was broadly appreciated.

Recommendations:

- ✓ **Recommendation 3.** Consider strengthening the programmes' **performance frameworks** and include systematically indicators at all levels, with the corresponding baseline and targets. Stronger performance frameworks would enable a better monitoring of the performance throughout implementation.
- ✓ **Recommendation 4.** Place a greater emphasis **on OVIs** during the project selection by increasing the weight of these criteria (in particular regarding the presence of clear indicators).
- ✓ **Recommendation 5.** On the basis of this enhanced monitoring, the JMA/JTS could identify the key factors (e.g. external shocks) affecting projects' implementation and suggest remedial actions for the projects concerned.

EFFECTIVENESS

ENPI-CBC as a tool for tourism development

- Overall, the visited projects delivered their planned outcomes, thereby resulting in an improved promotion of the region, enhanced services offered to tourists, more diversified tourism products and enhanced qualifications of staff involved in the tourism sector.



- Nevertheless, given the small amount of funding available for CBC interventions, the huge infrastructure needs and the low level of investment in ENPI countries, the contribution of ENPI CBC to upgrading infrastructures has been limited.

ENPI-CBC as an instrument for cross-border partnerships

- Many projects developed effective cross-border partnerships, thereby allowing a broad range of Ukrainian partners to gain experience and strengthen their management capacities.
- However, any serious incident between partners during project implementation is likely to damage further prospects of cooperation, which is problematic given the limited range of tourism stakeholders in some parts of the eligible areas.

Recommendations:

- ✓ **Recommendation 6.** In light of the dire needs of infrastructure in the border areas, consider **prioritising the construction/renovation of transport, border crossing and tourism infrastructures** for ENPI countries.
- ✓ **Recommendation 7.** Consider a **greater emphasis on previous experience of cooperation and/or partners' strategy to resolve disputes** arising during project implementation when evaluating project proposals.
- ✓ **Recommendation 8.** Consider **JTS monitoring and involvement** in the resolution of disputes among partners in those cases when conflicts endanger the project or future cooperation.

Sustainability

- Most projects were carried out by partners who are well embedded locally and developed a solid partnership during implementation, which persisted after the end of the projects. This favoured an overall good performance in terms of sustainability. Most project outcomes were maintained after the projects' lifetime.
- However, insufficient attention was paid to ensuring sustainability during project selection. This is particularly illustrated by the Carpathian Tourist Road projects. The selection of the second project at a time when the first project had not even started can be questioned, given that Carpathian Tourism Road 2 was at least partially designed to build upon the results of Carpathian Tourism Road 1.
- A similar lack of attention to sustainability was noted during project implementation. Most partners lacked an exit strategy and relied upon new ENI-CBC funding to maintain the durability of the projects' results. Judging from the sample of projects, there is limited evidence of outcomes maintained without new EU funding.
- In light of the relevance of ENPI-CBC as an instrument to foster contacts among cross-border communities, ensuring the sustainability of ENPI CBC outcomes should be given primary importance.



Recommendations:

- ✓ **Recommendation 9. Place a greater emphasis on sustainability** during the project selection by increasing the weight of this criterion (in particular regarding the presence of exit strategies).
- ✓ **Recommendation 10. Consider enhancing exchange of experiences** with previous projects having demonstrated sustainable results in order for project partners to be aware of the steps needed to ensure a good sustainability of outcomes.

Impact

- Judging from our sample of projects, ENPI-CBC interventions had a significant impact in terms of strengthening the capacities of Ukrainian stakeholders. We find evidence of a learning curve, with Ukrainian partners applying for new CBC funding as lead partners. We also noted the involvement of an increasingly broader range of Ukrainian stakeholders in ENPI-CBC, as a result of experience sharing among Ukrainian organisations during the projects.
- The visited projects produced some impact on cross-border contacts, however this impact is limited by persistent difficulties to cross the borders. Whether from/to Slovakia or Poland, crossing the border to/from Ukraine can take up to one day. This makes the organisation of project activities (e.g. seminars and meetings) significantly more complex. The elimination of the Schengen visa obligation for Ukrainian citizens with a biometric passport is expected to facilitate travel to the EU by train or plane. Yet the long waiting time at the road border crossing points will remain a major obstacle to developing contacts. For tourism development, it is a major barrier as a result of which the cross-border areas (taken as a whole) are unlikely to emerge as a major tourism destination in the near future.
- The visited projects had no obvious impact on socio-economic development, given the massive needs of the border areas, the external shocks that affected these regions in 2007-13 and the limited funding available. While acknowledging the importance of “soft” activities to develop cross-border partnerships, stakeholders emphasised the limited possibilities for the construction or renovation of infrastructures.

Recommendations:

- **Recommendation 11.** Consider adding **impact indicators at programme level** and monitor the programmes' performance in this respect throughout implementation.
- **Recommendation 12.** Consider **increasing the weight of impact in the selection criteria** during the evaluation of projects' proposals.
- **Recommendation 13.** Given the limited funding available and the huge socio-economic links, **better link CBC interventions** with interventions under the Neighbourhood Investment Platform and favour blending in order to maximise impact.



Added-value

- Overall, ENPI-CBC interventions had a clear added-value. Without ENPI support, it is likely that only part of the projects would have been carried out, given the small variety of programmes available for CBC, the limited funding possibilities they offer and the low degree of awareness about them (e.g. Visegrad Fund).



Appendices

Appendix 1: List of tourism development projects (PL-BY-UA and HU-SK-RO-UA)

Programme	Project number	Project Name	Priority	Priority number	Measure
PL-BY-UA	IPBU.01.02.00-06-252/10	Bicycle route - Traces of Bug River Secrets	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-06-395/11	The tourism development in cross-border partnership	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-06-477/11	There is only one King! Jan III Sobieski Trail as a transnational tourist product.	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-06-594/11	Shtetl Routes. Vestiges of Jewish cultural heritage in transborder tourism	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-06-690/11	Modernization of Zoological Gardens in Zamość and Luts'k and Development of a Concept of Establishing a Recreation Zone in Rzeszów in Order to Develop Cross-border Qualified Nature Tourism	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-06-709/11	Polish-Ukrainian cooperation for the development of tourism in the border area	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-18-054/10	Lubaczów-Yavoriv two potentials, joint opportunity	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-18-155/10	Partner project of development of common tourism based on new youth sport and leisure centers	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-18-203/10	„Geo-Carpathians – Creating a Polish-Ukrainian Tourist Route”	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-18-353/11	The development of spa towns Horyniec-Zdrój and Morshyn chance to activation of the Polish-Ukrainian border	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-18-354/11	Jaroslów – Uzhgorod: common initiative for improving the touristic attractiveness of historical partner cities	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-18-373/11	Treasures of cross-border area – preserving cultural heritage	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-18-703/11	Polańczyk and Schidnycja – let's make use together of our tourist and cultural potential for the improvement of competitiveness of the Bieszczady region	1. Increasing competitiveness of the border area	1	1.2. Tourism development



PL-BY-UA	IPBU.01.02.00-20-728/11	An integrated project of support for tourism sector of Polish-Belarusian borderland	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-58-089/10	Improvement of cross-border region attractiveness through the introduction of ethno-cultural resources into the tourist activities (a trip to the ethnic fairytale)	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-76-044/10	Stimulation of the Tourism Development in the Carpathian Region by Tourist's Service and Security Improvement	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-76-243/10	Underground city: development and popularization of cross-border tourism by the creation of cross-border tourist route in the underground routes of Lviv, Rzeszow, Lublin	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-78-484/11	Development of cooperation in the field of the spa and health resort tourism in the Polish-Ukrainian borderland	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-78-540/11	Establishment of informational complex in the sphere of cross-border eco-tourism in the Euroregion Bug	1. Increasing competitiveness of the border area	1	1.2. Tourism development
PL-BY-UA	IPBU.01.02.00-90-574/11	Eastern European pearls: development and promotion transboundary city cultural tourism products	1. Increasing competitiveness of the border area	1	1.2. Tourism development
HU-SK-RO-UA	HUSKROUA/0901/003	"Harmonization of Tourism Development in Rural Areas of the Carpathian Region"	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/0901/026	Carpathian region as an attractive tourist destination	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/0901/048	Cross-border Destination Management in the Transcarpathian – Szabolcs-Szatmár-Bereg Country region	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/0901/057	Košice and Uzhgorod cathedrals, centres of development on the territories of mutual history	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/0901/058	Harmonized development of bilateral, sustainable tourism strategy and joint touristic programs of Zakarpatska and BÜKK-Miskolc micro-regions with a special focus on preservation of cultural and social heritage and environmental diversity	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/0901/063	The bell rings for everyone	4. Support people to people cooperation	4	4.2 Small scale "people to people" cooperation
HU-SK-RO-UA	HUSKROUA/0901/068	Carpathian Tourist Road	1. Promote economic and social development	1	1.1 Harmonised development of tourism



HU-SK-RO-UA	HUSKROUA/0901/137	Networking 4 cultural heritage preservation	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1001/012	Integrated network of bicycle touring routes along the Ukrainian-Hungarian border	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1001/013	Carpathian tourism road 2	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1001/027	Social cross-border cooperation	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1001/035	Artistic Traditions. Pattern for Non Formal Learning in Romania and Ukraine.	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1001/036	The International Festival of Religious Choral Music „It is You We Praise”	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1001/049	“The Places of Rakoczi’s glory” – the Cross-Border Touristic Route	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1001/073	Carpathian Culinary Heritage Network	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1001/097	Maramures –Transcarpathia Info Tour	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1001/116	Čergov-Zakarpatska cross-border cooperation in the field of tourism development	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1001/118	Snina - Khust - Together Towards the Development of Tourism in the Carpathian Biosphere Area	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1001/160	Tourist route to the common religious and cultural heritages	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1001/189	“The bell rings for everyone”	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1101/008	Living tradition - a trilateral cross border cooperation to preserve and revive community folklore	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1101/056	Three in Unity – a project of maintaining ecclesiastic cultural heritage for joint cultural and touristic development	4. Support people to people cooperation	4	4.1 Institutional cooperation
HU-SK-RO-UA	HUSKROUA/1101/058	The bell rings for everyone 2	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1101/067	Touristic heritage in Little-Europe	1. Promote economic and social development	1	1.1 Harmonised development of tourism
HU-SK-RO-UA	HUSKROUA/1101/105	pl@NETour - Creation of a scientific tourism product and infrastructure for a cross-border scientific tourism network in Maramures and Transcarpathia regions	1. Promote economic and social development	1	1.1 Harmonised development of tourism



HU-SK-RO-UA	HUSKROUA/1101/163	Promotion of folk-arts and handicrafts in Carpathian Euroregion	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1101/171	Cultural cohesion through promotion of Hungarian folk traditions	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1101/173	Discover Uzhhorod. The First Step in the Opening of Zakarpattia.	4. Support people to people cooperation	4	4.2 Small scale “people to people” cooperation
HU-SK-RO-UA	HUSKROUA/1101/176	Carpathian heritage railways	1. Promote economic and social development	1	1.1 Harmonised development of tourism





ANNEX 2. CASE STUDY ON ENPI CBC AND THE ENVIRONMENT

1 Introduction

The conservation and management of the environment is one of the key issues faced in the Neighbourhood's border regions. The high priority given to environmental concerns is reflected in the fact that environment-related issues feature in all 13 ENPI CBC Programmes, either as a specific objective or a measure. Projects linked to environmental protection and sustainability account for almost one-third of total contracted ENPI CBC funding over the period.

The purpose of this Case Study is to explore the pathways through which ENPI CBC interventions (or inputs) can address regional environmental concerns. The full gamut of environment-related CBC projects include disaster and risk management, energy efficiency, nature preservation and promotion (including maritime issues), solid waste management, water management, awareness raising, education and capacity building. Since the technical problems to be addressed in each of these areas are so vastly different, and since the baseline positions in each of these technical areas are too dissimilar to describe coherently, we decided to focus this study on projects specifically related to the conservation and management of maritime resources. All projects in the study sample were agreed by the European Commission's Inter-Service Steering Group (ISG).

Our case study aims to investigate how selected ENPI CBC programmes have contributed to the conservation and management of maritime resources. It covers two of the three sea basin programmes involved in ENPI 2007-2013 namely: Black Sea Basin (BSB), Mediterranean Sea Basin (MED) and the sea crossing programme Italy-Tunisia.

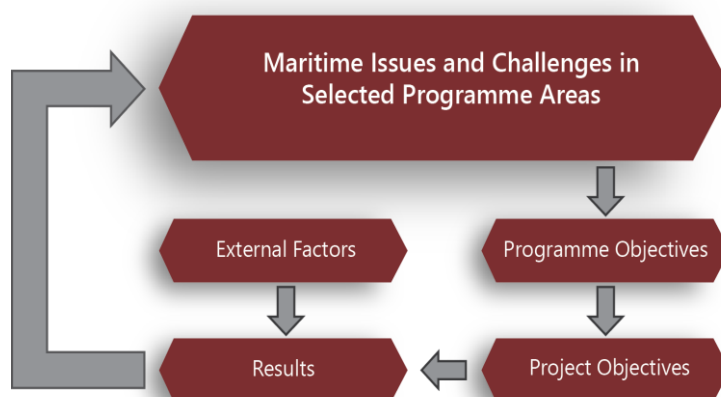
A set of representative projects has been selected for the case study, two for each of the Programmes considered (see full descriptions in Appendix 1 below):

- Reefs (BSB)
- SRCSSMBSF (BSB)
- JELLYRISK (MED)
- M-3HABs (MED)
- CBA (IT-TN)
- BIOVECQ (IT-TN)

Of the 6 projects selected, one of them (BIOVECQ) had the status of "strategic project".

For each of these projects, we follow the general intervention logic behind programme design. Key maritime issues and challenges should be reflected in the programme objectives which, in turn, lead to the funding of specific relevant interventions/projects. These projects, combined with a mix of external factors, should contribute in various ways to addressing the issues and challenges originally identified (**Figure 2**). Our case study assesses the relevance of selected projects in the context of the broader issues affecting the region, it looks at the effectiveness with which project results have been achieved and the extent to which these project results contribute to addressing the key technical and institutional challenges in the maritime sector.



Figure 2: Maritime issues and challenge in selected programme areas

The case-study has been carried out based on a comprehensive review of relevant literature on the marine environment in the region, an analysis of programme and project documentation and a series of interviews with project partners.

Section 2 presents the general context within which the programmes were designed and implemented, providing an overview of the state of the environment in both the Black Sea and Mediterranean Sea Basins, while section 3 illustrates the programmes intervention schemes in the field of environment with a focus on projects related to marine natural resources. Section 4 analyses the main results reported both at programme and project level, drawing specifically from the information of those projects visited during the field phase. Finally, sections 5 summarise our findings and provide a few strategic recommendations.

2. Intervention Contexts

Key challenges to the preservation and promotion of the marine environment in the area under review are presented in the following paragraphs.

2.1 Mediterranean Sea

The Mediterranean Sea is the largest semi-enclosed sea Basin in Europe. It is surrounded by 22 countries with a total coastline length of 46,000 km. Approximately one-third of the Mediterranean population lives along the coasts.

The Mediterranean Sea has been identified by the Intergovernmental Panel for Climate Change (IPCC) as one of the main climate change hotspots in the world¹³. According to the IPCC, if current trends continue, a rise in temperature of 2.3°C is expected in the Mediterranean region by 2050, and a rise of 3.5°C is expected by 2100. Sea level is also rising, with an IPCC estimate of 0.1-0.3 m by 2050 and of 0.1-0.9 m by 2100.

Increase in temperature, reduction in precipitation and increase in population affects water availability. Many southern Mediterranean countries have a Water Exploitation Index (WEI)¹⁴ higher than 40% and four southern Mediterranean countries (Egypt, Israel, Syria and Libya),

¹³ IPCC Fifth Assessment Report (AR5) – WG II: Impact, Adaptation and Vulnerability

¹⁴ The WEI in a country is the mean annual total abstraction of fresh water, divided by the long-term average freshwater resources. It describes how the total water abstraction puts pressure on water resources. Thus, it identifies those countries having high abstraction in relation to their resources and therefore are prone to suffer problems of water stress.

together with Malta, have WEIs exceeding 80%¹⁵. According to existing projections, the population of the Mediterranean area which is classified as 'water-poor', (i.e. below 1 000 m³ per resident per year) is forecast to increase from 180 million people today to over 250 million within 20 years¹⁶.

Concerning water quality, given its micro-tidal characteristics, the Mediterranean has a reduced potential for dilution and dispersion of dissolved and particulate wastes. Even if the Mediterranean Sea is one of most oligotrophic¹⁷ oceanic systems, the existence of localised sources of nutrient (such as the outflow of Black Sea into the Aegean and the emptying of the Po river into the Adriatic Sea) and localised phenomena of pollution can enrich the water with nutrients, leading to eutrophication (an increase of primary production and growth of algal biomass). According to the H2020 Mediterranean report¹⁸, the highest levels of autotrophic biomass correspond to the areas close to river deltas or those off large urban agglomerations.

The Mediterranean region is a global biodiversity hotspot, characterized as an area of exceptional biodiversity value, with a large number of endemic species¹⁹. It is estimated that around 20-30% of the 10,000/12,000 marine species living in the Mediterranean Sea are endemic (i.e. native of a certain place)²⁰. In this respect, a threat is represented by the introduction of invasive and alien species, currently estimated around 1000, that can affect the structure, functioning, and stability of the invaded ecosystem.

In the Mediterranean Sea, 91% of stocks for which an assessment has been done are overfished and there are still several stocks for which a status assessment has never been conducted. With overfishing, illegal fishing activities and accidental catchment contribute to stock erosion²¹.

