McMaster, Irene and Bachtler, John and Vironen, Heidi and Gross, Frederike (2006) Ireland, Northern Ireland and Western Scotland cross-border territorial cooperation programme 2007–2013 : development of a joint strategic approach on behalf of Scottish partners. [Report] ,

This version is available at https://strathprints.strath.ac.uk/38707/

Ireland, Northern Ireland and Western Scotland Cross Border Territorial Cooperation Programme 2007–2013:

Development of a Joint Strategic Approach on Behalf of Scottish Partners

Report to Scotland Europa

Irene McMaster, John Bachtler
with Frederike Gross, Carlos Mendez &Heidi Vironen

University of Strathclyde

PREFACE

The study was undertaken by a research team from the European Policies Research Centre at the University of Strathclyde in Glasgow. Within EPRC, the work was managed and undertaken by the following team:

- Dr Irene McMaster
- Professor John Bachtler

- Ms Heidi Vironen
- Mr Carlos Mendez
- Ms Frederike Gross
- Mr Tobias Gross
- Ms Rona Michie
- Ms Laura Polverari

European Policies Research Centre
Glasgow

December 2006

Ireland, Northern Ireland and Western Scotland Cross Border Territorial Cooperation Programme 2007-2013:

Development of a Strategic Approach on behalf Of Scottish Partners

TABLE OF CONTENTS

Ireland, Northern Ireland and Western Scotland Cross Border Territorial Cooperation Programme 2007-2013:

Development of a Strategic Approach on behalf of Scottish Partners

This report was prepared as part of a study on the 'Development of a Strategic Approach: Ireland, Northern Ireland and Western Scotland Cross Border Territorial Cooperation Programme 2007-2013' on behalf of Scottish Programme Partners. The aim of the study was to suggest models that would maximise awareness of, and access to the Cross Border Programme. The study was undertaken by a research team from the European Policies Research Centre at the University of Strathclyde in Glasgow.

This final report is made up for two distinct sections, which represent the two main stages of the work undertaken.

- The first main section of the report looks beyond programme area and examines the range of INTERREG IIIA and IIIB programme management and delivery mechanisms that are in place across the EU. The analysis is based on an overview of the management and implementation structures of the 2000-2006 INTERREG programmes and an in-depth review of programmes with management and implementation structures that differ from those used in mainstream Scottish programme.

- The second section of the report considers how these systems 'fit' with the specific needs of the 2007-2013 Ireland, Northern Ireland and Western Scotland Territorial Cooperation Programme and, in particular, how they could be used to maximise the positive contribution and role of Scottish Partners.

The Implementation of INTERREG Programmes: Exploring the Options

1. INTRODUCTION

1.1 Context for the study

Under the new ERDF regulation for 2007-2013, a new cross-border territorial cooperation programme will be established covering much of Northern Ireland, the bordering counties of the Republic of Ireland and parts of Western and South-Western Scotland. The expectation is that the new programme will be managed by the Special EU Programmes Body (SEUPB), based in Belfast. The partners in the new programme all have substantial experience of working with INTERREG programmes, but the new programme will present several challenges, related to the new cooperation area, cooperation with Scotland over a maritime border and (in part) a shift from a geographical to a thematic focus, with more strategic, thematic and multi-partner projects.

The consultation process undertaken to date indicates differences among partners concerning the preferred model for delivering the new programme, in particular the preference among Scottish partners for an 'open call' system compared to the partnership-based procurement model used in Northern Ireland/Ireland. There are also differences in the provision of match funding. A further issue is the need to comply with a new regulatory environment. The General Regulation and ERDF Regulation contain new requirements for the management of territorial cooperation programmes, in terms of the functions of programme bodies and the tasks and responsibilities of the Monitoring Committee (notably to increase the strategic approach to programming). Importantly, among the more detailed EU requirements for cooperation procedures, four new cooperation criteria have been specified to ensure a higher level of integration between project partners with respect to the joint development, implementation, staffing and financing of projects.[1]

1.2 Objectives of the study

In this context, the rationale for the study is the need to assist the Scottish partners of the Ireland, Northern Ireland and Western Scotland Cross Border Territorial Cooperation Programme in considering their approach to the development and implementation of the programme. The study is intended to maximise Scotland's access to, and the economic impact of, the Cross Border programme, and to ensure that Scotland's interests are strongly represented and integrated into the new programme.

The aim of the study is to suggest models that would maximise awareness of, and access to, the Cross Border programme. Specifically, the objectives are:

---

[1] The expectations from the regulations are contained in the DG REGIO *Aide-Mémoire for Desk Officers* (Chapter 9 – European Territorial Co-operation); and are also developed in the INTERACT publication, *Overview of the Regulations for the new period, 2007-2013 – an INTERREG practitioners guide,* INTERACT Point Qualification & Transfer, INTERACT Programme Secretariat, Vienna.

(a)   to identify and evaluate options for the delivery of the Cross Border programme, including partnership structures and approval mechanisms, the use of commissioning or procurement approaches for strategic projects; and

(b)   to appraise the possible role of a Scottish partnership group in the delivery of the programme and in engaging, supporting and coordinating the activity of potential project partners.