The Mediterranean Action Plan (MAP), the Barcelona Convention for the Protection of the Marine Environment and the Coastal Region of the Mediterranean and its Protocols and the Euro-Mediterranean Partnership (EUROMED) are among the main strategies and protocols dealing with environmental quality of the Mediterranean marine area²².

2.2 Black Sea

The main characteristic of the Black Sea is that over 90% of its deeper water volume consists of anoxic water²³. The layering structure (consequence of the limited exchange between surface oxygen and deeper anoxic waters) affects the diversity of the organisms within the Black Sea.

Marine ecosystems and resources have shown a vulnerability to anthropogenic effects (i.e. manmade pollution) in the last 50 years²⁴. Particularly critical is the situation of marine resources, with a dramatic deterioration over the past three decades: the diversity of commercial fish caught has decreased over this period from about 26 species to six. The main factors behind the decline of fish stocks are overfishing, changes to the ecosystem because of eutrophication, the arrival of alien species, as well as illegal fishing which is rapidly increasing.

¹⁵ SOER 2015 — The European environment — state and outlook 2015 > Countries and regions > Mediterranean Sea region

¹⁶ UNEP/MAP, 2013, State of the Mediterranean Marine and Coastal Environment, UNEP/MAP — Barcelona Convention, Athens, 2013

¹⁷ Oligotrophic seas are ones that are poor in nutrients

¹⁸ Horizon 2020 Mediterranean report "Toward shared environmental information systems" EEA-UNEP/MAP joint report n.6/2014

¹⁹ European Commission, 2015 "Fish stocks in Northeast Atlantic recover, whilst serious overfishing in Mediterranean: Commission sets out plans for 2015 fishing opportunities"

²⁰ Op cit

²¹ European Commission, 2015 "Fish stocks in Northeast Atlantic recover, whilst serious overfishing in Mediterranean: Commission sets out plans for 2015 fishing opportunities"

²² SOER 2015 — The European environment — state and outlook 2015 > Countries and regions > Black Sea region

²³ Anoxic water is water with an abnormally low concentration of oxygen

²⁴ Op cit



The introduction of alien species, besides affecting fishing activities, is a threat to marine biodiversity. Most of these alien species have reached the Black Sea via shipping activities (ballast water) or through migration from the Mediterranean Sea, or have been introduced through aquaculture activities²⁵.

Nutrients coming from rivers are the main cause of eutrophication, although the nutrients coming from the Danube River (mainly nitrates) remain significant but stable during recent years²⁶. Another source of pollution for marine water is oil coming from major shipping routes, industrial installations and ports.

For the Black Sea Basin, the majority (85 percent) of stocks for which a validated assessment exists are fished beyond biologically sustainable limits²⁷.

A range of strategies, protocols and conventions aim to support the environmental protection of the Black Sea. The Black Sea Convention (BSC) provides a regional cooperation framework to protect against pollution. In addition, with the accession of Romania and Bulgaria to the EU, the Black Sea has been included in European policies such as the Integrated Coastal Zone Management (ICZM), the Marine Strategy Framework Directive (MSFD), the Water Framework Directive (WFD) and the EU Habitats²⁸ and Birds Directives²⁹.

2.3 Environmental context in synthesis

Basin	Fish stocks	Water quality	Climate change	Biodiversity	Population
Mediterranean	91% of stocks for which an assessment has been done are overfished	Only localized phenomena of pollution	Hot spot with different problems: drought, sea-level rise, rise in temperature.	High diversity of species. Some risks from invasive species	High concentration of population along coasts (143 million people in border countries)
Black sea	Most species fished beyond biologically sustainable limits	Pollution from nutrients is relevant but stable recent years.	Warming of sea surface lower than the global average	Deterioration of diversity in species because of human pressure	A population of 66.9 million people lives in countries along the coasts of the Black Sea

3. Maritime issues in the intervention logic, programme objectives and priorities

3.1 Our project sample in the overall intervention logic

The projects in our sample, which all related in one way or another to the conservation and management of the marine environment, were fully consistent with the intervention logic of CBC Programmes as a whole. Figure 2 presents the overall intervention logic of CBC Programmes and shines a light on how our projects on the marine environment fit within it. Our project sample was primarily focused on achieving the overall CBC aims of better managing shared environmental resources (in this case related to the sea). Our project sample, focused variously

²⁵ FAO, 2013, Black Sea Fish, Indications on IUU fishing in the Black Sea

²⁶ ICPDR, 2010, Water Quality in the Danube river basin

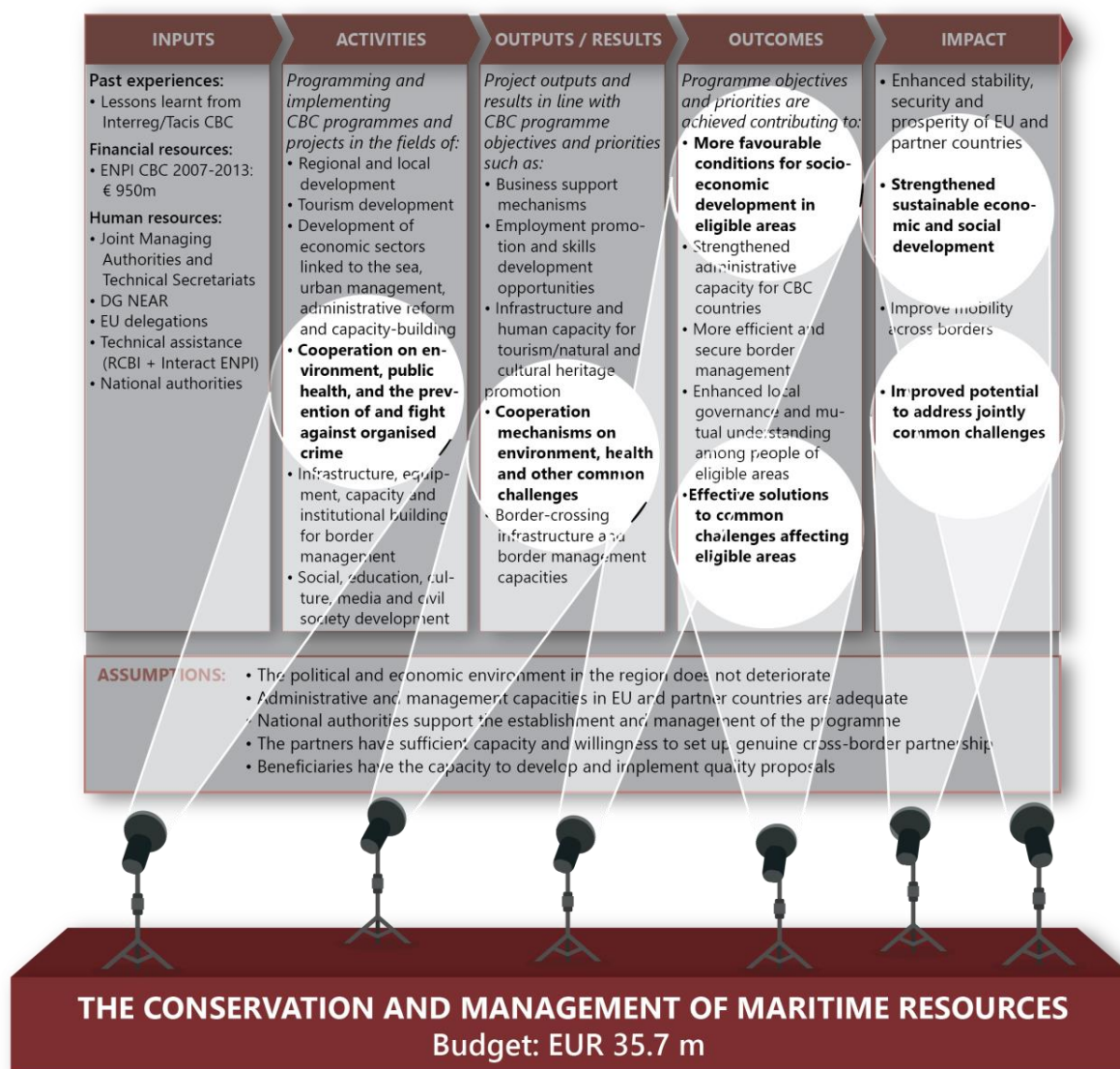
²⁷ Tsikliras, A. C., Dinouli, A., Tsiros, V. Z., & Tsalkou, E. (2015). The Mediterranean and Black Sea fisheries at risk from overexploitation. PLoS one, 10(3), e0121188

²⁸ Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and of wild fauna and flora

²⁹ Directive 2009/147/EC of the European Parliament and of the Council of 30 November 2009 on the conservation of wild birds



on resource management, institutional cooperation, information sharing and capacity building, each contributed in various ways to the more efficient management of the marine environment.



3.2 Environment in the Sea Basin and maritime programmes

ENPI CBC 2007-2013 MED

The MED programme addressed the environment mainly through Priority 2 “*Promotion of environmental sustainability at the basin level*”, articulated in two measures:

- Measure 2.1: Prevention and reduction of risk factors for the environment and enhancement of natural common heritage;
- Measure 2.2: Promotion of renewable energy use and improvement of energy efficiency contributing to addressing, among other challenges, climate change.

The environmental themes financed under Priority 2 are reflected in a considerable number of maritime-related projects linked to environmental risk management (both anthropogenic and inherent to geographic specificities of the area), promotion of actions aimed at the effective and sustainable use of common natural heritage (e.g. sustainable fishing tourism), promotion of sustainable energy etc.



Other priorities also contribute to environmental sustainability in the marine space. In particular, Priority 1 “*Promotion of socio-economic development and enhancement of territories*” gives emphasis to the marine science sector (marine and coastal ecosystems), supports initiatives on sustainable small-scale fishing and helps to tackle marine problems (proliferation of alien species), by applying innovative approaches and turning them into potential commercial opportunities. Priority 4 “*Promotion of cultural dialogue and local governance*” helps raise awareness on fishing issues and the need to convert and diversify the fishing sector (e.g. through a project focused on youth training).

ENPI CBC 2007-2013 Italy – Tunisia

The Cross-Border Cooperation Programme Italy-Tunisia (IT-TN) addressed environment issues through Priority 2 “*Promotion of sustainable development*”. This Priority included three measures:

- Measure 2.1: Efficient management of natural resources in agriculture and fishery;
- Measure 2.2: Enhancement of natural and cultural heritage;
- Measure 2.3: Development of sustainable energy.

Each of these Measures included several projects relating to the conservation and management of maritime resources.

However, it should be noted that Priority 1 on “*Regional development and integration*” included many projects related to the fishing sector (Measure 1.1. “Development and integration of economic value chains”) and to research in the field of marine environment (Measure 1.3 “Promotion of R&I”).

ENPI CBC 2007-2013 BSB

The Black Sea Basin (BSB) Joint Operational Programme addressed environment through Priority 2: “*Sharing resources and competencies for environmental protection and conservation*”. This Priority financed interventions through three Measures:

- Measure 2.1 - Strengthening the joint knowledge and information base needed to address common challenges in the environmental protection of river and maritime systems;
- Measure 2.2 - Promoting research, innovation and awareness in the field of conservation and environmental protection for protected natural areas;
- Measure 2.3 - Promotion of cooperation initiatives aimed at innovation in technologies and management of solid waste and wastewater management systems.

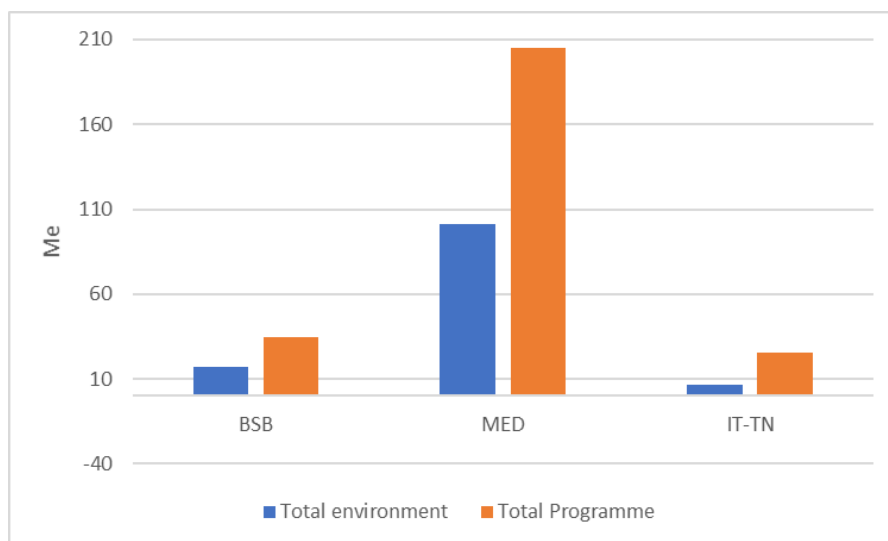
The Programme highlighted the importance of innovation within Priority 2 so that R&I interventions in the marine sector were supported under this Priority. . The Programme cites the protection of the maritime environment and coastal zones as the main field of intervention under Priority 2.

3.3 Overview of projects related to the environmental protection

The total number of projects either directly or indirectly related to environmental protection in the 3 Programmes can be considered high, corresponding to 47% of the total resources allocated and to 41% of the projects financed.

The MED programme allocated 49% of its resources to address environmental issues, while the BSB programme allocated 43%. Of the three Programmes, the IT-TN Programme allocated the lowest share of resources to environmental issues (26% of total funding).



Figure 3: Financial resources allocated to environmental issues in the three Programmes considered

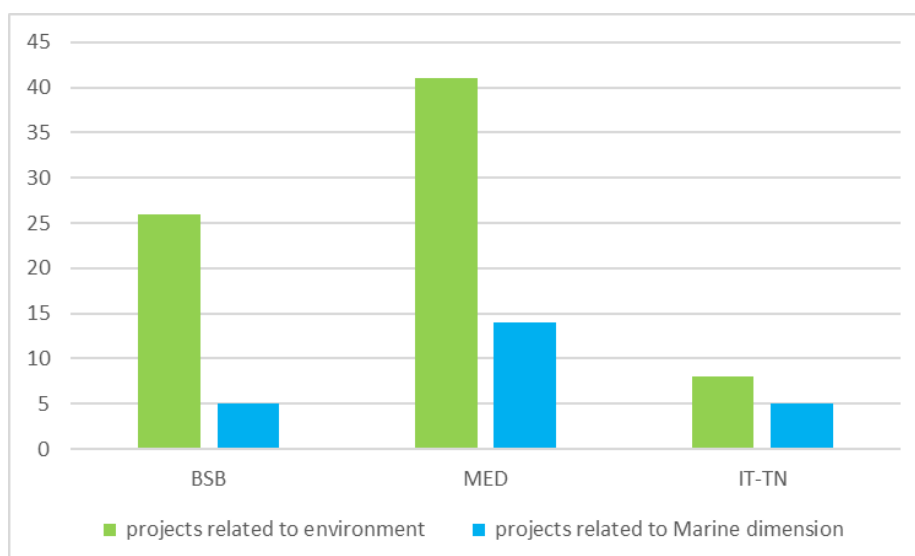
3.4 Overview of projects related specifically to the marine environment

The specific theme of our case study relates to the conservation and management of marine resources.

Twenty-five out of the total 187 environmental projects funded under the 3 Programmes were dedicated to various aspects of the marine environment. Amongst the broad mix of marine issues covered by the Programmes, the following project sub-categories have been considered:

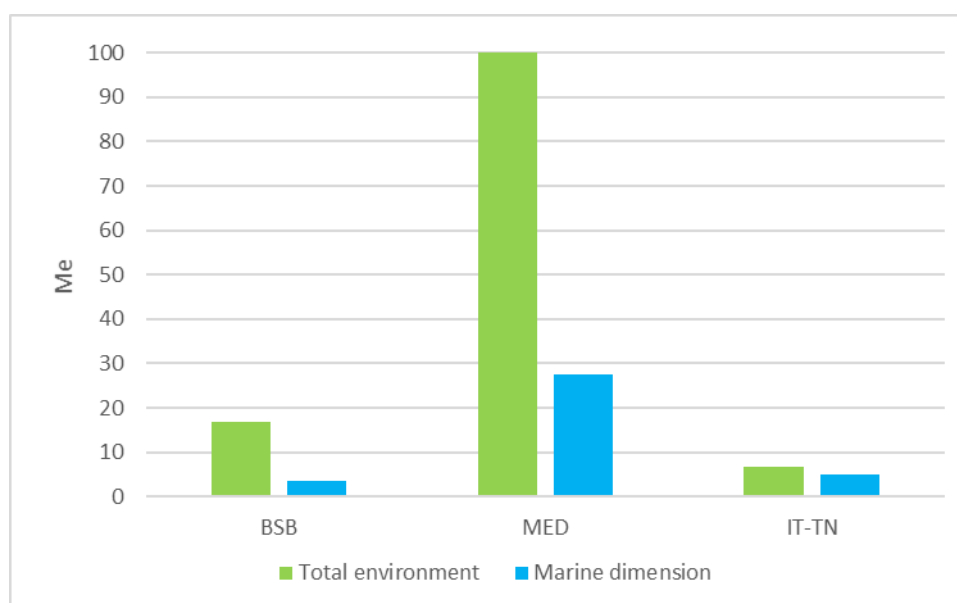
- projects related to marine ecosystem and its resources;
- projects related to fisheries, aquaculture and, more in general, to fish stocks;
- coastal systems and their management;
- (sustainable) maritime transport.

The following charts show projects (number and total amount of financial resources) directly linked to conservation and management of the marine environment through all the objectives of the three programmes under focus.



Of the 25 projects addressing marine conservation and management issues generally, 8 of them dealt with fisheries (including assessment of fish stock and economic activities related to fishery), 8 of them dealt with marine ecosystems (including the problem of marine species), and 6 projects dealt with “coastal systems” (ranging from coastal protection to Integrated Coastal Zone Management (ICZM) through pollution of coastal water and other). Five projects dealt with sustainable maritime transport. It should be noted here that some projects addressed more than one of these sub-categories.

Figure 4: Financial resources allocated to projects related to the management and conservation of the marine environment in the three Programmes considered.



The number of projects dealing with issues related to marine conservation and management in a broad sense is higher in MED than in the other two programmes. However, if we look at the proportion of the total available Programme resources allocated to marine issues, it can be concluded that IT-TN has prioritised marine conservation and management more than the other two Programmes.

4. Programme and project results

Results are measured at project and programme levels, through a set of indicators reflecting the objectives pursued in the logic of intervention. Indicators should be accompanied by targets allowing the measurement of programme performance over the implementation phase. In this section, programme indicators related to environmental issues in general have been selected, when available, and used to measure the overall performance of the three programmes. Then, the specific results related to the selected projects in our case study sample have been analysed.

4.1 Programme results

Programme indicators related to environmental issues in the broader sense in the three programmes are listed in the following table. The results at programme level are also shown.



Table 1: Programme indicators for environmental interventions in the broader sense

Programme	Priority	Outcome/Output indicator	Target	Achievement	Comments
IT-TN	1. Regional development and integration	N. of initiatives to improve the agri-food, fishing and tourism value chains	4	6	These initiatives are not only related to the fishery sector.
	2. Promotion of sustainable development	N. of initiatives introducing new methods to improve efficiency in natural resources management	2	3	These initiatives refer to all natural resources, both land and marine.
		N. of joint actions for awareness on sustainable development organized by fishing and rural organisations	5	5	Both agriculture and fishery are included in the target value and in the achievement
		N. of initiatives for the valorisation of natural and cultural heritage	4	4	Same as above
BSB	2. Sharing resources and competencies for environmental protection and conservation	N. of partnerships contracts/ agreements establishing permanent relations among institutions / agencies active in the environmental sector	5	48	The indicator does not exclusively refer to marine resources.
		N. of entrepreneurs/technicians/ researchers completing activities and achieving new skills and competencies	100	211	Same as above.
		N. of institutions active in environmental protection adopting innovations developed by projects.	10	77	The indicator refers to the environment in general.
		N. of environmental training and/or research initiatives carried out.	20	27	Same as above.
		Number of trainings initiatives begun in environmental protection	10	21	Same as above.
MED	2.1 Prevention and	n. of projects for environmental preservation and	10	8	The indicator refers to the environment in general.
		n. of participating partners	40	55	
		n. of enterprises/organisms interested in projects for territorial management and preservation	50	93	Same as above



reduction of risk factors for the environment and enhancement of natural common heritage	n. of projects to prevent natural disasters and to strengthen civil protection and n. of participating partners	5	2	Same as above
		20	15	

It is worth noting that following the indicator scheme proposed in the three selected programmes, it is difficult to measure accurately the results regarding environmental issues. Firstly, there is no clear distinction between output and outcome indicators, i.e. outcome indicators at priority level are in fact output indicators (e.g. “number of ...”). Second, it is not clear whether targets have been reached because of excellent performance in programme implementation or simply because the output targets were set too low. There are no baselines against which such judgements can be made.

Assessment of performance of marine-related projects is also difficult because of an absence of indicators that are specifically focused on marine issues. In some respects, this is not surprising since the Programmes had a broader strategic focus on environmental issues in general. Nevertheless, the lack of proper measurement of results (in terms of outcomes and impacts) makes it challenging to draw a clear link between the contribution of programme interventions to achieving the desired impacts on the various marine management and conservation issues.

To address these weaknesses and provide a more complete narrative on programme outcomes and impacts, a further analysis of a set of selected projects has been carried out in this study. This analysis examines the specific pathways through which individual projects have contributed to improvements in marine conservation and management more specifically.

4.2 Overview of project outputs

As reported, 25 of the environmental projects in the 3 programmes analysed are related to maritime topics and 16 of them are directly related to fisheries and marine ecosystems. Based on the data drawn from the ENPI CBC project database, activities carried-out by these projects are mainly related to study and analysis, scientific monitoring activities, guidance and training, pilot actions and networking activities.

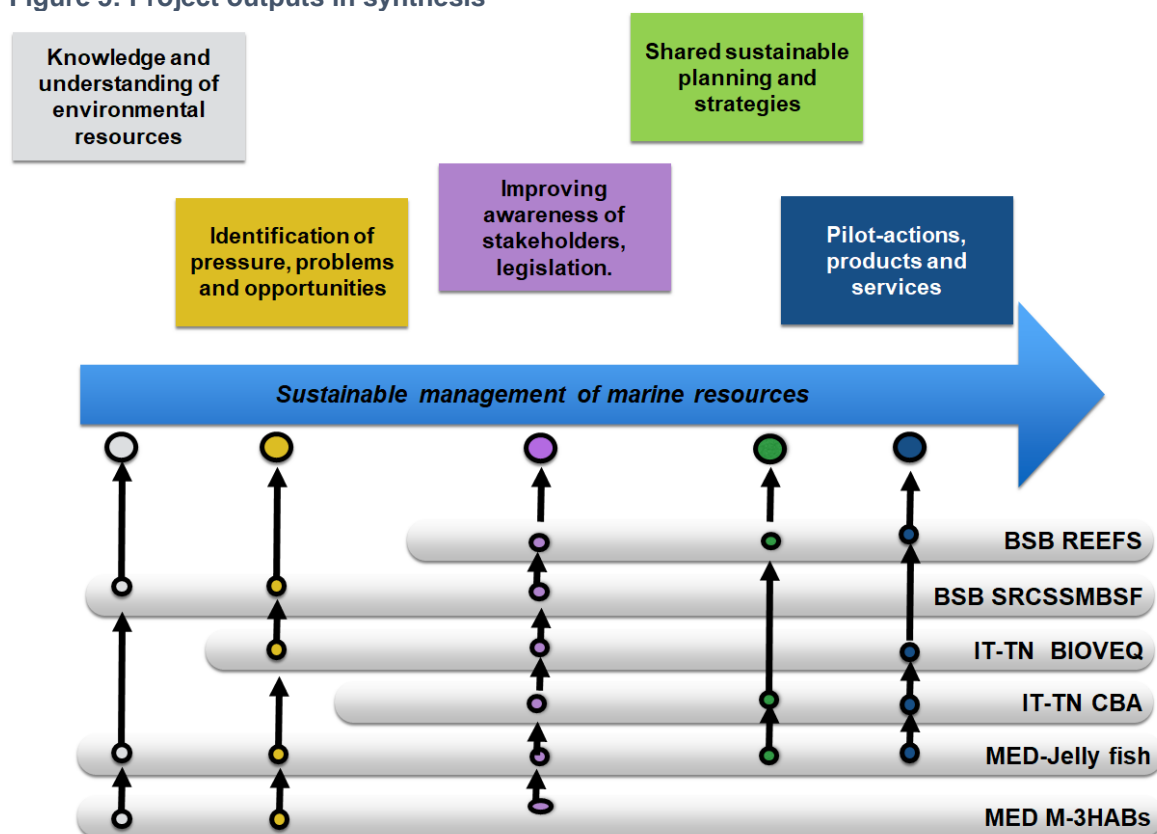
For this reason, in the following paragraphs, the project sample (2 projects per programme) was analysed in terms of contribution to the following outputs:

- Improved knowledge and understanding of marine conservation and management issues,
- Better understanding of pressures, problems and opportunities in the marine environment,
- Awareness of stakeholders improved,
- Legislation improved,
- Shared sustainable planning and strategies developed,
- Pilot actions, actions and services implemented.

Projects intervened at different stages of the policy cycle – from information gathering and problem identification to pilot actions in response to the particular issues under review (Figure 5).



Figure 5: Project outputs in synthesis



4.2.1 REEFs (BSB)

The overall objectives of the REEFs Project was to establish a long-term partnership platform for scientific, technical, administrative and awareness raising activities in favour of artificial reefs as a way of providing active support to the self-restoration of the Black Sea ecosystem.

Project outputs

Artificial reef modules have been distributed and installed in the Black Sea in the respective partner country areas (9 deep water and 12 shallow water type modules in Bulgaria, 8 in Romania, 4 each in Georgia, Turkey and Ukraine). The partners have initially carried out a research analysis of the legislative and institutional framework with a list of recommendations (in English). An artificial reef action plan has been drafted, followed by several progress reports, feasibility studies, environmental impact reports. Forty-five researchers have been involved in joint monitoring, analysis and assessment. Training packages have been developed to transfer information and knowledge to local stakeholders, such as students and NGO activists, through the organisation of specific trainings. Numerous round tables and seminars, involving a total of approximately 180 participants, have been organised. The project was also promoted through conferences and forums, with a website and Facebook page, a documentary, promotional material on artificial reefs and brochures.

Project outcomes

According to interviews with partners, the project managed overall to raise scientific and public awareness of, and commitment to, artificial reefs and contributed to new approaches to ensuring the sustainability of aquaculture, tourism and fishing in the region.



In particular, the project generated increasing interest in the use of artificial reefs for aquaculture as the modules proved effective in boosting the growth of mussels while remaining resistant to deterioration and having no negative impact on the environment thanks to the use of an innovative material. Fishermen in Turkey have also shown an interest, having noticed that the reefs enrich biodiversity and attract fish species that had previously disappeared from the coastal area.

As concerns tourism, there is a potential to attract scuba divers to the reefs' locations.

However, it is recognised that there is still scope in the partner countries to increase the awareness of local fishermen in particular of the potential from artificial reefs.

4.2.2 SRCSSMBSF (BSB)

The overall objective of the project was to set up harmonised approaches and methods for fish stock assessment and data collection among Black Sea Basin countries.

Project outputs

Through exchange of experiences and networking between research teams, the projects harmonised and standardized data collection methods for fish stock assessment among partner countries. The main output of this work is that Turkey and Ukraine are now collecting data with an approach similar to the one used by EU Member States. By adopting joint regional stock assessment methods, the project made it possible for regional marine organizations to provide better-quality advice on fisheries to national decision-makers.

Project outcomes

The project facilitated the collection of data needed for the Black Sea Commission. All of the countries involved are now carrying out monitoring activities with other countries in the context of the General Fisheries Commission for the Mediterranean, using the methods developed through the project. However, the presence of Russia would be necessary for the project to have a long-term impact on the effective management of fish stocks in the whole basin.

In addition to improvements in the application of technical data on fish stocks, the project contributed to enhanced institutional relationships between participating countries. In particular, the project gave participants the opportunity to identify suitable partners and establish strong relationships during the implementation of joint activities. These partnerships and networks are being maintained after project completion facilitating further cooperation across a range of technical areas. For example, the partners are continuing their cooperation in the framework of the BlackSea4Fish financed by the FAO.

4.2.3 BIOVecQ (IT-TN)

The overall objective of the project was to develop new biotechnological and analytical tools/processes for the sustainable development of the aquatic and halieutic food sector in the Tunisia and Sicily, disseminate results from pilot activities and support the development of commercial links with the private sector.

Project outputs

From the Tunisian perspective, the key output was the creation of a laboratory in the marine institute involved (INSTM – Tunisian national institute for marine science and technologies), which is currently in the process of being accredited. This had the two-fold effect of increasing the capacity to carry out high-quality applied research in bio-technologies related to marine resources within the country and increasing the possibility to create links between scientific and business communities (and, in particular, with other research centres and technological poles in the area). Thanks to the project, thirteen agreements with private firms were signed regarding the transfer of scientific results to the production sector and, according to the project's final report, a specific



cooperation agreement was made with the food industry and fishermen to ensure the traceability of fishery products. Furthermore, three commercial labels for marine food products were created.

Projects outcomes

Thanks to BIOVecQ, the cross-border cooperation of the Sicilian and Tunisian biotechnological research institutes and, in particular their support to the practical application of this research in business, has increased opportunities to create new businesses in the food sector and/or improved product quality by introducing technologies for better food safety for consumers. Important innovations have been introduced in the fisheries production system, updating specifically catch traceability systems. In addition, the laboratory's work in monitoring the hygienic quality of products has facilitated the introduction of labelling which allows more information for consumers about the safety of products.

Although not a direct result of the project, the cooperation between the Italian and Tunisian authorities has led to an improvement of the regulatory frameworks regarding catch and health control on marine food products and a harmonisation of procedures between Italy and Tunisia. Similarly, cooperation on this project has reinforced networks of project partners at both national and EU level. A final effect arising indirectly from the activities for the project was the strengthening of academic networks between Tunisia and Sicily by reinforcing student exchanges on project activities. Joint Masters and PhD programmes have been subsequently set up as a result of the initial academic cooperation on this project.

4.2.4 Club Bleu Artisanal CBA (IT-TN)

The overall objective to the project was to develop and support local fishing supply chains, providing commercial opportunities to fishermen on both sides of the cross-border area.

Project outputs

This project increased the sale of fish products (all meeting specific quality and traceability criteria) directly to hotels through the creation of better distribution and quality management systems. Project partners played the key role of intermediaries (distributors). Overall, the project allows the integration of artisanal fisheries and tourism with mutual benefits on both sides.

By the end of the project, 23 fishermen were actively participating, while all the 240 fishermen of the cross-border area were contacted and informed. The objective of creating a network was realised with the creation of Club Bleu Artisanal, its branch offices (*antennas*) and its commercial label (CBA). The latter is given to products that respect the club's quality and traceability criteria.

Project outcomes

The project contributed to integrate the fishing and tourism sectors by creating a value chain between local fishermen and the local hotel and catering industry by creating a system of fish distribution that met agreed quality standards. The involvement of small-scale fishing communities in this project obtained great visibility at national level in Tunisia. As a result, local authorities invested additional resources in infrastructure after the end of the project. The project represented a first positive experience in EU projects for most fishermen. By developing the local market for their products, it offered them a more stable source of revenue, and broadened the fishing season. As a result, the project also addressed a key issue linked to the context and the perception of the EU policy framework by the key players, especially Tunisian fishermen who initially were wary of European intervention in their sector, fearing it would limit fishery and have a negative impact on their work.



4.2.5 M-3HABs (MED)

The overall objective of the project was to develop a methodology to identify and measure toxic microalgae blooms in marine waters.

Project outputs

M-3HABs project has created new and harmonised cross-border monitoring approaches and instruments capable of automatically recognising toxic microalgae. It also established effective forecast models to predict bloom development of toxic organisms. Of particular interest are also the best practices manuals for risk management that can now be used by environmental agencies even beyond the project area. In the framework of the project, a Tunisian partner (INSTM) organised 12 internships for students giving them the opportunity to visit and learn new techniques in EU laboratories.

Project outcomes

From the perspective of Consorzio Nazionale Interuniversitario per le Scienze del Mare (CoNISMa) who was the lead partner on this project, the project was a key step in the elaboration of a specific protocol to support monitoring and decision-making, which has been approved and adopted by the environmental agencies in Italy (e.g. ISPRA, High Institute for Environmental protection and Research). In addition, CoNISMa is now working to extend the approach and tools to other species.

The impact of this project may not have been equally significant across the entire MED sea basin. In particular, the low preponderance of toxic microalgae blooms in the southern Mediterranean means that the project had a lower relevance for those regions. Nevertheless, according to stakeholders, the improved equipment and methodologies developed by the project helped to increase the quality of research of the Tunisian partner INSTM.

4.2.6 JELLYRISK (MED)

The overall objective of the project was to address a common transnational challenge (i.e. jellyfish proliferation) affecting several human activities in coastal zones, from maritime tourism to aquaculture and fishery to coastal industry. The challenge was, therefore, also practical, with the need to provide evidence on the effects of jellyfish proliferation on sectors such as fisheries, aquaculture and tourism by also involving local stakeholders in monitoring the phenomenon. The selection of this project in the strategic call is justified as it constitutes the first-ever attempt at cross-border level to assess the socio-economic impacts of jellyfish blooms and implement mitigation countermeasures.

Project outputs

By applying integrated jellyfish monitoring protocols, the project created an impressive monitoring system in the partner countries over a wide geographical area (e.g. in Tunisia, it has monitored 130 km of coast). Testing of nets against jellyfish to create safe areas on the beach was performed in some pilot sites (i.e. touristic resorts). By applying a human-centred approach, “citizen science”, the population in the project areas was informed about the problem and invited to get involved in the monitoring effort (the project defined three strategies to allow non-scientist to monitor jellyfish). The partners have also carried out pilot tests and a survey to estimate the socio-economic effects of jellyfish by targeting fishermen, aquaculture farmers, bathers. In terms of visibility, a web site and a Facebook page (also in Arabic language) were created as well as an app (Med Jelly) which works as a “weather report” on jellyfish. The project enabled the purchase of laboratory equipment



(e.g. in Tunisia) which is used also for other activities and it allowed several students to publish articles, attend conferences and set up new research networks.