1.3   Methodology

In response to these objectives, this report is a starting point for assessing alternative delivery mechanisms and identifying options for programme delivery. It looks beyond programme area and examines the range of INTERREG IIIA and IIIB programme management and delivery mechanisms that are in place across the EU.   The analysis is based on an overview of the management and implementation structures of the 2000-2006 INTERREG programmes and an in-depth review of programmes with management and implementation structures that differ from those used in mainstream Scottish programme. The main sources for the analysis comprise programme documentation, annual implementation reports, mid-term evaluations (MTEs) and MTE Updates for the 2000-06 period. The analysis comprised the following stages:

(a)   a review of all 64 INTERREG IIIA and IIB programmes to identify programmes with delegated management structures and alternative delivery mechanisms different from those used in Scotland;

(b)   an assessment of alternative delivery mechanisms adopted by INTERREG programmes across the EU to provide a typology of different mechanisms and their characteristics;

(c)   the identification of relevant examples of commissioning or procurement approaches to projects in INTERREG programmes, detailing their strengths and weaknesses; and

(d)   an assessment of commissioning/procurement approaches in relation to other delivery mechanisms using a series of criteria (see box below for an indicative list).

Indicative list of criteria for assessing project selection systems

  i.   administrative efficiency - ease of administration in terms of time and cost
 ii.   strategic orientation - ability to meet programme objectives
iii.   transparency and equity - for partners and beneficiaries in all parts of the programme area
iv.   visibility - of the contribution and added value of EU funding
 v.   accountability - compliance with the regulations and Commission requirements
vi.   flexibility - to adapt to changing circumstances.

The initial phase of the research identified more than half of the INTERREG IIIA and IIIB programmes with management structures and project procurement systems of potential interest to the study, and where sufficient evaluation information was available (see Table 1). The following sections of the report are based on an in-depth analysis of these programmes. (It should be noted at the outset that this review has been conducted entirely on the basis of desk research and is dependent on the quality of information contained in the programme documentation and evaluation studies.)

Table 1: INTERREG programmes with relevant structures or systems

Programme	Delegated implementation structures?	Relevant project procurement systems?
Germany/Bavaria-Austria	∫	∫
Austria-Czech Republic	∫	
Austria-Slovenia	∫	
Austria-Hungary	∫	
Austria-Slovakia	∫	∫
Sweden-Norway	∫	
Sachsen-Poland	∫	
Rhein Maas Nord/Rijn Waal/Euregio	∫	
Brandenburg-Lubuskie and Mecklenburg-Poland	∫	
Italy-Austria		∫
Italia-Francia "Isole" -Sardegna-Corsica-Toscana	∫	
Italy-Slovenia	∫	∫
Ireland-Northern Ireland	∫	∫
Ireland-Wales	∫	
Sønderjylland/Schleswig, Fyn/K.E.R.N.& Storstrøm/Ostholstein-Lübeck	∫	
Germany-Luxembourg-Germanophone Belgium		∫
Saarland-Moselle-Westpfalz		∫
Italy-Switzerland	∫	∫
Öresundsregionen	∫	
Mecklenburg-Poland	∫	
Euregio Maas-Rhein	∫	
Karelia	∫	
Franche Comte-Rhone Alpes/Switzerland	∫	
France-Spain	∫	
Flanders-Netherlands	∫	∫
Wallonie-Lorraine-Luxembourg	∫	∫
Ken-Sussex-Nord Pas de Calais-Picardie	∫	
France-Wallonie-Flandre	∫	
Acores-Madeira-Canarias	∫	
Baltic Sea	∫	∫
Northern Periphery	∫	∫
Alpine Space	∫	∫
Espace Atlantique	∫	
North West Europe	∫	∫

1.4   Structure of the report

The following report is divided into five further sections:

- Section 2 provides a brief review of the characteristics of INTERREG programmes based on previous research, highlighting factors that influence the way that they are managed and delivered;

- Sections 3 examines different project management systems with various forms of delegated management implementation arrangements, summarising their strengths and weaknesses;

- Section 4 discusses alternative project procurement systems (i.e. other than open calls), again outlining the strengths and weaknesses;

- Section 5 draws the research in Sections 3 and 4 together with a comparative assessment of the findings to date and discussing the advantages and disadvantages of different management and project procurement systems based on factors such as administrative efficiency, strategic orientation, accountability and visibility.

- Finally, Section 6 indicates the next steps in the study.

2. THE CHARACTERISTICS OF INTERREG PROGRAMMES

The 64 INTERREG IIIA cross-border integration programmes operating in the 2000-2006 period are diverse in terms of their strategic objectives and management arrangements, reflecting geography and national institutional and territorial structures. Previous EPRC research has identified four categories of INTEREG IIIA programmes: [2]

- *EU15 border programmes* operating along the border between the EU15 Member States, some of which have been engaged in cooperation for many years, although in some cases with physical barriers impeding interaction (sea borders, high mountains or infrastructure deficiencies) or political or cultural tensions.

- *EU15-EU10 border programmes* between 'old' and 'new' Member States. Until the end of 2003, these operated as INTERREG programmes on the EU15 side of the border and under the auspices of Phare CBC on the EU10 side. Since the start of 2004, these have faced the challenge of transforming themselves into multinational, cross-border programmes.