Project outcomes

The project has built harmonised jellyfish monitoring and alert tools which have, in some cases, been introduced in the regular monitoring activities by the national authorities in charge of environmental surveillance (e.g. IsprAmbiente in Italy). It is also worth underlining the project's success in mobilising various types of stakeholders. For instance, before the project creation, and because the lack of awareness, it would not have been possible to have fishermen actively monitoring the conditions, as now occurs in several areas where the project performed specific activities (e.g. after two years of project, 75% of monitoring data was coming from active citizens, whereas 100% came from the project partners the first year). In this sense, one of the most significant outcomes is the increased level of awareness among stakeholders about the problem and their active participation in contributing to the monitoring activities

The project has increased the overall awareness about the problem, exemplified by its appearance on important international media, such as an article on The Guardian and a recent interview for The New York Times. In addition, information days in high schools, scouts' associations and NGOs have been held. Several articles were published on international media and a 10-minute video was broadcasted by a German TV programme.

In reviewing each of the projects in our sample, we carried out a systematic assessment of the outcomes or impacts that we could observe under a number socio-economic and marine environment heading³⁰. The following Table summarises our assessment of the significance of the outcome/impact achieved under each of these headings.

³⁰ These headings were selected based broadly on the aims and objectives of the Programme and its individual projects.



4.3 Overview of outcomes or impacts to which projects contributed directly or indirectly

Program - project acronym	Socio economic outcome or impact		Outcome or impact on sustainable development and marine resources		
	Project contribution to socio-economic development of the border area	Intensification of cross-border links and sustainable cross-border partnerships and/or removal of cross-border obstacles to sustainable development	Project contribution to sustainable development of fisheries, marine resources and related activities	Project contribution to reduction of pollution, pressures and adverse human impacts on marine natural resources	Project contribution to more public awareness and stakeholders' information on environmental issues and challenges in the Sea basin
REEFS	No direct impact in terms of employment, welfare and support to SME activities.	Cross-border networking; removal of legal and administrative obstacles.	Contribution to the aquaculture sector which wants to implement reef modules in the region.	No direct contribution.	Contribution to awareness on positive impact of artificial reefs in fishing communities
SRCSSMBSF	No direct socio-economic impact.	Cross-border networking; removal of statistical obstacles (harmonisation of data collection approaches).	Indirect contribution through availability of data	No direct contribution.	More information on fish stock.
BIOVECQ	Impact in terms of development of new products, support to start-ups.	Cross-border networking; removal of technical and administrative obstacles in bio-technological research field	Development of bioproducts.	Indirect contribution through the development of by-products from fish waste.	No direct contribution.
CBA	Impact on local fishing communities (innovation, employment, development of a supply chain).	Cross-border networking; removal of cultural, administrative and economic obstacles.	Development of short supply chain from local sustainable fisheries; support to ecotourism.	No direct contribution.	More information on potential supply/valorisation of local fish products.
M-3HABS	No direct socio-economic impact.	Cross-border networking; removal of knowledge obstacle.	No direct contribution.	No direct contribution.	Contribution to better knowledge and information on algae blooms.
JELLYRISK	Indirect impact on local fishing. Impact tourism I some areas (beaches).	Cross-border networking; removal of knowledge obstacles.	Support to aquaculture and fisheries activities.	No direct contribution.	More information on harmful effects of jellyfish and awareness of valorisation opportunities.

Potential Impact



No direct impact



Partial Impact



5. Findings and recommendations

Relevance

- It is clear that all Programme regions are affected to varying degrees by large-scale ecological dynamics - such as overfishing, climate change, water pollution and threats to biodiversity. In order to tackle these problems effectively, it is widely recognised that a genuine international effort is needed. In this respect, the large number of partner countries in the sea basin programmes is particularly appropriate. It is also widely accepted that international efforts to resolve key maritime issues can only be effective if they engage at both local and national levels. With this in mind, we have found that the environmental priorities identified in the Programmes are very relevant to the needs of the region and, moreover, that the involvement of both national and local stakeholders in many of these projects is extremely appropriate.
- The various changes that occurred in the political environment during the lifetime of the Programme did not affect project relevance, but they increased delays in implementation and reduced the project scope in some cases.
- None of the programmes analysed developed a real “theory of change” as regards interventions related to marine and maritime environment, which were the focus of the case study; i.e. there is not a clear logical link between the issues at stake (pressures on marine resources), the external factors determining the context, the objectives pursued, the measures, the financial allocation, the monitoring systems measuring outcomes (output and results) and the impacts.

Recommendation 1:

- ✓ It is clear that a Theory of Change (ToC) for interventions which are focused, for example, on the management and conservation of the environment will be quite different from those related to border crossings or tourism development. These differences in the Theory of Change arise in the first instance, because the programme context is quite different in each intervention area (and also, of course, because, the interventions themselves affect that environment in different ways). In order to ensure the inherent relevance of proposed programme interventions, it is important to reflect the particular pathways of change that are to be taken in each Programme priority area. Specifically, separate Theories of Change should be developed for each programme priority (environment, economic development, etc.). These discrete Theories of Change should obviously be consistent with the Intervention Logic for the Programme as a whole.

Efficiency

- The efficiency of project implementation was affected by differences in the legislative framework between partner countries. For example, fund transfers from one country to another are constrained (by law) in the Mediterranean countries in general. Similarly, licences and permits are sometimes difficult to obtain for transnational operations (for example in Romania there is a specific national license necessary for diving, this was a particular issue for international participants in the reef project). Different customs rules also affected the import and/or exchange of some equipment during projects.
- Partners complain about **administrative burden** created by the various rules imposed at national level (e.g. differences in the legislative framework in force between countries), programme level (e.g. monitoring system) and EU level (e.g. use of PRAG rules).



- Partners also suggest that the short project duration (2 years on average) is often insufficient to affect complex environmental problems.
- Some projects met difficulties in **transferring funds** e.g. from Tunisia to the other EU partners. A solution was found through an agreement with the central bank with the opening of an account in euro.
- Other issues pointed out by the Tunisian partners were the very low per diem, calculated according to national standards and insufficient to cover travel costs encountered in Europe, and the difficulty in obtaining VAT exemption forms from the customs office.
- The support from the programme authorities was good and effective, although certain partners considered it necessary to increase the staff in the Tunisian contact point, in particular having two people working full time only on financial and administrative tasks. The role of the **National Authority** in Tunisia was also considered very important to facilitate contact among partners.

Recommendation 2:

- ✓ Use existing technical assistance facilities to provide governments and local authorities in partner countries with additional support to make the normative context more responsive to the specific needs of cooperation projects (e.g. rules for money transfer, specific project accounting rules, short financial circuit, consistent and ex-post control and audit trail).

Effectiveness

- Programme results are mainly measured through output indicators and do not provide information on outcomes and impacts (e.g. in terms of areas targeted and improvement of societal well-being);
- Most of **the selected projects financed were research-oriented**, with a clear objective of producing more knowledge and data on the issues at stake, as well as improving awareness in targeted communities. All of the projects in our sample generated meaningful additional knowledge, information and innovations that may have a long-term benefit for policy-makers and other stakeholders interested in the management and conservation of marine resources in the region.
- Small investments in infrastructures and equipment benefited partner countries (e.g. Tunisia), such as laboratories and equipment for fishing activities, which would not have been possible to obtain without the financial support from the programmes;
- **Unplanned outcomes** are significant in most of the projects in our sample. Most of these unplanned outcomes arose as a result of the institutional and individual networks created by the projects. This was particularly evident in terms of research activities (publications, events), training and students involved, enhancement of management capacity, improvement of legislation and in the decision-making process.



Impact

- Changes produced by the Programme are often observable only at very small scales, at output level (i.e. with small investments in equipment, involving local communities and covering small portions of the cross-border area).
- Large tangible impacts **in the long term** are more hypothetical and difficult to measure;

Recommendation 3:

- ✓ Focus on fewer objectives at programme level (based on identification of needs and their priority), concentrate budget on a limited number of interventions (to ensure significant results and increase potential for larger-scale cross-border impacts)

Recommendation 4:

- ✓ The evidence of the projects in our sample showed that project applications were carefully assessed and that there was a genuine attempt to ensure that selected projects were likely to produce tangible, observable results. However, the ability of the Programme to make such judgements was limited by a frequent lack of clarity in the specification of output and outcome indicators and the pathways through which these outcomes and outputs were to be achieved. In the aggregate, project impacts are likely to be improved by more robust requirements, at project level, to specify the outcomes and impacts to be achieved and to demonstrate the intervention logic in the achievement of these changes.

Sustainability

- An exit strategy **was absent in most of the projects analysed**. Project follow-up was challenging in some cases, because of a lack of financial resources. This is particularly true because the research-focused nature of the projects often requires additional scientific or institutional follow-up. In some specific cases, continuity is to some extent ensured by the development of labels, the certification of methods and the development of patents or the set-up of new organisations;
- Most partners have a strong appetite to **participate again in the new ENI programme** or in the framework of other EU financial instruments, applying with qualified projects. This is particularly true of those located in the partner countries who are likely to increasingly assume the role of Lead Partner.

Recommendation 5:

- ✓ Ensure that projects' sustainability is a significant criterion for project selection and allow for the more flexible allocation of financial resources for project follow-up over time. This would help to ensure the involvement of project key stakeholders and institutions in the long term and effective embedding of project results in national and local institutions.



Recommendation 6:

- ✓ Select projects with a clearly defined exit strategy identifying follow-up activities, e.g. describing the organizations involved after project ending and the arrangements done for a better dissemination/appropriation of results within the local communities.

Value added issues

- In the absence of the CBC Programme, there was no obvious source of funding for most of the activities reviewed in the case study.
- Partners consistently **appreciated the value added that was created by the projects, particularly** in terms of networking, knowledge transfer, economy of scale, supporting activities between partners and pilot results obtained;
- In general, project value added was **perceived to be well balanced amongst the partners**, i.e. in most cases the partners participated in all project activities, sharing information and results on a balanced basis.



6. Appendices

Appendix 1: List of marine projects in the three programmes

Name	Programme	Topic
ECO-SATELLITE	BSB	Marine ecosystem
REEFS	BSB	Marine ecosystem
SRCSSMBSF	BSB	Fisheries/aquaculture
ICZM	BSB	Coastal systems and their management
ICME	BSB	Maritime traffic
POLYMEDA	IT-TN	Fisheries/aquaculture
BIOVECQ	IT-TN	Fisheries/aquaculture
CBA	IT-TN	Fisheries/aquaculture
MEDCOT	IT-TN	Coastal systems and their management
SECURAQUA	IT-TN	Fisheries/aquaculture
Custom MED	MED	Maritime traffic
ECOSAFIMED	MED	Fisheries/aquaculture
FISHINMED	MED	Marine ecosystem
GREAT MED	MED	Marine ecosystem; Coastal systems and their management
M3-HABs	MED	Marine ecosystem
MARE NOSTRUM	MED	Coastal systems and their management
MAPMED	MED	Maritime traffic
MED-ALGAE	MED	Marine ecosystem / Sustainable energy
MED-JELLYRISK	MED	Marine ecosystem
MEDSANDCOAST	MED	Coastal systems and their management
MEDSEATIES	MED	Coastal systems and their management
MESP	MED	Maritime traffic
R.E.A.D.Y.MED.FISH.	MED	Fisheries/aquaculture
RAOP-MED	MED	Marine ecosystem



Appendix 2: Project summary

Program - project acronym	Project main characteristics	Project Overall objectives	Project Main expected results
BSB- REEFS	Financial resources (total contracted): 627,650.12 € <u>Field of intervention:</u> Environment <u>Thematic addressed:</u> Artificial reefs <u>Environmental theme:</u> Marine ecosystems	Strengthening the joint knowledge and information base needed for application of artificial reefs (AR) to address the organic pollution in the maritime ecosystem of the Black Sea basin.	To support governments to create a common platform to offer a shared artificial reef legal action plan. To install eco-friendly artificial reef structures on selected sites creating greater surfaces to attract organisms to attach on and support scientific community with the knowledge provided over scientific studies.
BSB-SRCSSMBSF	Financial resources (total contracted): 486,409.70 euro € <u>Field of intervention:</u> Environment <u>Thematic addressed:</u> Fishing sock <u>Environmental theme:</u> Marine ecosystems	Cooperation between the Black Sea riparian countries for knowing and rationally managing the marine ecosystem and its resources, carrying out diagnostics of fish stocks status as well as advice on management strategies.	Standardization at regional level and in conformity with the international practice of the methods and tools for sampling, processing, analysing and interpreting the data and information as well as the fish stock assessment; - Competitive and comparable data, scientific support of marine fishery management; - Recommendations for the most practical and appropriate method for regular, multi-species, stocks assessment; - Improvement of management of the Black Sea fish stock exploitation based on harmonized methodologies of assessments based on agreed regional criteria
IT-TN BIOVEQ	<u>Financial resources</u> (total contracted): 1.721.990,40 <u>Field of intervention:</u> Economic development <u>Thematic addressed:</u> Halieutic resources <u>Environmental theme:</u> Marine ecosystems	Develop new biotechnological and analytical tools/processes for the sustainable socio-economic development of the aquatic and halieutic food sector in the Tunisian and Sicilian regions. Establishment of a permanent relationship between public institutions by means of a collaboration and a platform for exchanges between research clusters, SMEs and public administrations. There will also be harmonisation of directives and regulations and the creation of a LT-BioVecQ virtual cross-border laboratory.	Comprehension of the feasibility of future innovations and targeted investments. Gap reduction between research and productive sector, reducing the self-referentiality of scientific research. Benefits for technology centres through the direct exchange with the target population.
IT-TN CBA	<u>Financial resources</u> (total contracted): 774.427,00 <u>Field of intervention:</u> Economic development <u>Thematic addressed:</u> Halieutic resources <u>Environmental theme:</u> Marine ecosystems	Promotion of the socio-economic development and regional integration of the territories through the development, qualification and integration of the supply chain of small-scale fisheries with the tourism sector in Sicily and in Tunisia, through the creation of a club of certified	Strengthening of social and cultural relations between the two countries and the dissemination of the cooperation culture between the project partners; creation of a sustainable network of stakeholders in the fishing industry and tourism; dissemination of good fishing practices and exchange of culinary traditions; development of technologies and tools for artisanal fishing and for the



		fishery products – Club Bleu Artisanal.	promotion of joint gastronomic traditions; creation of a controlled brand of products and tourism quality services; creation and management of two local branches to enable continuous quality control and assistance; creation of a network of fishing and tourism enterprises and of a marketing channel for artisanal fishery products.
MED JellyRisk	<u>Financial resources</u> (total contracted): 2.593.194,23 <u>Field of intervention:</u> Environment <u>Thematic addressed:</u> Alien species <u>Environmental theme:</u> Marine ecosystems	To promote a cross-border approach in 10 selected Mediterranean Coastal Zones (MCZ) to assess, prevent, mitigate and foresee the negative natural, health and economic impacts of jellyfish proliferations.	Integrated Coastal Zone Management. Implementation of risk assessment, prevention and mitigation of negative impacts resulting from jellyfish proliferation. Increased public awareness.
M-3HABs	<u>Financial resources</u> (total contracted): 1.798.254,00 <u>Field of intervention:</u> Environment <u>Thematic addressed:</u> Marine biodiversity <u>Environmental theme:</u> Marine ecosystems	To contribute to the development of cost-effective management tools regarding the risks associated to the proliferation of toxic benthic dinoflagellates, with particular reference to <i>Ostreopsis</i> spp., in a cross-border perspective.	To increase awareness of the risks associated to the <i>Ostreopsis</i> blooms; the production of common monitoring protocols; the development of new technologies for species-specific identification and counting; the build-up of prediction models in order to prevent and reduce risk factors for the environment, human health and economic activities.





ANNEX 3: A STUDY OF ENPI-FUNDED BORDER CROSSING PROJECTS – THE CASE OF SOUTH EAST FINLAND-RUSSIA

1. Introduction

The last 25 years have seen a huge global acceleration in the movement of goods, services and people across international borders. Since 1990, the total volume of merchandise exports worldwide has more than trebled and the value of those exports has increased five-fold³¹. In the same period, the number of international tourist visits, as well as global revenue from international tourism, has shown a three-fold increase³². Despite recent protectionist tendencies in some of the world's most advanced economies, the general consensus is that global trade growth is unlikely to be reversed in the medium term³³.

The relationship between trade and economic growth has long been recognised in economic literature. In simple terms, trade is thought to contribute to economic progress by promoting the efficient allocation of capital and labour, by diffusing knowledge and technological progress and by increasing the competitiveness of firms (through product innovations and the like)³⁴.

The movement of people across borders is also recognised as an important driver of economic development. In addition to the direct impact of tourist spending in the host economy, business and leisure travelers can produce significant multiplier effects locally – a recent study showed that each euro spent in the tourism sector generates 3.2 euro in induced and indirect impacts³⁵.

The continual expansion of tourism and trade brings its own management challenges for the state. Whilst the economic benefits of business and leisure travel are evident, there is, at the same time, a need to impose controls on illegal migration, the movement of international criminals and/or people trafficking across borders. Similarly, trade flows need to be controlled so as to efficiently collect taxes that may be due and to protect citizens from the movement of illicit or harmful materials. In this context, the growing challenge for border management agencies is to facilitate and expedite legitimate travel and trade while, at the same time, providing sufficient safeguards against crime, tax evasion and the illegal movement of people.

Like many parts of Europe, the SEFR Programme area was growing rapidly in the period leading up to the preparation of the Programme. This growth was driven primarily by the rapidly expanding Russian economy. With high oil prices, Russian per capita income was growing at about 10% per annum. The Finnish economy was benefiting from this growth through growing demand for goods and services from Finland. Business supply chains across the border started to become more sophisticated and considerable business investment was flowing across the border in both directions.

It was against this thriving economic background that both Russia and Finland prioritised the importance of efficient flows of trade and tourists in both directions. To facilitate these trade flows, investments have been made in Border Crossing Points at several locations along the Finnish-Russian border. Three of these projects have been funded by the South East Finland-Russia ENPI CBC Programme for 2007-2013 and these projects, all based around the Imatra-Svetogorsk BCP, are the subjects of the current case study.

³¹ <http://dgff.unctad.org/chapter1/1.1.html>

³² <http://www.e-unwto.org/toc/unwtotfb/current>

³³ <https://www.theguardian.com/world/2017/jan/21/davos-globalisation-trump-brexite-trade-wars>

³⁴ *Trade and Economic Growth – A Re-examination of the Empirical Evidence*, Hamburg Institute of International Economics, HWWI Research Paper 123.

³⁵ *The comparative economic impact of travel and tourism*, The World Travel and Tourism Council, 2012



The current study sets out the economic and geo-political context of these projects and traces the story of their design and implementation. The study aims to better understand the contribution that the upgrade of these border-crossing points can make to the shared prosperity of the Programme region in the short- and long-term and examines the key contextual, institutional and socio-economic factors that may affect the level of impact that such projects can achieve.

2. Finland-Russia Border Crossings in Context

There are eleven border crossings between Finland and Russia, of which nine are recognised as international crossings. The main crossing points are located in the Southeast of Finland: Imatra, Nuijamaa, Vainikkala and Vaalimaa.

Traffic at all of the main BCPs declined markedly during the financial crisis of 2008/2009. At Vaalimaa, where over 70% of the total goods transiting into Russia via Finland cross the border, there was a 43% decrease in the volume of goods shipped in the previous year. Traffic at Imatra (by volume) was down by 75% in 2009 compared with the previous year. Although there was a significant recovery in traffic numbers crossing the Russian-Finnish border in 2010-2013, the collapse of commodity prices and sanctions arising from the conflict in Ukraine have undermined traffic flows again. For example, Russian visitors accounted for almost 28% of all non-domestic bed-nights in Finland in 2013. By 2016, this number had fallen to 13%³⁶.

In 2016, almost 400,000 trucks passed through Finland's border stations into Russia and the Finnish Ministry of Transport anticipate that the volume of commercial road freight traffic between Finland and Russia will continue to increase in both the short- and longer-term³⁷.

3. ENPI-funded border infrastructure projects

3.1 Imatra-Svetogorsk and the Cross-Border Projects

The Imatra-Svetogorsk BCP existed for local traffic since 1972³⁸, and was opened to international traffic in 2002. Since 2002, Imatra-Svetogorsk has been the only border crossing point between the European Union and Russia which comprises both a road and rail crossing. The development of the Imatra-Svetogorsk crossing has been supported by the EU since the time of the Tacis CBC Small Project Facility (1996-2003), which funded some early design works for the Storozhevaya bridge. In essence, the development of the Imatra-Svetogorsk BCP has been part of a longer-term priority to develop enhanced transportation connections and logistics between EU (Finland) and Russia.

In 2006, in response to the steep increase in the volume of cross-border traffic, the border crossing point remained open on a 24-hour basis. In the period since then, the volume of traffic has fluctuated contemporaneously with the global financial crisis, the collapse in commodity prices, the devaluation of the ruble and the EU and Russian sanctions arising out of the conflict in Ukraine. At present, Imatra-Svetogorsk remains the 3rd most important border crossing between Finland and Russia by volume of merchandise and by number of passengers³⁹.

Our case study examines 4 projects funded by the South East Finland-Russia ENPI CBC Programme for 2007-2013. These are:

1. Development of the Imatra-Svetogorsk International Automobile Cross-Border Point and its Approaching Roads

³⁶ <http://www.visitfinland.com/travel-trade/graph/vuositason-kehitystrendi/>

³⁷ <http://www.russiasupplychain.com/finnish-investment-maybe-a-game-changer/>

³⁸ Local border traffic is defined as the crossing of the border by residents of the border area. In many cases local border traffic is subject to bilateral regulation aimed at the simplification of border crossing for these residents

³⁹ http://www.raja.fi/facts/the_border_guard_in_figures



2. Imatra Border Crossing Development
3. Reconstruction of the automobile BCP Svetogorsk
4. Imatra-Svetogorsk Rail Border Crossing (RBC) Development

Before describing each of these projects in greater detail, it may be worth noting the context within which they were prioritised in 2007.

In 2006-2007, when the SEFR Programme was being designed, the economic environment in the region was rather different. The Programme was prepared before the financial crash of 2008, before the collapse of world commodity prices, and before Russian engagement in Ukraine. At the time the Programme was being prepared, the focus was on facilitating the rapidly expanding trade relations between Finland and Russia – trade had been growing by 10% per annum in the period leading up to the preparation of the SEFR Programme:

“The position of the Programme area as a trade venue between Russia and Europe could lead to increased number of investments, more advanced processing of various products locally and improved services. Investments in ports, terminals, oil pipelines and mobile telecommunications networks provide proof of this trend”⁴⁰.

At the same time, the expectation was that cross-border investment in the SME sector would continue to accelerate:

“A realistic opportunity for Finnish SMEs would be to settle in St. Petersburg or Leningrad region”⁴¹.

Certainly, there were no obvious reasons to think otherwise at the time: financial institutions were still busy lending to businesses; economic growth was extremely healthy (over 5% in Finland and over 8% in Russia) and there were already signs of Finnish and Russian SMEs collaborating more closely in a range of economic sectors. Russia was the largest source of foreign tourists in Finland, accounting for 13% of the entire market.

This strong economic performance focused programmers’ attention on the economic capacity constraints of the time. Amongst the most important of these capacity constraints were weaknesses in the regional infrastructure and, in particular, transport networks and border crossing infrastructure. The increasing volumes of travel and trade had led to long queues at border crossing points and led programmers to conclude that “the existing infrastructure on both sides of the border is used at maximum capacity” (p.12 of the Programme). It was particularly noted that the capacity of the road from Svetogorsk to Vyborg does “not correspond to the requirements set for international transport corridors”.

In this context, the SEFR Programme identified “efficient and secure borders” as one of its primary priorities. The objective of this priority was intended to facilitate the:

“smooth flow of goods, legitimate trade, transit, and bona fide cross border traffic of persons, to improve traffic arrangements at border crossing points and their vicinity, border management arrangements and procedures, and to increase transparency and efficiency of trade, travel and border passage”.

The Programme originally foresaw that these objectives could be achieved through “small scale infrastructure projects” the purchase of specialised border management equipment and the training and networking of the staff of border authorities. However, a 2010 amendment to the

⁴⁰ South East Finland-Russia ENPI CBC Programme 2007-2013, p. 10

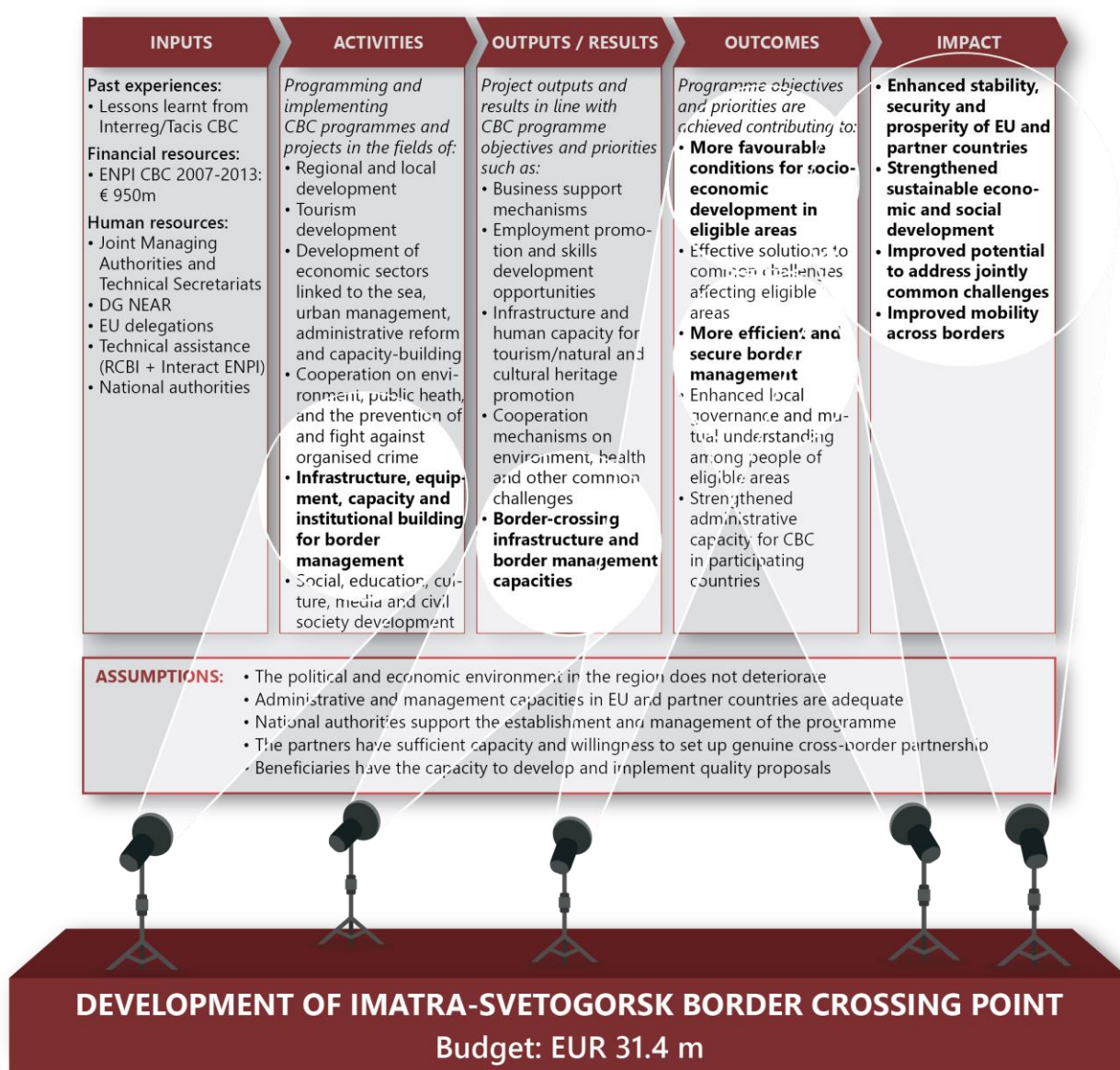
⁴¹ Op cit., p. 10



Programme set aside up to 50% of total Programme funds for Large Scale Projects, which allowed a number of larger border-crossing projects to be implemented in the course of the Programme.

The Large Scale Border Crossing Projects, which are the subject of this case study, were fully in line with the intervention logic of the CBC Programme as a whole (Figure 6). The diagram shows the intervention logic of ENPI CBC Programmes as a whole and shines a light on how the Finnish-Russian cross-border projects fit within it. Our project sample was primarily focused on achieving the overall CBC aims of enhanced stability, security and prosperity of the border regions. Better facilities at the border crossing, and better connectivity to the Imatra-Svetogorsk crossing point, aimed to facilitate increasing trade and tourist flows for the economic benefit of the region while, at the same time, protecting the citizens of partner countries from the illegitimate movement of people and goods.

Figure 6: The place of Imatra-Svetogorsk in the intervention logic of ENPI CBC Programmes as a whole



Our project sample included a cluster projects implemented under the broad headings of security (border management) and economic development (transport). The total value of the projects in our sample is EUR 31.4 million. This represents more than a third of the entire allocated funding



of the SEFR Programme in the period. The following paragraphs introduce the background and objectives for each of the specific projects in our sample.

3.2 Development of the Imatra-Svetogorsk International Automobile Border Crossing Point (BCP) and its Approach Roads

This project aimed to facilitate and improve cross-border traffic between Russia and Finland through the construction of a new bridge over the River Storozhevaya and the improvement of a short section of the Vyborg – Svetogorsk road which crosses the bridge to the Imatra–Svetogorsk border crossing point. This road is one of three main roads connecting South Karelia in Finland and the Leningrad Region in Russia. At the time of CBC programming, the bridge across the river Storozhevaya was one of the most problematic sections of the road between Vyborg and Svetogorsk and did not meet appropriate standards for road safety and traffic load⁴². The bridge, which was built in 1973, was assessed as having “irreversible deformations and defects” especially for the passage of heavy trucks, thus requiring it to be reconstructed⁴³. In particular, the unacceptably tight curves in the road leading to and from the bridge, made the passage of traffic hazardous. Given that there were almost 100,000 heavy trucks and lorries passing over the bridge in 2010, the need for the development of the area seemed rather obvious.

As a result of these infrastructural deficits, border crossings at Imatra-Svetogorsk imposed heavy costs on passenger and freight traffic. In 2009, average waiting times in BCP Svetogorsk for all types of transport was 1 h 10 mins, in 2010 this increased to 2 h 30 mins and in 2011, this declined again to 1 h 40 mins. During peak times (holidays, weekends) the waiting time for automobile transport could be 4 hours and for cargo trucks it regularly exceeded 18 hours. An average of 2,500 vehicles per day crossed the border at Imatra-Svetogorsk in 2011.

The need to reconstruct the bridge across the Storozhevaya River was identified in the last 1990s and a project for its improvement was designed in 2003. The design included the straightening of the adjoining road and the construction of a completely new bridge located 150 m from the old bridge in the direction of Lake Dozornoe. Construction began in 2006, but the design had to be revised during the course of the project due to the extremely difficult hydrogeological conditions of the area and the use of unsuitable construction technologies. In 2007-2008, a feasibility study on the bridge was carried out thanks to a project co-funded by the European Union and the Government of the Leningrad region. As a result of this study and additional geological surveys, a revision of the bridge reconstruction design was carried out in 2008. According to this new design, the project would begin by straightening a section of the road at the river Storozhevaya so that the bridge would be located at the beginning of the Svetogorsk bypass.

3.3 Imatra Border Crossing Development

Whereas the *“Development of the Imatra-Svetogorsk International Automobile Border Crossing Point (BCP) and its Approach Roads”* (discussed above) was primarily focused on improving the conditions and facilities of the BCP on the Russian side, this project aimed to improve border management conditions on the Finnish side.

According to the project planners, “the overall facilities of the Imatra border crossing point (on the Finnish side) were inadequate and formed a bottleneck in the traffic. The planned measures would allow for an increase of 3.5 million border crossings annually, bringing the total capacity to 5 million crossings per year⁴⁴. Project plans to expand the existing border station building, coupled with the construction of the new custom/border control buildings, were designed to increase the

⁴² The original bridge was 30m-long and had a clearance of 8m.

⁴³ See project Application Form.

⁴⁴ p. 5 of the project’s Final Report



customs and border control capacities at the site. In particular, new lane border check booths and facilities were expected to allow the authorities to perform first line border checks for "nothing to declare" private traffic so that passengers remain in a vehicle. This would provide a smoother and more efficient crossing for passengers than the previous operations model which required passengers to exit their vehicle and go to the facility for border checks on foot.

In addition, the project was designed to manage increased traffic volume in a way that would reduce congestion at the BCP. By reducing congestion, the associated pollution and traffic accidents were also expected to decline. Finally, nuisance and inconvenience to local traffic and inhabitants of the region was to be reduced by these investments.

This particular project is fully in line with Finnish national development strategies which aim to strengthen the Programme area's position as a transportation hub⁴⁵. The project is also consistent with the Finnish Border Guards' strategic goal to introduce biometric-based highly automated border control systems and to ensure safe and fluent traffic flows between Russia and Finland.

3.4 Reconstruction of the Automobile BCP Svetogorsk

The elimination of all bottlenecks on at the Imatra-Svetogorsk BCP required investment on both sides of the border. There was little advantage to be gained by increased fluency of traffic on the Finnish side if delays on the Russian side was unable to handle such increased flows. For this reason, it was decided to upgrade the border crossing infrastructure in Svetogorsk in parallel with the improvements in Imatra. These "mirror projects", each with the same objective, were designed to ensure similar capacities on both sides of the border to cope with increasing traffic numbers.

The project, which financed the upgrading of the technical facilities at the border and the construction of new traffic lanes, faced particular problems to obtain the necessary land use/building permits. This delayed the implementation of the project by more than 1 year but, ultimately, the project was successfully completed in December 2015.

3.5 Imatra-Svetogorsk Rail Border Crossing Development

According to project planners, the volume of freight traffic in Southeast Finland's rail network was notably higher than in other parts of the country and the existing rail infrastructure between Finland and Russia was unable to cope with the increasing volumes of passengers and railway cargo that was moving between EU, Finland, Russia and Asia.

This project set out to investigate the possibility of opening two-way railway cargo traffic via Imatra-Svetogorsk BCP. The aim of the ENPI CBC project "Imatra-Svetogorsk RBC Development" is to accelerate the development of the railway border-crossing point between Imatra and Svetogorsk from its current limited status to an international railway border-crossing point.

At the time of project design, the Imatra-Svetogorsk rail line facilitated cargo shipment from Russia to Finland only, and even that was restricted to certain types of goods. There were no obstacles on the Finnish side to opening the border-crossing point for international traffic. However, the Russian side required the necessary cargo inspection and traffic control equipment as well as other upgrades of the line.

The Transport Agency of Finland (Liikennevirasto) and Rosgraniitsa collaboratively designed the project, which was later supported by the CBC ENPI South Finland - Russia program. These two

⁴⁵ The first mention of the development of the region as a transport hub can be found in the long term Action Programme of the Finnish Ministry of Transport and Communications, entitled "Strengthening Finland's logistics position" published in 2005.



key stakeholders set a target to transport 100 thousand tons of cargo through the improved railway and border crossing.