- *External border programmes with 'neighbouring' countries*, involving cross-border cooperation with Lichtenstein, Norway and Switzerland. In these cases, the non-EU partners have high levels of development, resources and organisational capacity, and the potential for effective cooperation is very good.

- *External border programmes with 'third' countries*, involving regions on the external border of the EU, including those bordering the Balkans, Bulgaria, Morocco and Russia.

Still more varied are the INTERREG IIIB transnational programmes which may have between 2 and 18 national partners. Some are relatively homogenous in terms of development situation, organisational capacity and experience (e.g. North Sea, North-West Europe, Atlantic Rim); others are diverse in composition, with major challenges of complexity and coordination (e.g. CADSES, ARCHIMED); and a few are primarily development-oriented (e.g. Réunion, Caribbean), operating in remote areas with partners with limited capacity.

A further approach to distinguishing between programmes is based on their 'degree of isolation' – as an expression of the type of problems and type of border - and their financial capacity.[3] 'Low isolation' programmes tend to be those in the centre of the EU (e.g. France-Wallonie-Flandre) whereas 'high isolation' refers to cross-border programmes spanning EU15 and EU10 borders; under this typology, the British and Irish programmes fall into the 'medium isolation' category. The relevance of this approach is that the degree of

---

[2] Taylor, S, Olejniczak K and Bachtler J (2005) *A Study of the Mid-Term Evaluations of INTERREG Programmes for the Programming Period 2000-2006*, EPRC study for the INTERACT Programme Secretariat, Vienna.

[3] LRDP Ltd (2003) Ex-post evaluation of the INTERREG II Community Initiative (1994-99), Final Report to DG Regio, LRDP Ltd, London.

---

isolation tends to be associated with financial resources, programme priorities and management arrangements.

Related to the diversity of programmes is the range of differing approaches to INTERREG programme management and delivery that have developed in response to the various institutional, political and geographical contexts in which the programmes operate. A number of programmes share broadly similar management and delivery approaches, with a standardised management structure and using procurement systems based around 'open calls' for tender.

In addition to the differing programme procurement structures, it is worth noting that the systems of national co-financing vary.[4] Contrasts have been drawn between top-down allocation systems (e.g. Finland) where national public co-financing is granted through the state budget, and bottom–up allocation systems (e.g. the Netherlands) where the applicants provide the co-financing from their own resources or other organisations. Thus, whereas in some countries the share of central government in national public co-financing is between 80 and 100 percent (e.g. Finland, Hungary, Slovakia), in others the central share is less than 50 percent (e.g. Austria, Netherlands, Poland, Sweden). These differences have important implications for project submission; in Finland, for example, project partners are advised to contact the national co-financing authorities early in the planning phase of INTERREG activities to ensure that the requisite state co-financing is allocated to the relevant ministry or its regional offices.[5]

Finally, the different situation and partner composition of INTERREG programmes is reflected in the ways that the programmes are delivered through projects, with varying degrees of cross-border integration or transnationality, as indicated in Table 2 below.[6]

---

[4] Aalbu *et al* (2005) *op. cit*.

[5] INTERACT (2005) *November 2005: Between Enlargement and New Programming Period*, INTERACT Point Managing Transition, INTERACT Programme Secretariat, Vienna.

[6] Taylor, Olejniczak and Bachtler (2005) *op. cit*.

Table 2: Transnationality of different types of INTERREG projects

Project - type	Description	Strengths & Weaknesses
Border-oriented Projects	The most basic approach is to fund *border-oriented projects*, often (although not exclusively) along external borders. These may have only one funding partner and take place only on one side of the border but with cross-border implications, for example investment in environment treatment facilities to improve the condition of a river border.	• potentially simpler to fund and administer than projects involving multiple partners • limited potential for cross-border partnership to develop • less opportunity to capitalise on new working links and opportunities for exchange of experience • limited visibility of the programme across the area as a whole
Parallel projects	*Parallel projects* are conceived by organisations on both sides of the border with common objectives (and potentially other similarities) but are funded and delivered separately as two or more parallel projects – sometimes referred to as 'mirror projects'.	• simplifies funding process • establishes working links between project partners • can have problems with differing administrative approaches in the various programme areas • project partners in different areas may work separately and at different rates, with some more 'successful' than others • time taken to identify 'mirror' project
Joint projects	*Joint projects* involve two or more partners working together in a common project which may have a spatial focus or thematic logic or be contributing to a common resource. They may be 'narrow' (with a small number of partners) or 'broad' with a wide project partnership of different types of organisation.	• strong transnational component • opportunity for exchange of experience and learning among project partners • chance to develop working links, which could last beyond the life of the programme • complex to administer • takes time and support to establish links with potential partners and develop project ideas

3.   PROGRAMME MANAGEMENT STRUCTURES

The approaches to managing INTERREG programmes reflect the different structures and systems for implementing Structural Funds across the EU and, more generally, the differences in public management.[7] For INTERREG IIIA programmes, the most common arrangement is for the Managing Authority (MA) and Joint Technical Secretariat (JTS) functions to be placed within a central government body (at national or regional level) or within a regional government authority. In a more limited number of cases, mainly in Austria, Finland, France, Germany and the Netherlands – and also including the Ireland-Northern Ireland programme – the MA and/or JTS tasks are carried out by a cross-border authority or independent organisation.