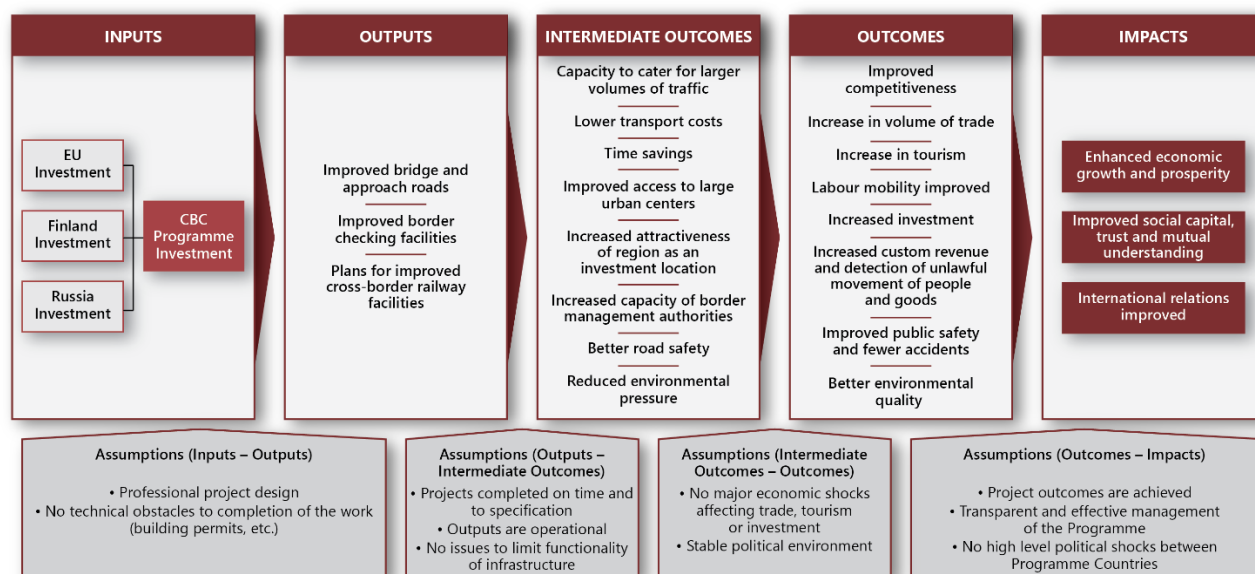
4. Contribution of the projects to social and economic progress in the programme

For the purposes of our analysis, we consider that all of our selected projects have the same overall purpose – to improve the capacity of the border authorities to manage an increasing flow of people and goods between Finland and Russia. Additional aims of the selected projects were to improve traffic safety and to reduce the level of air pollution associated with these increased traffic flows.

Our analysis is presented in two parts: (i) a summary of the Theory of Change according to which these projects were expected to achieve these aims; (ii) a presentation of the actual changes that occurred, both expected and unexpected, over the course of the programme period.

A formal Theory of Change (ToC) was not developed for any of these projects, although many of the elements of a ToC were contained in the project applications. Our presentation of the projects' Theory of Change (below) is reconstructed on the basis of the SEFR Programme itself, project applications and interviews carried out during the field phase. Our reconstructed ToC represents the expectations of the project planners and managers before implementation began. An overview of this Theory of Change for the selected projects is presented in Figure 1.

Figure 7: A reconstructed Theory of Change for the Imatra-Svetogorsk BCP Project



4.1 Pathways from inputs to outputs

4.1.1 Theory of Change

According to the project planners, investments in border management infrastructure and equipment (including access roads and bridges, railways, border control equipment and systems) would result in better access roads and an upgraded border crossing point for both passenger and freight traffic. In order for these results to unfold, the Theory assumes that the projects would be planned, administered and executed effectively. In particular, it was assumed that construction

and design works would meet modern standards and that there would be no technical obstacles to the completion of the works (such as building permits, financing delays, public objections, etc.).

4.1.2 Evaluation Findings

Overall, there was a high correspondence between the outputs that were foreseen in project plans and those that were actually achieved. We identified no systemic obstacles to the conversion of programme investments (inputs) into project outputs. It is also worth noting that some project investments have led to important additional outputs that had not necessarily been planned. For example, the road leading to and from the Storozhevaya bridge, which has previously been categorised as a lower-status regional road has now been taken in charge by the Russian federal authorities who plan to begin upgrade work next year. Similarly, the Finnish authorities have planned new rail improvements on the basis of the work done by ENPI CBC on the Imatra-Svetogorsk Rail Border Crossing Project. While these decisions cannot be definitively linked to the SEFR CBC Programme, it is not credible that there was no connection between the two.

We observed a number of interesting features of the project design phase that undoubtedly contributed to this strong overall performance:

- Mirror project design:** An interesting feature of BCP project planning in the SEFR region was the adoption of what might be called a “mirror project” approach to programme implementation. Broadly speaking, the Finnish and Russian partners defined their border-crossing priorities independently of each other. These respective priorities were then shared with the other side and a set of common interests agreed. These common priorities became the projects that were eventually funded and implemented with a strong level of participation from both sides. This consensual approach allows the development of projects that have a high level of relevance on both sides of the border but, at the same time, recognises that infrastructure projects have specific national features (like engineering standards, procurement systems, legal requirements, etc.) that can be best managed by the home country. It is primarily for this reason that differences in legal and technical standards on both sides of the border did not cause any serious obstacle to project implementation. In general terms, the development and design of these so-called “mirror projects” on both sides of the border seem to represent a good way to plan and manage large scale projects.
- Russian co-financing:** There is little doubt that the contribution of Russian funds to the SEFR programme had, overall, a positive impact on the successful achievement of our selected infrastructure projects. Firstly, and rather obviously, the total amount of money available for these infrastructural developments was increased significantly by the Russian contribution. Secondly, and perhaps more importantly, the Russian co-financing contribution imposed an enhanced fiscal and legal responsibility on the Russian partners to make the Programme work. Each of the Russian state agencies involved in the selected projects demonstrated a keen sense of responsibility for the effective use of programme funding. While the co-funding arrangement added some complexity to the overall management of the Programme (e.g. in relation to the application of procurement processes, etc.), it did make the respective planning and design of individual projects more robust overall.
- The value of long-term institutional relationships:** During our field visit, several interviewees confirmed the strong institutional relationships that exist between the Finnish and Russian sides. These institutional relationships have been built over many years (both through bilateral contacts and with the support of Tacis and other instruments) and are based on the notion of equality of esteem on both sides. In some cases, the strong ties that exist between Russian and Finnish institutions are further reinforced by strong personal relations between key individuals on both sides of the border. It would appear that this relationship-building has been facilitated, at least to some extent, by the location of the JMA within the



border region. These strong individual and institutional relationships have a significant value in the planning and design of project activities. There appears to have been a quite high level of transparency in communications between the respective partners, which allowed both sides to understand the key risks associated with the various projects from an early stage. Perhaps more importantly, there appeared to be a high level of trust in the abilities of both sides to make design and implementation decisions that were optimal in the context of the legal, financial and institutional environments within which the projects were to be implemented. All of this appeared to make project planning more robust and reliable.

- **The role of technical assistance:** Although there appears to be no evidence to suggest that the technical assistance projects played a major role in the planning, design or implementation of these specific projects, most partners observed an improvement in the quality of project proposals over the course of the Programme. This improvement was at least partly attributed to the training and other events organised by the technical assistance projects. While the SEFR programme seemed to perform well in relation to the achievement of programme outputs, there were a small number of examples of project activities that were not completed as planned. For example, works at the Storozhevaya Bridge took longer to complete than was expected due to the late delivery of some materials and the need to resolve a number of defects in the engineering works themselves. Generally, deviations from original plans arose because of project-specific circumstances rather than as a result of any systemic deficiencies in programme context or management. Nevertheless, a number of issues were noted by project partners that had some impact on the ability of projects to achieve expected outputs within the time scales envisaged. These include:
- **Time for planning and approvals:** For Russian partners, the approval and support of the federal authorities, especially for large scale projects, is a particularly important ingredient in ensuring the project's eventual success. For example, the Roads Authority of Leningrad oblast needs to discuss and agree its proposals first with the Federal Ministry of Transport. The process of obtaining the support of higher level authorities takes a significant amount of time. To compound the delays in the process of project development on the Russian side, the process of project evaluation and approval by the Commission is also quite slow in the view of partners. In particular, Commission endorsement of decisions of the Programme Joint Monitoring Committee is considered to be "lengthy" and, in the view of partners, adds little value to the selection process itself. Overall, the lengthy project development, evaluation and endorsement process reduces time flexibility during later phases of projects when unforeseen practical considerations may delay progress in project implementation (such as in the case of the Storozhevaya bridge project).
- **Variations in the administrative demands of different Managing Authorities:** Some Russian and Finnish organisations were eligible to participate in several ENPI CBC Programmes. There was some frustration amongst these organisations that reporting or application templates that were used by different JMAs were often quite dissimilar. Equally, it was observed that the interpretation of various rules or judgement criteria was often inconsistent across the Programmes. Any unnecessary inconsistencies in the administration of the various Programmes obviously add an additional management cost for participants in those Programmes. This issue has been at least partly addressed in ENI programmes between Russia and Finland with the introduction of a shared electronic system (PROMAS) to facilitate funding applications and reporting.
- **Turnover of Commission staff:** Given the specific challenges of managing cross-border cooperation with non-EU states, Commission services play an important role in helping to overcome specific issues as they arise. However, the relatively high turnover of Commission staff responsible for the Programme over its lifetime damaged the continuity and consistency of Commission decision-making and may have reduced the overall efficiency of the



Programme. The problem of staff turnover is, of course, a broader issue within the Commission and is not a problem that is specific to DG NEAR.

- **Euro payments to Russian state authorities:** A specific management problem that was encountered during the implementation of the Storozhevaya bridge project was the inability of the Russian state counterpart to accept Programme payments in Euro. The problem was eventually solved through the use of a “financial agent” who managed the transfer of funds to the Russian partner in the required currency. Although this problem did not have any significant impact on the achievement of the expected outputs of the project, it occupied a considerable amount of management time and deflected attention from some of the more complex technical elements of project implementation.

4.2 Pathways from outputs to intermediate outcomes

4.2.1 Theory of Change

The upgraded border infrastructure was expected to produce a whole series of what we call “intermediate outcomes” including:

- An increase in the capacity of the border and its approach roads to cater for larger volumes of traffic (especially heavy good vehicles);
- Lower transportation costs for businesses and private citizens engaged in movement across borders;
- Time savings for passenger and freight vehicles crossing the Finnish-Russian border;
- Increased accessibility of the large urban centres in the Programme region (including St. Petersburg, Lappeenranta, Vyborg, etc.);
- Improvement in the attractiveness of the Programme region as a location for mobile investment
- Increased capacity of customs officers to detect breaches of customs law and to collect taxes on travel and trade;
- Increased dialogue between the EU/Finnish and Russian authorities, leading to harmonisation of customs and border control policies, the modernisation of border procedures and increased transparency and stability of border management practices;
- Decrease in safety risks due to upgrade of the quality of approach roads and bridges;
- Reduction in environmental pressure due to well-functioning border-crossing (through the elimination of congestion and waiting periods)

The key assumptions to be fulfilled in order for the outputs (the infrastructure projects) to be converted to intermediate outcomes (the increased traffic capacity, lower transport costs, etc.) is that the projects be physically completed on time, that they are fully operational and that no issues arose that would limit the functionality of the infrastructure.

4.2.2 Evaluation Findings

Overall, we have found that project outputs have, indeed, produced the intermediate outcomes that were envisaged in the Theory of Change. In general terms, the upgrade of the border control infrastructure has increased the capacity of the BCP to handle larger volumes of passenger and freight traffic more efficiently and safely. It has also increased the capabilities of the border management institutions to deal with such larger volumes. The key intermediate outcomes include:

- **The Imatra and Svetogorsk crossing points:** The infrastructure at the Imatra and Svetogorsk border crossing has been upgraded to cope effectively with 5 million border crossings a year. This increased capacity has come about as a result of the construction of



additional border crossing lanes, better parking facilities, automatic traffic control equipment and a new licence plate recognition system for customs and border control. All documentary and on-site evidence suggests that the engineering works were designed and implemented effectively and the infrastructure has been upgraded in the way that was expected. However, it would appear that the physical capacity of the Imatra border crossing may be constrained by shortages in the number of border officers actually available to work at Imatra. While current traffic levels may not justify the recruitment of additional staff right now, it is worth noting that any significant growth in traffic will almost certainly require increases in staffing levels at the border.

- One interesting development since the completion of the 4 projects has been the increasing proportion of total heavy goods traffic that is currently being handled by the Imatra-Svetogorsk BCP. In 2010, before the projects began, Imatra-Svetogorsk handled only 15% of the total heavy goods traffic between Finland and Russia. By 2016, this number had reached more than 21%. Imatra's share of all light vehicles crossing the border also increased from 25% to 28% during the period 2010-2016. It is fair to conclude therefore that the Imatra-Svetogorsk route became significantly more attractive to all vehicles (but especially heavy goods vehicles) as a result of the improved bridge over the Storozhevaya river as well as the improved facilities and time savings for trucks and lorries at the border crossing itself.
- **The approach roads from the Russian side:** Despite some delays in the finalisation of the project, it would appear that the Storozhevaya bridge and connecting roads have been completed according to the specifications defined in the project documentation. A visual inspection of the bridge confirms the significant improvements in its carrying capacity and enhancements of short stretches of the road leading to and from the bridge. On the other hand, with the exception of the reconstructed bridge and short sections of road on either side of the bridge, the general quality of the approach roads to the Svetogorsk crossing remain poor, making the use of the Svetogorsk-Imatra border crossing less attractive especially for heavy goods vehicles.
- **Transportation costs:** The infrastructural improvements on both sides of the border have led to a reduction of transportation costs for passengers and freight crossing the border. These cost savings derive from 3 main changes that have occurred as a result of the BCP improvements:
 - *Time savings:* There is a high economic value attached to time saved (or lost) at border crossing points. The peak traffic waiting time at the BCP has reduced from an estimated 120 minutes in 2013 to 30 minutes since the completion of the project⁴⁶. If we allow a modest EUR 10 for each hour saved at the crossing⁴⁷, and assume that each person is saving an average of 30 minutes during the crossing, the annual value of savings in 2016 alone would be worth about EUR 7 million. This is likely to be at the very lowest end of possible savings estimates. Although the reduced waiting time cannot be attributed entirely to the new infrastructure⁴⁸, there is no doubt that the new facility can handle increased volumes of traffic much more efficiently now. The reduced waiting time will obviously reduce labour and fuel costs and will allow more reliable logistics planning for cross-border enterprises.
 - *Safety:* Any traffic accident obviously has an economic cost – both for those who have been in the accident and for the state who have to provide emergency services, etc. Figures provided by South East Finland ELY Centre show that traffic accidents on the Finnish side of the BCP have decreased from 5 in 2007 (of which 3 involved injuries to people) to 0 in 2014 and 2015 and only 2 in 2016 (of which there were no injuries). While

⁴⁶ Testimony of the Finnish border guard

⁴⁷ Both labour and vehicle savings should be taken into account here

⁴⁸ A reduction in the volume of traffic has also contributed to shorter waiting times



the reduction in the volume of traffic is undoubtedly an important contributory factor in this change, the improve fluency of traffic flows arising from the work at the BCP is also thought to be important.

- **Customs:** A key aim of the Imatra project was to improve customs checking facilities at the border. These facilities have included a licence plate recognition system, a weighing machine for motor vehicles and a container gas analyser. These new facilities have made the customs control more efficient as evidenced by the reduced waiting times at customs control and also by the improving detection of illegal trade. All of the main indicators of border management have shown a significant improvement in the period 2012-2016. For example, the rate of detecting wanted persons has increased by 50% over the period. The rate of breath testing, a clear indicator of the use of the new equipment, has increased by 156% in the period. The rate of identifying various infractions (such as visa or passport problems) for which fines would be due increased by 21%.
- **Border security:** Overall, it would appear that border security has been enhanced as a result of the projects at Imatra-Svetogorsk. In the first place, the improved border control facilities provided by the project (including camera observations systems, customs enhancements, etc.) make the detection of illegal movements of goods or people more likely. Perhaps even more importantly, it would appear that the CBC projects have supported an increasing level of practical collaboration between border management agencies on both sides of the border. While such collaboration has always existed, the joint management of the CBC funded programme may have contributed to greater information sharing at formal and informal levels at the Imatra-Svetogorsk border.
- **Environment:** Reduced congestion and waiting times at the BCP was expected to reduce air and noise pollution for local residents. While no measurements of noise or air quality have been taken, it seems reasonable to conclude that local environmental indicators should improve over the long term.

4.3 Pathways from Intermediate Outcomes to Broader Outcomes

4.3.1 Theory of Change

The increased capacity and effectiveness of the BCP, and the economies associated with it, are expected to support the achievement of a set of broader outcomes for the Programme region. Broader outcomes specifically mentioned in the Programme documentation include:

- Improved competitiveness of the regional economy on both sides of the border
- Increase in the volume of trade between Finland and Russia
- Increase in tourist numbers and tourism-related expenditure on both sides of the border
- Better labour mobility throughout the region
- Increases in productive investment in the Programme region
- Increase in export/import tax revenues collected
- Increase in the detection of the unlawful movement of goods or people across the borders and a consequent reduction in illegal trade, corruption, cross-border crime, illegal immigration, trafficking, etc.;
- Improvement in public safety risks due to increased security measures at the crossing (such as the introduction/upgrade of animal and foodstuff inspection facilities to safeguard against the introduction of disease and contaminated produce into Finland and Russia);
- Better environmental quality in the Programme region;
- Fewer injuries and lives lost as a result of road traffic accidents;



In order for these broad outcomes to be achieved, it would have to be assumed that the general political and economic trends that existed during the planning period continued to apply. In particular, it would be assumed that there would be no major economic shocks that would affect the volume of trade, tourism or investment in the region and that the political environment remained conducive to enhanced cooperation on cross-border management issues.