All programmes have certain basic programme bodies – MA, Paying Authority, Monitoring Committee, Steering Committee (sometimes subsumed or merged with the Monitoring Committee) and JTS. Depending on the characteristics of the programme area or institutional requirements, some programmes have established additional intermediate arrangements.[8] The following sections review the main types of delegated arrangements.

3.1   Delegated management

In a number of programmes, sub-programme implementing bodies take on MA tasks such as application assessment, subsidy contracts and first-level control (and in a few cases, the development of selection criteria and approval of projects). This delegation exists in some cross-border programmes, where there are area-specific 'sub-programmes', 'territorial pre-programming committees', 'regional auxiliary MAs' or other arrangements. Each delegated body tends to operate in a specific cross-border area of the programme region, and each has its own steering committee and/or secretariat to prepare and pre-assess applications and proposals for decision-making (e.g. Italy/France Islands, Flanders/Netherlands, France/Wallonia/Flanders, Ireland/Northern Ireland).

Evaluation studies of these systems have highlighted a range of strengths and weaknesses. Among the main strengths, delegated management structures can be readily adapted to local and regional priorities and institutional structures. Experience of working with INTERREG programmes can contribute to building institutional capacity, particularly at regional levels. Delegated management structures have been linked with greater strategic coherence and leverage. A strong managerial role for partners in more than one programme area can mean that the use of Structural Funds tends to be more visible and transparent.

---

[7] Aalbu H, Björinge J, Lundberg M and Petterson Å (2005) *National co-financing of INTERREG IIIA programmes*, EuroFutures/Nordregio study for the INTERACT Programme Secretariat, Vienna.

[8] Taylor, Olejniczak and Bachtler (2005) *op. cit.* INTERACT (2005) *Effective Management of InTERREG IIIA Programmes – A Set of Information Sheets*, INTERACT Point Qualification & Transfer, INTERACT Programme Secretariat, Vienna.

Examples of delegated management

Austria/Czech Republic - There are three Operative Assistance Authorities (OAAs) that carry out project-level implementation and act as one-stop shops for project holders. The main tasks include assessing projects in cooperation with JTS, concluding contracts, examining reports and invoices, ordering payments, providing data input for monitoring.

Flanders/Netherlands – Two steering groups have been set up in the two sub-regions of the programme, each with a separate secretariat.

France/Wallonia/Flanders – The programme is divided into three sub-programmes, each implemented by a Steering Committee that ensures audit and evaluation of relevant operations, project selection, coordination of monitoring, and communication and publicity activities.

Ireland/Northern Ireland – Cross-Border Partnerships have been set up to implement specific programme measures.

Ireland/Wales - Two Priority Steering Committees have been set up, comprising representatives of government and state agencies specialising in regional development or sectoral issues. Their main responsibilities include project selection and co-ordination of monitoring and project implementation.

Italy/France Islands - sub-regional 'Auxiliary Managing Authorities' have been set up at the provincial level with project appraisal responsibilities.

Saxony/Poland IIIA – A local steering group has been set up to appraise and select small projects, without requiring approval from the JTS. It includes representation from both regions and involving the EUROREGION, local authorities and socio-economic actors.

Sweden/Norway - Interregional Steering Groups (*beslutsgrupp*) have been set up to appraise and select projects.

However, delegated management systems also pose challenges. Coordination between two or three, potentially very different, management authorities can be difficult. More diversified managerial structures can involve higher administrative costs. Particular care needs to be taken that delegated management institutions are not duplicating the role of other institutions in their area. Establishing multiple, new organisations and securing adequate operational and institutional resources can be time-consuming, cause delays to the programme and could spread resources too thinly. Maintaining good communication between the key institutions involved in programme management can be particularly demanding, and the cost of poor communication at managerial level can be high.

3.2   Delegated implementation

More common among INTERREG programmes is the delegation of implementation, often through a network of regional or local offices, supporting JTS functions such as project generation and strategic project development, receiving project applications and undertaking an initial check on acceptability, monitoring and publicity (e.g. Euregio Maas-Rhein, Germany/Bavaria-Austria, Kent-Sussex/Nord Pas de Calais/Picardie, Acores/Madeira/Canarias, Baltic Sea, Northern Periphery). Cross-regional or cross-national

---

working groups are also sometimes used to identify and prepare joint projects (e.g. Austria-Hungary, Austria-Slovakia).

Examples of delegated implementation

Acores/Madeira/Canarias – The joint secretariat is supported by regional JTS offices. Additionally, a network of three regional representatives has been created to provide information and assistance to project implementers and ensure effective control and implementation of projects.

Euregio Maas-Rhein - Four thematic advisory commissions have been set up to support project selection. They are composed of political representatives of the EUREGIO council, associations, the partner regions and the management board. In addition, five regional project managers provide support for project development, advice, and monitoring. They also help to establish contacts with potential partners and co-financing bodies.

Kent-Sussex/Nord Pas de Calais/Picardie – The JTS is decentralised with Regional Correspondents, whose responsibilities include coordinating the appraisal of projects, reporting to the programme Steering Committee, receiving and checking invoices and preparing controls.