4.3.2 Evaluation Findings

According to neoclassical economic growth theory, improved infrastructural facilities increase the capacity of the economy to produce and distribute goods and services and ultimately lead to better socio-economic performance. In the case of our selected projects, improved border crossing infrastructure would be expected to support tourism and trade in particular and, in so doing, increase the attractiveness of the surrounding region as a location for mobile investment. Better border management infrastructure would also be expected to increase the flexibility of labour markets while, at the same time, protecting local citizens and businesses from illegal trafficking of people or goods.

Overall, the evidence to date suggests that most of the expected broader outcomes are yet to be achieved. We describe our understanding of what has happened under the following headings:

- **Tourism:** All of the projects in our sample were being completed during a time of severe economic turbulence, especially in Russia. Political upheavals in Ukraine led to a significant decline in confidence in the Russian economy and a sharp sell-off of Russian assets. To exacerbate these problems, the second half of 2014 saw a significant fall in the price of oil – from USD 100 to USD 60 in less than 6 months. All of this led to a halving of the value of the ruble against the EUR. This was followed by the imposition of sanctions against the Russian authorities which led to further declines in investment and business activity. All of this had an impact on the quantity of tourism and trade crossing the Finnish-Russian border. For example as early as October 2014 when the exchange rate was still 52 rubles to the euro, it was reported that the spending of Russian tourists to Lappeenranta had declined by 40% and the number of tourists by a similar proportion⁴⁹. In 2015, the average spending of Russian tourists to Finland had halved again as the ruble has weakened further to about 70 rubles/euro⁵⁰.

The devaluation of the rouble has, on the other hand, made the cost of Russian items significantly cheaper for Finnish visitors. Evidence collected during the field visit suggests that there has been an increase in the proportion of Finnish visitors crossing the border, many of whom take advantage of the lower costs of fuel, cigarettes and alcohol. In 2013, before the collapse of the ruble, 76% of people crossing the border held Russian passports, compared to 22% who were Finnish passport holders⁵¹. By 2016, the proportion of Russians had fallen to 63%, while the proportion of Finns has increased to 34%. Overall, however, the actual number of both Finns and Russians declined significantly in the period, reflecting the economic downturn on both sides of the border.

Our interviews in the town of Svetogorsk confirmed the importance of Finnish visitors to the town. Although economic statistics were unavailable, the mayor emphasised that there is a noticeable increase in the number of shops and services in his town. He claims that unemployment in the town is negligible and he attributes this mainly to the cross-border traffic from Finland.

Overall, however, it is clear that the total numbers of passengers crossing the border has fallen significantly since 2013. In 2013, there were approximately 2.5 million people crossing

⁴⁹ <http://www.reuters.com/video/2014/12/29/finlands-shopping-tourism-hit-as-russian?videoid=355647311&videoChannel=1>

⁵⁰ <https://thebarentsobserver.com/en/society/2015/11/russian-tourism-finland-plummets>

⁵¹ Data provided by the Finnish Border Guards at Imatra



the border at Imatra. This number had fallen to 1.4 million by 2016. There are some encouraging signs of stabilisation and/or improvement in the Russian tourist market but it is likely that this recovery will take some more time to become fully established.

- **Trade:** Trade flows between Finland and Russia were disrupted in the much the same way that tourism was. The value of Finnish products to Russia fell by 13% in 2014 and by a further 34% in 2015⁵². Exports of food, transport equipment and industrial machines were particularly affected both by the sanctions and by falling Russian purchasing power. The value of imports from Russia to Finland also declined, primarily as a result of the lower price of oil but also as a result of the sanctions. Again, there are signs that trade with Russia is beginning to pick up again⁵³ but it is not yet certain if these positive growth trends will remain strong in the medium term.
- **Competitiveness and investment:** Regional competitiveness is a function of a whole series of inter-related factors that affect productivity in that particular location. Factors that affect competitiveness range from the skills and flexibility of the workforce, the local culture of entrepreneurship, the regulatory environment for business, quality of life, business support systems, etc. The availability of good quality infrastructure, and especially infrastructure that reduces the costs of accessing markets, is also a key factor in improving the competitive position of regions.

According to the EU's Regional Competitive Index⁵⁴, there has been a decline in the relative competitive position of Etela-Suomi, the NUTS II region that includes Lappeenranta and covers a large part of the Finnish Programme Area. However, although the overall competitive position of the region has deteriorated, it is interesting to note that the region's ranking in the infrastructure metric has improved. This cannot, of course, be attributed solely to the CBC programme but it seems obvious that improved physical access to the Russian and Finnish markets will affect competitiveness in a positive way.

Investment in the region has not increased over the period. The various economic crises that have occurred over the period of the programme have ensured that there is less capital to invest and that investments have, by and large, been channelled to the safest asset classes. However, it is interesting to note that, for example, WIRMA (a business support agency in Lappeenranta), has highlighted several location-related advantages of the city as an investment location. These include: (i) A market of 8 million people within a 2 hour radius; (ii) Location on the EU's border with Russia (and easy accessibility to that market); (iii) A city that accounts for one-third of all Russian retail spending in Finland⁵⁵. All of these seem to represent convincing advantages to certain types of mobile investor and, as such, it is reasonable to expect that business investment in the region will improve when relations with Russia normalise.

- **Customs and Border Management:** Most of the key indicators of the work of the authorities at the border have improved in the period 2012-2016. Detection rates can be calculated by dividing the number of detections by the total number of passengers crossing the border. **Table 2** shows a significant improvement in these detection rates across a range of indicators. Of course, these improved indicators cannot be attributed exclusively to the project – the authorities' tactics and resourcing also have an important role to play here. Nevertheless, the overall improvement of the performance of the border authorities certainly cannot be explained without reference to the new facilities.

⁵² <http://www.helsinkitimes.fi/business/13784-finnish-exports-to-russia-continue-to-plummet.html>

⁵³ https://www.bofit.fi/en/monitoring/weekly/2017/vw201736_3/

⁵⁴ Annoni P, Dijkstra L, Gargano N. (2017) *The EU Regional Competitiveness Index 2016*, European Commission

⁵⁵ <http://www.wirma.fi/en/services/relocating-companies/why-lappeenranta>



Interestingly, the rate of entry refusals declined significantly in the same period. One might hypothesise that the better detection of various infractions at the border (such as drink driving for example) has led to better passenger behaviour and fewer reasons for refusing entry.

Table 2: Changes in Border Detection Rates at Imatra⁵⁶ 2012-2016

	Percentage Change in Detection Rates 2012-2016
Fines issued for border infractions	+21%
Traffic fines	+4%
Detected counterfeits	-53%
Detected wanted persons	+50%
Coercive measures (such as arrests, body searches, confiscations, etc.)	+39%
Use of force	+136%
Drug tests	+38%
Breath tests	+156%
Entry refusals	-63%
Issued prohibitions of entry	-82%

Source: Data provided by the Finnish Border Authorities

These indicators have all improved despite the improved traffic flow fluency that is brought about by the new lane inspection system that was developed as part of the project.

- **Traffic safety and environment:** The improved road conditions created by the projects appear to have made a difference to road traffic safety data. Although the numbers are small, they do appear to be following a downward trajectory. For example in 2007, there were 5 accidents (including 3 with injuries) in the vicinity of the BCP on the Finnish side. In 2008, there were 5 accidents with no injuries. On the other hand, in the period between 2014 to date, there were only 2 accidents in the same area, none of which involved any injuries. There are no data from the Russian side but one would expect the data here to be even more convincing, given the importance of the road development at the Storozhevaya bridge. Notwithstanding the reduction in traffic volumes, the improved road conditions, together with increased road safety measures (like breath testing, drug testing, etc.) are likely to be key explanatory factors in the decline of road traffic accidents.

There are no measurements of environmental quality taken at the BCP. The reduced time that traffic is spending at the border would be expected to improve the situation (as, indeed, would the falling volumes of traffic). On the other hand, the fact that a larger proportion of heavy goods vehicles is using the Imatra-Svetogorsk BCP means that there is likely to be a relative deterioration in the environmental position of Imatra-Svetogorsk and a relative improvement in the environment around the other border crossing points. Overall, though, our conclusions about the environmental quality around the BCP can only be speculative.

- **Institutional Capacity Building:** Although not explicitly foreseen in the Theory of Change, the CBC Programme seems to have had a meaningful impact on the institutional capacity of the participating organisations. For example, the Finnish Transport Agency were particularly interested in the unusual engineering techniques that were employed by the Russian side in the preparations for the construction of the bridge. Similarly, the Russians wanted to learn more about Finnish road building techniques.

⁵⁶ These rates are calculated by dividing the number of detections by the number of passengers (which therefore allows for the change in the volume of traffic at the border).



Similar transfers of know-how seem to happen at the level of programme management. For example, the Russian Ministry of Economy has observed that projects funded by the CBC Programme are less expensive than those funded from the federal budget. This, they believe, arises as a result of the more transparent procurement procedures which, in addition to reducing corrupt practices, ensure that the most reliable implementing companies are selected. Given Russia's weak public finances at the moment, these practices seem to be of particular interest.

4.4 Pathways from overall outcomes to impacts

4.4.1 The Theory of Change

The increasing tourism, trade and investment that were to be facilitated by these projects were expected, ultimately, to produce a range of social, economic and political benefits for the region, the partner countries and the EU as a whole. These benefits were to include:

- Enhanced economic growth and prosperity in the Programme region and partner countries
- Increase in social capital, trust and mutual understanding amongst communities surrounding the border
- Improvement of international relations between EU and Russia through the joint management of projects and the continuance of practical collaboration between public institutions on both sides of the border

The impacts related to economic prosperity are, to a large extent, predicated on the assumption that the expected project outcomes (described above) are achieved. Impacts related to social and political relations pre-suppose that the projects were administered transparently and fairly and that there were no higher-level shocks to the political environment between the programme countries.

4.4.2 Evaluation findings

Overall, we have found that the social and political impacts of the Programme, at least at the time of writing, are more evident than the economic ones.

- **Economic growth and prosperity:** GDP per capita in both Finland and Russia was lower in 2014 than it was in 2010. As late as 2008, Russia was still Finland's largest trading partner in terms of both export and import value. Today, Russia is Finland's 5th most important export market and its 3rd most important source of imports (70% of imports relate to oil and natural gas)⁵⁷. Finland's merchandise exports to Russia decreased by 44% between 2012 and 2015 due to the weakened purchasing power of Russian enterprises and households. Tourism from Russia declined from a peak of 1.6 million bed nights in 2013 to only 700,000 in 2016 for the same reason⁵⁸. At the same time, Russian sanctions against imports of EU food products has had a substantial negative effect on the exports and profitability of Finnish dairy and meat industries as well as that of agriculture⁵⁹.

In the longer term, however, those negative trends are more likely to be reversed. Forecasts for 2017 suggest that the numbers of Russian tourists to South East Finland are increasing significantly while the increasing volume of freight crossings at the border indicates improving

⁵⁷ <https://www.bofbulletin.fi/en/2015/5/a-brief-history-of-finnish-foreign-trade/>

⁵⁸ <http://www.visitfinland.com/travel-trade/graph/vuositasoon-kehitystrendi/>

⁵⁹ Dolidze, T. (2015) EU Sanctions Policy Towards Russia: The Sanctioner-Sanctionee's Game of Thrones, CEPS Working Document No. 402



trade figures also⁶⁰. A continuation of these positive trends in the medium term will depend on world commodity prices, the severity of Russia's economic isolation and the extent to which Russia develops new supply chains in response to EU sanctions. Should those variables facilitate the renewed growth of travel and trade flows across the border, it is clear that the BCP is easily capable of handling such increased flows very efficiently (subject of course to adequate staffing levels, etc.).

In considering the Programme's impact on economic growth and prosperity, it is worth noting the importance of the CBC Programme in accelerating the infrastructural development of the region. Interviews held during our field visit revealed that, in the absence of the Programme, it is unlikely that the Imatra-Svetogorsk border crossing point would have been upgraded for several years. While this may, on the one hand, suggest that these projects were low on the overall list of national priorities, it also demonstrates the important role that the CBC Programme can play in accelerating economic development in border areas.

In addition, our field visit revealed that the CBC-funded projects have led (either directly or indirectly) to further investment by the national authorities in the infrastructure of the region. For example, the poor-quality road that is leading to and from the Storozhevaya bridge has been taken in charge by the Russian federal authorities and upgrade work is to start next year. Similarly, the Finnish authorities have planned new rail improvements on the basis of the work done by ENPI CBC on the Imatra-Svetogorsk Rail Border Crossing Project. All of this contributes to higher economic capacity within the region in the medium- to long-term.

- **Social capital, trust and mutual understanding between cross-border communities:** The Theory of Change suggested that the joint planning and management of successful cross-border projects would lead to an increase in cross-border social capital, trust and mutual understanding with the border region. The evidence that we collected during the field phase of this project suggests that the Programme has, indeed, supported a better sense of community, mutual understanding and trust between the people of the Programme region. Our interviews repeatedly highlighted the importance of "personal relations" between local officials, civil society groups, academics, students and businesses on both sides of the border.
 - The atmosphere of collaboration seems to work at a very practical level and there are many examples of such collaboration in our selected projects:
 - There have been regular working meetings over the entire period of project implementation between the Finnish and Russia border agencies.
 - There are frequent communications between the JMA and local and regional administrations involved in our selected projects in Russia.
 - There were public consultations held on both sides of the border to ensure the acceptability of the projects to local residents.
 - There was coordinated lobbying supported by both the Finnish and Russian sides to try to ensure the continuation of the CBC Programme despite the sanctions, etc.

Implementing agencies on both sides of the border appeared very keen to continue collaboration despite the fact that, in some cases, participation in the Programme involved a significant extra workload.

The build-up of trust has also had its positive impact on the management of the Programme. For example, at the beginning of the ENPI programme, Russian partners did not agree to make advance payments from Russian funds. However, transparency in the Programme's financial management has built trust between the partners and has allowed the Russian position to change over time. Advance payments are now, indeed, permissible.

⁶⁰ Data provided by the Finnish border guards



Overall, the Programme is probably one positive element of a broader self-reinforcing virtuous cycle – the high level of understanding and trust that has been built up over several decades increases the likelihood of finding mutually acceptable solutions to day-to-day Programme management problems. This improves the likelihood of overall Programme success which, in turn, further enhances social capital across the region.

- **International relations:** International relations between Finland and Russia are complex and multi-layered. Russia has always been a key trading partner for Finland, and continues to offer a multi-billion dollar market for Finnish exports like industrial machinery, wood and paper and chemicals products. But if physical proximity has created great opportunity for Finnish and Russian business, it has also produced a heightened sensitivity to Russia's geo-political outlook and its relations with neighbouring countries.

Finland's approach to Russian relations has been rather unique in the region. Instead of taking overtly military defensive measures as many of its neighbours have done, Finland has instead opted for a policy of maintaining cordial relations with Moscow. Finland notably refrained from joining NATO and has generally maintained a moderate approach in international discussions about Russia. At times, this moderate approach has been condemned as too accommodating, particularly in the context of the threats perceived by other EU border nations. Nevertheless, Finland's non-confrontational policy towards Russia is increasingly being recognised as a model for other neighbouring regions⁶¹.

The strength of the political relationship between Finland and Russia is also reflected in the regularity of meetings between the Finnish and Russian presidents. In 2013, for example, they met 4 times and have met at least twice a year since then. In 2016 President Putin specifically stated that "pragmatic, mutually beneficial relations between the countries have not suffered as a result of the political events of the last 3 years"⁶².

Apart from these high level political interactions, the CBC Programme is one of the very few areas in which practical working-level operations are continuing between Russia and the EU. These practical links can contribute to higher-level political and diplomatic efforts too. There was general agreement from key Russian and Finnish stakeholders that large-scale infrastructure projects (of the kind included in our sample) attract significant political attention in Helsinki, Moscow and Brussels. The successes of these projects can be used, if the basic political environment is amenable, as a platform for cooperation and dialogue in other areas.

An example of how practical cooperation between the SEFR partners affected higher level political relations was evident during the period when the EU were considering how to respond to Russia's engagement in Ukraine. At this time, there was a significant risk that all CBC Programmes with Russia would be suspended. Following discussions between senior officials in Helsinki and Moscow, it was the Finns, with the tacit support of the Russians, who took a leading role in making political representations in Brussels to prevent suspension of the Programme. The success of the Finnish lobbying undoubtedly added to the stock of goodwill and trust between the sides.

All Finnish interviewees recognised the long-term importance of constructive relations with Russia. Similarly, senior Russian officials at both federal and regional levels place a high value of the programme, not only for the usefulness of the investments but also for the diplomatic and political benefits it offers. Several Russian interviewees described the Programme as the last remaining thread of official cooperation with the EU, which made it all the more valuable.

⁶¹ <http://foreignpolicy.com/2016/03/07/how-finland-became-europes-bear-whisperer-russia-putin/>

⁶² "Завтра Путин передаст сигналы Берлину и Вашингтону", July 26, 2017, Ura.ru (Russian Information Agency)



Interestingly, the Russian federal authorities also confirmed that they are using their experiences in the ENPI and ENI CBC Programmes as a basis for discussions about a possible new CBC Programme between the Russian Federation and the Republic of Kazakhstan. The use of the EU CBC model in this way highlights the value that the Russian side places on ENPI and ENI CBC Programmes in general.