Baltic Sea IIIB – Three sub-programme JTS offices undertake a mix of different administrative tasks (administration and financial management, project and programme development, priority management).

Northern Periphery IIIB – Regional Contact Points assist the JTS. Additionally, amongst other tasks, Regional Advisory Groups assist the Programme Monitoring Committee in preparing a basis for decisions on projects.

Germany-Bavaria/Austria – Regional coordination bodies have operational responsibility for public relations, project pre-selection, general project administration and forwarding project proposals to the JTS. EUROREGIONS are responsible for managing small project funds (*Dispositionsfonds*) as a specific programme measure.

Austria-Hungary – Operative Assistance Authorities assess projects in co-operation with the JTS.

Austria-Slovakia - Operative Assistance Authorities assess projects in co-operation with the JTS, conclude contracts, examine reports and invoices, order payments and provide monitoring data.

Systems with delegated implementation structures are associated with a number of benefits for programme management. The regional distribution of JTS staff ensures close contact with project developers and implementers. A delegated intermediary level facilitates good communication flows between projects sponsors and management bodies. Delegated implementation responsibilities can increase the efficiency and speed of decision-making. A bottom-up approach to implementation can increase awareness of the programme and lead to greater local ownership.

However, there are potential shortcomings and difficulties in establishing and maintaining a delegated implementation system. A problem encountered in a number of programmes is overlap and duplication of activities between delegated JTS offices and regional contact

points for the programme. The composition of delegated implementation structures often varies between programme partners, leading to possible inconsistencies in the service provided in the partner areas. Separate structures in each programme partner region (e.g. two steering committees and JTS) may adopt different working practices and approaches. There can also be difficulties with new, delegated INTERREG structures being insufficiently integrated and linked to existing institutional structures.

3.3   Delegated animation

Also common among INTERREG programmes are decentralised arrangements for information and animation through regional offices or networks of local offices undertaking publicity, providing information and advice on project ideas, and encouraging projects from target groups (e.g. Franche-Comte/Rhone Alpes-Switzerland, Ireland/Wales, Saxony/Poland, Baltic Sea) Several transnational programmes also have networks of 'national contact points' or regional equivalents with similar functions (e.g. Alpine Space, Atlantic Space, NW Europe).

Examples of delegated animation
Baltic Sea IIIB – National sub-committees - involving regional and local authorities, relevant sectoral interests and NGOs - undertake information dissemination, support to project generation and development. *NW Europe IIIB* – A network of contact points in the participating Member States plays an important role in facilitating the process of project development and implementing the communication strategy. *Atlantic Space IIIB* – National correspondents act as a point of contact for project applications and are involved in project appraisal and monitoring, advising the JTS. *Alpine Space IIIB* - National contact points are a first point of call for projects and have a role in project appraisal and information/publicity activities. *Saxony/Poland* - Project coordinators from EUROREGION provide support to promoters of small project funds (*Kleinprojektefonds*) and large projects. *Ireland/Wales* - Three development offices (DOs), based in North Wales, West Wales and Ireland, work closely with the JTS and the wider partnership in assisting the development of the programme. The DOs act as an enquiry point for the programme offering practical assistance to organisations in developing projects. Their roles also include enhancing the awareness of the programme and encouraging participation in developing local and cross-border networks, broadening the participation base and encouraging sustainable networks. *Franche Comte-Rhone Alpes/Switzerland* - In France, an animation team has been set up which has grown over time; since 2003, it includes offices in both the *Arc jurassien* and the *Bassin lemanique*. In Switzerland, there are designated INTERREG liaison officers in every participating canton. The main emphasis of this support is on improving applications so that they can be processed and approved quickly.

It is possible to identify a range of strengths in the delegated animation approach. Regionally based contact points can provide an important link between national actors and the programme Steering Committee. They can assume an important coordination function at the appropriate geographical level. Institutions involved in project animation are viewed as having an important role as 'ambassadors' for territorial cooperation at the regional and local levels. They can be used to stimulate participation from small or new project promoters with limited INTERREG experience. Related, they provide the programme with a vital source of specific knowledge of regional and local conditions. Delegated animation structures play important roles in facilitating international partner searches and supporting the work of the JTS. Lastly, regional contact points that are well integrated into existing regional and local policy networks can help to ensure coordination with other Structural funds programmes.

4. PROJECT PROCUREMENT SYSTEMS

Within the different various management and implementation structures outlined in Section 3, the process of project selection/procurement varies, often with a mix of approaches. Open calls for projects are the most commonly used systems. All programmes appear to have some form of 'open call' system, whether operating at programme level or via the delegated arrangements described above, and in some cases applying to only part of the programme. However, a range of other approaches are used, usually used in addition to open calls.

4.1 Thematic or Geographic Calls

Thematic or geographic calls are 'top-down', targeted calls for proposals that are developed by the programme authorities and involve inviting bids for projects in certain areas or themes in line with the strategic objectives of the programme (e.g. Saarland-Moselle-Westpfalz, Italy-Austria, Northern Periphery, Wallonia-Lorraine-Luxembourg).

Examples of thematic or geographic calls

Saarland/Moselle/Westpfalz – Project applications are gathered through two 'routes', one of which is a 'top-down' system involving calls for proposals for projects with specific features/themes. A 'bottom-up' open call system is also used.

Italy/Austria - A competitive tendering process is used for selected themes in the Veneto and Friaul-Julisch Venetien regions, based on regional development or other strategies.

Northern Periphery IIIB – The Programme Monitoring Committee has the scope to determine a special focus or other targeting requirements for individual calls, in line with their commitment to 'pro-active' programme management.

Wallonia/Lorraine/Luxembourg – The MTE recommended targeted promotion of a programme priority where commitment rates are low.

Thematically or geographically targeted calls can be an important way for programme to directly address the strategic objectives of the programme. They can be used to increase participation rates in key fields, areas and groups. From an equity and balance point of view, they can help to ensure a good geographical and thematic spread of resources.

There are also potential drawbacks. Use of targeted calls could reduce the scope of more innovative projects to be funded, by effectively 'cutting them out'. They narrow the potential range of end beneficiaries. There may be long waiting times as a large number of bids is assessed. Project developers can be put under greater time pressure to develop their bids. Thematic tendering in only parts of the programme area (as in the Italy-Austria programme) can make it difficult to involve partners from all partner areas and may lead to administrative complexity.

4.2   Seeding of projects

A form of pre-qualification is facilitated by the provision of seed capital to facilitate project generation, especially among smaller projects (e.g. Baltic Space). Other types of project capacity-building are funded through 'micro projects' to encourage partner contact and 'preparatory projects' for partnership development (e.g. NW Europe, Northern Periphery).

Examples of project seeding

Baltic Sea IIIB – Seed money is used as a complement to standard project generation mechanisms, with two objectives. First, it is aimed at partners with promising ideas that are well-suited to the programme priorities. Second, if the programme authorities recommend some changes in a project, seed money can be used as a means to compensate for the extra costs incurred in complying with the recommendations.

NW Europe IIIB – Seed money is available for project development and scoping work for possible projects in 2007-2013.

Northern Periphery IIIB – Preparatory projects are used to mobilise broader, well-balanced partnerships. They facilitate drawing up joint project plans by a minimum of two partners.

Seed funding has a number of important benefits. First, it is a good way to generate better quality projects. Second, seed funding may allow projects to be developed by beneficiaries who otherwise may not have had the resources to develop good strategic project applications, e.g. SMEs. Third, it may offer project developers the opportunity to establish early links with potential project partners in neighbouring regions, thus developing a more 'cross-border', strategic element to the project. Lastly, there is an opportunity for the programme authorities to provide valuable feedback and support to the project partners at a relatively early stage in the process.

However, application procedures for these types of funds can also be overly complex relative to the amounts of money available. Not all 'seeded' projects are successful in their final applications; therefore there is an element of financial risk.

4.3   Shortlisting

A variant on the open calls approach is a two-stage application procedure where applicants submit an initial project outline, allowing the steering committee to shortlist the best proposals to go forward to the full application assessment process (e.g. Flanders/Netherlands, Austria/Slovakia, recommended in the MTE for North-West Europe).

Shortlisting procedures can be particularly beneficial for project developers, as the requirements for initial applications are generally less onerous than for full applications. This lessens their risk of spending time and resources on developing a potentially unsuccessful application and, therefore, may encourage more applications from a wider range of applicants. From the viewpoint of the programme authorities, there is less risk of

applications being excluded at a late stage, they can support the development of higher quality applications, and the process ensures a high take-up of funds.

Although shortlisting does offer a range of benefits, the approach has been criticised for being less transparent than competitive open calls. The length of time taken to develop final applications can be a problem, particularly if there are delays in the shortlisting and feedback processes.

Examples of shortlisting
Austria/Slovakia - In Austria, the Operative Assistance Authorities pre-select projects in collaboration with sectoral working groups or with several government departments.   *Flanders/Netherlands* – Project proposals are submitted to sub-regional programme secretariats that assess whether the project could be compatible with the programme's objectives. In a second stage, the project proposal is transferred to relevant working groups who offer advice. In a final stage, the secretariat works with the applicant to finalise the application.   *North-West Europe IIIB* – The MTE recommended the introduction of a two-step project selection process, with support for an initial expression of interest being provided by a network of national contact points and final applications being decided by the JTS.

4.4   Special funds

Special funds are mostly used for small projects by creating a pool of EU and national co-financing for awards to small projects. They have simplified application procedures and are often administered via delegated arrangements (e.g. Germany-Bavaria/Austria, Northern Periphery).

Examples of special funds
Northern Periphery IIIB – Micro projects were introduced to reduce the distance costs of project development, and to support pilot projects that make it easier for participants to meet. The funds cover expenses such as international partner searches and meetings.   *Germany-Bavaria/Austria* - Special funds are available for small projects (*Dispositionsfonds*) under a specific measure to fund cross-border, 'people-to-people' projects.

Small project funds can make a range of contributions to the programme. Funding a large number of projects increases the participation of programme beneficiaries and potentially increases the 'visibility' of the programme. By funding more projects, there is better chance of ensuring a good geographical and community spread of resources. There can be potentially high added value for small amounts of money. Small projects may lead to more substantial or innovative future submissions. The funding can offer support to beneficiaries

who may not have participated in the past, e.g. voluntary organisations and SMEs. Related, cross-border activities amongst these organisations may increase.