5. Conclusions and Recommendations

RELEVANCE

- **The strategic relevance of the ENPI CBC Programme for SEFR:** Based on the evidence collected from key management and implementing agencies responsible for selected projects in the SEFR Programme, it would appear that the ENPI CBC Programme provides a very effective instrument for the promotion of strategic cooperation between the partner countries. Collaboration on specific CBC projects appears to have become part of a virtuous cycle of cooperation in which collective project actions have built trust and understanding between the partners which has, in turn, further enhanced the likely effectiveness of future Programme interventions. Relations between Finnish and Russian state institutions in the transport and border management sectors appear to be very strong and there is a great willingness to continue cooperation. These practical forms of cooperation appear to be strongly supported at high political levels on both the Finnish and Russian sides.

There are, however, a number of caveats to the conclusion that the ENPI Programme is an important instrument of strategic cooperation. While relations between the Finnish and Russian authorities seem to be strongly supported by the Programme, the same impact is not so evident in relations between the EU and Russia. There are, of course, many complex geo-political reasons for this but it should be recognised that the Programme probably has the greatest strategic value at a more localised level, at least in the case of SEFR.

It could be argued that the imposition of sanctions (which limits trade, reduces investment and puts barriers in the way of cross-border collaboration) is entirely inconsistent with the Programme's funding of improved border crossing points between the two countries. However, to make such an argument would be to fail to recognise the complex, multi-layered nature of international relations. In fact, the CBC Programme provides a valuable forum for practical cooperation between the EU and Russia, which may eventually allow a broader political engagement. In our view, the shutting down of all types of cooperation with Russia would make any future political dialogue more difficult.

The value of the CBC instrument as an instrument for strategic cooperation is perhaps most vividly reflected in Russia's on-going discussions with the Republic of Kazakhstan to establish a new cross border cooperation programme between the two states. According to key stakeholders, the design of this new programme is likely to retain many of the key principles and practices of the EU's CBC Programme with Russia.



Recommendation 1:

- ✓ The achievements of the SEFR Programme (and indeed other CBC Programmes between the EU and Russia) should be retained or expanded, so as to help create a broader platform for discourse about strategic relations between the EU and the Russian Federation into the future. The CBC programme provides many practical demonstrations of the mutual benefits that can accrue from a cooperation between the EU and Russia that is based on parity of esteem. Wherever possible, the EU should make a special effort to extract the maximum political and diplomatic benefit from the success of such CBC Programme activities.

EFFECTIVENESS

- **The ENPI CBC Programme for SEFR as an instrument of socio-economic development:**
To date, there is rather little evidence to suggest that the selected projects have made much contribution to the socio-economic development of the Programme area. The building of the infrastructure itself contributed, of course, to local employment and generated multiplier effects in the local economy. These impacts are not insignificant. However, the larger expected benefits for trade, tourism and investment have not yet materialised. The reasons for this (the devaluation of the ruble, the financial crises, the sanctions, etc.) are all linked to unpredictable global events over which the Programme region had no control.

Nevertheless, in uncertain global economic conditions, the construction of infrastructural facilities may represent a good investment. By increasing the region's long-term capacity to facilitate cross-border economic activity, the conditions are being created to take advantage of any eventual improvements in the global economic environment. Data from 2017 already seem to indicate the beginning of a recovery in tourism and trade between Russia and Finland. Should such recovery continue, the investments in the BCP will have significant positive economic impacts for the region for at least two decades.

One of the most important socio-economic impacts of the CBC's work in the area of border management was that it seemed to serve as a catalyst for further investments from the budgets of the Programme countries themselves. Such multiplier effects of ENPI CBC investments can make significant contributions to the socio-economic development of the region in the long term.

Recommendation 2:

- ✓ In conditions of political or economic uncertainty, the building of long-term economic capacity through carefully-chosen infrastructure development is probably a prudent course to follow. In addition to its contribution to economic capacity building, the successful completion of large-scale projects is also advantageous in the current context because it encourages higher level political engagement in the work of the Programme. As such, the Programme's current prioritisation of "tangible", larger scale projects should be supported, at least in the short term. When economic and business conditions improve, softer projects, such as networking and business and community linkages may become more relevant and important to the socio-economic development of the region.



Recommendation 3:

- ✓ The SEFR CBC Programme has shown that it can leverage further investment by state bodies on both sides of the border. These additional investments can add significant value to the work done by the CBC Programme. In the future, specific efforts could be made by JMAs and/or implementing agencies to investigate whether additional investment might be leveraged for further important developments after project completion. Such developments should be recorded as an achievement of the Programme.

EFFICIENCY

- **Programme management:** Although the overall management of the SEFR Programme was complicated by the need to offer greater accommodation to Russian administrative law and practices, the general feeling was that the JMA and the Joint Monitoring Committee responded very well to the various unfamiliar management challenges that it faced.

However, a recurring theme was the difficulties faced by project partners, particularly state agencies on the Russian side, in preparing good quality proposals within the timeframes allowed by the Programme. For Russian state agencies, especially those at regional or local level, there can be a long process of consultation with higher level organisations so as to ensure that the project is supported by the central authorities. This process takes time and these time pressures can lead to poorly prepared proposals or deadlines being missed altogether. The need to submit proposals in the English language obviously adds to that complexity. Whilst the introduction of continuous calls for standard projects in the ENI CBC 2014-2020 Programme has improved matters in this regard, the time pressures for the preparation of infrastructure projects remain significant for the Russian side.

A further issue, at least in the SEFR programme, was the time taken by the Commission to endorse projects that had been approved by the Programme Joint Monitoring Committee. While project selection processes in programmes with Russian participation are undoubtedly more politically sensitive for the European Commission, the slow approval times nevertheless have a negative impact on progress in Programme implementation on the ground.

A further management issue was identified by project beneficiaries who may be eligible to participate in more than one programme. These project beneficiaries have found that project applications, conditionalities and reporting templates can vary significantly from one programme to the next. While there may be good reasons for some variation in programme management tools, it can lead to frustration and uncertainty amongst programme beneficiaries. For the ENI period, a joint electronic system (PROMAS) has been developed and adopted by all 3 Programmes which is designed to mitigate these problems.

The performance framework of the SEFR Programme is designed in a way that encourages the avoidance or risk in project selection and management. This approach naturally favours activities that offer predictable and reasonable returns on the investment (which, as indicated earlier, is a prudent approach in the current economic environment). On the other hand, senior management figures on both sides of the border highlighted the importance of allowing for some calculated risks so as to take advantage of development opportunities that might have a large regional impact but which, because of the existing Programme performance frameworks, might not meet the risk-averse criteria according to which projects are selected.



Recommendation 4:

- ✓ It would be particularly helpful for the Russian partners to allow a longer lead-in period for particular calls for proposals, especially for the larger infrastructure projects. Longer lead-in periods would allow time for the preparation of good quality proposals that are supported by higher level authorities in the Russian Federation. Some longer-term forecasting of calls would be especially helpful in this regard.

Recommendation 5:

- ✓ The European Commission should carefully review its own role at different stages of the Programme management cycle to consider where it can have the most strategic impact on Programme success.

Recommendation 6:

- ✓ Notwithstanding the different development priorities across borders, there are good reasons to improve the harmonisation of application, reporting and management documentation between Programmes. This is especially important for those organisations that are eligible to apply for funding in more than one Programme. The new electronic PROMAS system which is shared by all three programmes working on the Finnish-Russian border has been designed to address this issue. The efficacy of this system should be reviewed, and lessons applied to all CBC Programmes. The applicability of the PROMAS system, or some variation of this system, in other CBC Programmes should take particular account of the institutional capacities of respective programme management authorities to implement such a system.

Recommendation 7:

- ✓ As economic conditions begin to improve, there may be some value in allocating a small proportion of Programme funds to riskier projects that have the potential to create large regional impacts. Until then, it is recommended to continue funding less risky projects that build the long-term economic capacity of the region.

- **Project management:** Overall, the implementation of the selected projects appears to have been managed quite efficiently. A number of technical issues arose during the building of the Storozhevaya bridge which caused delays, but such problems could arise on any building project and could not easily have been avoided by alternative project management approaches.

There were also difficulties for the JMA to transfer funds to Russian state authorities (who did not have an account that could accept euro funds) but these issues were eventually resolved. Here, it is worth noting that other Programmes also experienced similar problems but the fact that entirely different solutions were found suggests some lack of communication between programmes in the resolution of the problem.



Recommendation 8:

- ✓ As the various Programmes proceed, all kinds of practical management issues arise in individual Programmes. Resolutions to some of these issues will have been already found in other Programme areas. As such, it may be worthwhile to develop a secure intranet site or forum, which would allow staff from JMAs or other management bodies to seek the on-line advice of the staff of other Programmes about the resolution of particular management problems.

- **Theory of Change, monitoring and evaluation:** No formal Theory of Change was developed at Programme or project levels. This is a significant shortcoming for theory-based evaluators. Nevertheless, it was possible to reconstruct a Theory of Change based on Programme documents, reports, project applications, etc.

The ROM reports did not prove to be an especially helpful instrument in following the strategic progress of the Programme or the particular management issues that the Programme was facing.

In broad terms, our reconstructed Theory of Change proved to be most robust in predicting the causal pathways between inputs and outputs and between outputs and intermediate outcomes. Pathways to overall outcomes and impacts were, on the other hand, affected by global political and economic disturbances.

Recommendation 9:

- ✓ For future rounds of CBC Programming, the evaluation function should be contracted at the same time that the Programme itself is launched. This would allow for proper theory building and the establishment of robust baselines at the beginning of the Programme. The evaluation contract should also be used as an instrument to investigate specific aspects of Programme management or implementation as the Programme proceeds (e.g. the management of large-scale projects, the role of the CBC Programme in environmental cooperation, etc.). Such investigations would, in our view, be more helpful to Programme management than the typical ROM reports that were produced in previous iterations of the Programme.

IMPACT

- **Factors affecting the impact of the projects:** In the short period since they were completed, we have seen only marginal evidence of the impacts that were foreseen by the Programme. Over a longer time horizon, as general economic conditions improve and the volume of tourism and trade increases, we strongly expect that these projects will make a meaningful contribution to the economic development of the region. The factors which appear to have the greatest positive and negative influences on the overall impact of the selected projects include:

Factors positively affecting impact

- *Long-term relations:* Authorities in the Programme region have been collaborating on cross-border activities for over 20 years and these personal and institutional relationships have undoubtedly contributed to the overall success of the Programme.



- *Project Design:* The way in which Russian and Finnish state agencies collaborated during the project design phase was important to the eventual outcomes and impacts of the project. To achieve maximum impact, large infrastructure projects like these must be properly integrated – there is little benefit to be gained by having expanded capacity on only one side of the border. On the other hand, the effective implementation of these large-scale infrastructure projects must take account of the different legal contexts, different engineering standards and different infrastructure development plans across borders. The model adopted in the SEFR Programme, in which projects were developed collaboratively but implemented separately by the relevant authorities on each side of the border, seems to have been very effective indeed.
- *Parity of esteem amongst partners:* The activities of the SEFR programme have been implemented with a high level of mutual understanding and respect between the partners on both sides of the border. This “parity of esteem” is extremely important for the Russian partners in particular and is an important ingredient in the maintenance of good diplomatic and political relations between the Programme countries.
- *Responsive management:* The Joint Monitoring Committee provided an effective forum for all parties to articulate concerns about various aspects of Programme progress and/or to propose alternative approaches to the achievement of overall Programme objectives. All partners had an opportunity to participate and, indeed, some fundamental changes were brought to the Programme as a result. While the constant reformulation of the Programme is not to be recommended, the responsiveness of Programme management to changing circumstances is an important success factor.

Recommendation 10:

- ✓ The planning and management of large infrastructural projects in particular should take account of the good practices of the SEFR programme. In particular, the “mirror project” approach, in which the respective country partners take responsibility for those parts of the project that are specifically relevant to them, should be considered by all Programmes who implement large-scale projects.

Recommendation 11:

- ✓ In the SEFR Programme, the Joint Monitoring Committee seemed to take a genuinely strategic approach to the management of the Programme (making, for example, significant alterations to the original design of the Programme). All Programme monitoring committees should be encouraged to formally review their Programmes from a strategic development viewpoint at least once every 2 years.

Factors negatively affecting impact

- *Global economic and political events:* At least in the short-term, the expected impacts of the selected projects have been severely constrained by global economic and political events.
- *Absence of planning for the non-infrastructure elements of the project:* The increase in the capacity of border management facilities usually requires increased personnel



and/or some (re)training of those personnel. If the additional personnel are not in place, the impact of the infrastructure is substantially diluted. In the current economic environment where traffic had reduced, additional staff could not be justified but increases in the volume of people and goods would demand that staffing and staff training issues be adequately addressed in the future.

- *Specific features of cross-border cooperation between Member States and non-Member States:* The achievement of positive outcomes from cross-border cooperation programmes involving non-EU partners is complicated by the specific features of funding non-EU activities. Problems like the signature of financing agreements and, in the case of SEFR, the making of special provisions for Russian procurement, visibility and administrative concerns, can absorb a significant amount of management time and leave less resources to deal with the practical challenges of project implementation.

Recommendation 12:

- ✓ Over a 7-year programming period, significant economic or political changes can occur which affect the likelihood of achieving expected Programme outcomes. When such significant events occur (e.g. significant changes in economic growth rates, stark changes in the political landscape, conflict, etc.), a fundamental strategic re-assessment of the affected Programme should take place to ensure that investments are still relevant, feasible and meet the current needs of the region. Such re-assessment should occur even if outside the usual timeframes of mid-term reviews, etc. In extreme cases, consideration should be given to changing Programme priorities to better reflect current needs.

Recommendation 13:

- ✓ All infrastructural projects should be required to specify the additional investments in personnel, equipment or materials that may be needed for maximum impact to occur. All such estimates should be required as part of the project application materials.

Recommendation 14:

- ✓ Cross-border cooperation between EU member states and partner countries brings particular management challenges. It has been suggested that DG Regio might be well placed to manage Neighbourhood CBC Programmes more effectively since some of its resources and experiences are relevant for CBC programmes at the EU's external borders. However, the specific features of these Programmes (such as the preparation of financing agreements with partner countries, manoeuvring through different legal systems, etc.) pose additional challenges that are less familiar to DG Regio. As such, we recommend the continuing development of strong day-to-day interactions between DG Regio and DG Near.



SUSTAINABILITY

- **The future of cross-border cooperation in the SEFR region:** The political upheavals of 2014 raised questions about the continuation of the CBC Programme in the SEFR region. Recognising its value, the Finnish side proactively lobbied to retain the Programme and, despite the sanctions, a decision was made to allow the Programme to continue. This seems to have been a good decision. The economic position of the SEFR region is closely tied to the strength of the Russian economy and current economic weakness in Russia will make the achievement of significant socio-economic progress more difficult in the short term. On the other hand, the building of economic capacity through carefully-chosen infrastructural projects will prepare the region for the upturn that will inevitably come. Equally, the Programme's contribution to institutional capacity development (e.g. through Russian absorption of many of the important management principles of the Programme), makes such an economic upturn more likely. Overall, actions that are implemented in the framework of the CBC Programme in SEFR will remain very important for the maintenance of essential political, diplomatic, administrative and community-level links between the Programme countries and the EU.

VALUE ADDED

- **The importance of EU funding:** The SEFR programme was rather unique in that it brought together funding from the EU, Finland and Russia to address common development problems. Several interviews with national authorities on both sides of the border suggested that the absence of the Programme and/or the absence of EU funding for cross-border initiatives would have significantly reduced the likelihood of the projects being financed independently. All stakeholders agreed that the Programme brought a focus to the development of the border regions which might not otherwise have been in the minds of the national authorities.
- **The impact of co-financing:** The Russian side continues to make an important financial contribution to the CBC Programme. This would appear to have had a number of impacts on the design, management and implementation of the programme. At a general level, Russian co-financing has helped to create a sense in which the CBC Programme is recognised as a genuine joint effort to address shared social and economic problems, rather than being some external aid programme over which the participants have little control.

At the more operational level, Russian co-financing has imposed legal and administrative obligations on Russia to obtain a good return for the investment. As such, they have contributed strongly to the Joint Monitoring committee and have successfully argued for a reorientation of the programme to include Large Scale Projects. As global events unfolded, this decision was probably a good one.

Russian co-financing, and the active management position that Russia has taken as a result, has involved both costs and benefits for the programme. The main costs relate to the accommodation of Russian administrative and legal requirements into the programme management system. Overall, it would appear that this has been handled quite pragmatically both by the JMA and the European Commission itself and, while it has absorbed a significant amount of management time, practical solutions were found as the Programme proceeded.

The benefits of the Russian co-financing would appear to significantly outweigh any such costs. Apart from the significant additional funds that the Programme was able to absorb, the co-financing produced a parity of esteem amongst the partners that (a) ensured the Programme activities were more likely to be impactful on both sides of the border; (b) produced



a better environment for genuinely collaborative problem-solving; and (c) brought the political and administrative structures of the partner countries closer together.

Recommendation 15:

- ✓ The co-financing of the SEFR by the Russian side has brought more benefits than costs and this funding arrangement should be continued insofar as possible. Indeed, the Russian co-financing approach might be considered as an instrument for solidifying the cooperation of non-EU partners in other Programme areas. In cases where partners have limited resources for such cooperation, the involvement of IFIs might be considered.