4.5   Strategic projects

Strategic projects may be selected by the Steering Committee (alongside open calls) at programme level or via delegated arrangements (e.g. Ireland/Northern Ireland, Baltic Sea, Alpine Space).

Examples of strategic projects
Ireland/Northern Ireland - Some measures do not go to public tender e.g. 'Measure 2.1 'Inter Regional Economic Infrastructure' - Gas Pipelines and Transport sub-Measures' and Measure 3.1 'Health and Well Being'. For such measures the respective government departments come together and develop a project which will seek funds from INTERREG. *Baltic Sea IIIB* – Specific strategic projects may be proposed by the programme Steering Committee. *Alpine Space IIIB* - The Steering Committee may decide on key strategic projects and launch specific calls.

Project generation and selection systems that focus on strategic projects have several advantages. Fewer, larger projects can simplify programme delivery and administration. Strategic projects offer greater capacity to address the programme's objectives, and thay generally have a clear, demonstrable impact. Larger-scale projects, involving a number of project partners across the programme area, can make an important contribution to building cross-border cooperation.

Among the potential difficulties of strategic projects, some beneficiary groups are not reached due to their resource limitations. For example, small businesses and NGOs are likely to have limited resources and capacity to develop large-scale, high-quality projects. Encouraging a number of large projects may limit the number of beneficiaries. A small number of large projects can overly dominate resource allocation, and limit the flexibility of the programme. Strategic projects tend to have a long lead-in time. Related, there may be potential N+2 concerns if the project experiences delays or if there is a lack of projects.

5. COMPARATIVE ASSESSMENT

The previous sections have provided details on the various programme implementation structures and project procurement systems used by INTERREG IIIA and IIIB programmes. This final section summarises the main issues to emerge from the research.

5.1 Programme implementation structures

The previous sections show that there are different structures used for implementing INTERREG programmes across the EU. While many programmes have adopted a 'standard' management structure - comprising a single Managing Authority, Paying Authority, Monitoring Committee and Steering Committee - others have delegated certain functions and established a range of 'intermediate' bodies to support management and implementation. Three main categories of delegation have been identified: delegated management; delegated implementation; and delegated animation.

The strengths and weaknesses of each of these implementation structures are brought together in Table 3. The characteristics of different delegation arrangements are explored further in Table 4 with respect to the criteria of their administrative efficiency, accountability, visibility, and cost-effectiveness.

The main conclusion to emerge from the tables is that there is a trade-off in delegating management/implementation, between the potential advantages of proximity to applicants/projects and the potential disadvantage of less coherence for the programme as a whole. Delegation facilitates a stronger focus on specific areas, sectors, groups or communities, allowing programme resources to be targeted effectively; it enables easier administration, particularly where institutional structures and systems across the programme area are not compatible; and it can encourage local/regional participation in the programme, giving the programme a stronger presence (and higher visibility for EU funding) than it otherwise may have.

On the other hand, delegation can involve important costs. These relate mainly to the danger of programme fragmentation (especially in cases of delegated management), as each part of the programme is managed and implemented in different ways. The strategic coherence of the programme may be diminished, with less leverage at programme level and the dilution of strategic objectives. Management and implementation procedures are duplicated and inconsistency in approach can arise. Coordination arrangements need to be introduced. Project quality may suffer, with less potential for cross-border or transnational initiatives.

Table 3: Strengths and weaknesses of implementation systems

	Delegated management	**Delegated implementation**	**Delegated animation**
Strengths	• adaptable to national/regional priorities and institutional structures • contributes to strengthening of sub-programme institutional capacity • potential for greater strategic coherence and leverage at sub-programme level • use of Structural Funds tends to be more visible and transparent	• regional distribution of JTS staff ensures close contact with project developers and implementers • facilitates communication between projects sponsors and management structures • delegated implementation responsibilities can increase the efficiency and speed of decision-making (e.g. Sachsen local steering group) • bottom-up approach to implementation can increase awareness of the programme and lead to greater local ownership	• can provide an important link between national actors and the Steering Committee • can improve local coordination • ambassadorial role for territorial cooperation at regional and local levels • scope to capitalise on specific knowledge of regional and local conditions • facilitates international partner search • supports the work of the JTS • helps to ensure coordination with other Structural funds programmes • stimulates participation from small project promoters with limited INTERREG experience
Weaknesses	• diversity of administrative systems • increased administrative costs • duplication of tasks between existing regional development bodies and new structures • setting up new structures can involve delays • can waste time and/or resources if roles are duplicated • communication and coordination challenges	• regional implementation roles can overlap with JTS activities and lead to coordination difficulties • composition of delegated implementation structures often varies between programme partners, with possible inconsistencies in the service being provided • with separate structures, each programme partner may adopt different working practices and approaches • lack of integration with existing institutional structures	• the quality of service provided can vary from place to place, depending on institutional contexts and resources. • sub-programme institutions may tend to promote 'local', as opposed to transnational, interests • commonly argued that programme 'animators' could have a greater role in project selection • can lead to overlap and duplication between the JTS and delegated animators (e.g. for project follow-up, promotion and awareness in Ireland)

Table 4: Efficiency, accountability, visibility and cost-effectiveness of implementation systems

	Delegated management	Delegated implementation	Delegated animation
Administrative efficiency	• adaptable to domestic structures • potential for duplication of tasks • need for good coordination structures	• administrative overlap a common problem • inconsistency in service provided across the programme area • facilitates communication between levels of administration and project partners	• allows programme to maintain comparatively straightforward management structures, but ensures good regional links • supports the work of the JTS • provides 'local' knowledge and links
Accountability	• strong national/regional involvement	• lack of integration with existing structures • close contact with project partners	• potential for area-based institutions to 'promote' local, as opposed to transnational, interests • offers specific, detailed knowledge of the programme area
Visibility	• stronger presence in partner regions can increase visibility of the programme	• bottom-up approach & local representation increases programme awareness and visibility	• supports and engages new projects partners
Cost-effectiveness	• potentially higher costs	• delegated structures can increase the speed and efficiency of decision making	• act as 'ambassadors' for the programme

5.2 Project procurement systems

As with programme management structures, a number of INTERREG programmes have also adopted distinctive project selection and procurement system. An open calls system is the most widely used approach, but it is not necessarily used exclusively. For instance, some programmes set aside funds for seeding projects or establish special funds, e.g. for small projects. Others have a system for shortlisting projects or developing strategic projects. A variation of the open calls system can also be used, with calls being thematically or geographically targeted

The strengths and weaknesses of each of these procurement systems are brought together in Table 5. The characteristics of different systems are explored further in Table 6 with respect to the criteria of their administrative efficiency, strategic orientation, transparency and equity, and visibility.

The various systems discussed in the previous section and summarised in the tables are associated with quite different management objectives.

- At one end of the spectrum, *strategic projects* are designed to ensure that programme objectives are met with a limited number of large initiatives that have a demonstrable impact. These are particularly suited to territorial cooperation programmes operating with 'complex' geographies or where the number, resources or application experience of the potential beneficiaries are considered to be inadequate. By their nature, however, such projects are exclusive, generally absorbing a significant amount of resources and limiting the availability of funding to a wider range of (smaller) beneficiaries.

- At the other end of the spectrum, the *seeding of projects* and *special funds* are often designed to encourage the participation of smaller beneficiary organisations. They are used to simplify access to the programme by reducing bureaucracy (at least in the first stage of seeding systems) and promote a wider geographical, sectoral and thematic distribution of resources. Particularly if associated with effective project animation, such procurement systems can help smaller organisations 'break into' territorial cooperation activity. However, such systems do carry an administrative cost and may attract large numbers of applications which are either deemed unsuitable or do not eventually go ahead.

- *Thematic/geographic calls* and *project shortlisting* have elements of both of the above approaches. They can be used to help meet the strategic objectives of the programme by targeting programme resources in particular areas/fields (with thematic/geographic calls) or ensuring higher-quality applications (through project shortlisting). They may also ensure a favourable spatial or thematic distribution of resources and encourage high take-up from smaller organisations, although potentially at a higher administrative cost and at the expense of the transparency of the selection system.

Table5: Strengths and weaknesses of project procurement systems

	Thematic/geographic calls	Seeding projects	Shortlisting projects	Special funds	Strategic projects
Strengths	• helps meet the strategic programme objectives • increases participation of areas and groups • ensures a spatial or thematic spread of resources • can give good indication of the demand for funds	• generates better quality projects • involves a larger number of partners from more regions	• limits the complexity of the initial application • less risk of applications being excluded at a late stage • higher quality final applications • ensures high take-up of funds • allows screening of lower quality projects at an early stage	• high number of final beneficiaries • better chance of ensuring good geographical and community spread of resources • potentially high added value for small amounts of money • small projects could lead to more substantial or innovative future submissions • increased 'visibility' of funds • increases cross-border activities	• fewer, larger projects can simplify programme delivery • greater capacity to address strategic programme objectives • demonstrable impact • scope to enhance cross-border element • can increase synergies
Weaknesses	• may reduce scope for more innovative projects • narrows the potential range of end beneficiaries • long waiting times of bid assessment process • applicants can be under greater time pressure to develop their bids • spatial selectivity can make it difficult to involve partners from all partner areas and lead to administrative complexity	• application procedures can be overly complex relative to the amounts of money available • not all 'seeded' projects are successful in their final applications, therefore there is an element of financial risk	• lack of transparency • longer times to develop final project applications • delays in the shortlisting/feedback process	• reduces budget for strategic projects • potentially high administrative costs of managing and implementing a large number of small projects • limited 'reach' and impact of small projects	• limits number of beneficiaries - some groups not reached due to their resource limitations • lack of flexibility in programme • long lead-in time • potential N+2 concerns, if delays or lack of projects. • a small number of large projects can dominate resource allocation

Table 6: Administrative efficiency, strategic orientation, transparency & equity and visibility of project procurement systems

	Thematic/geographic calls	Seeding projects	Shortlisting projects	Special funds	Strategic projects
Administrative efficiency	• predictable, time limited project assessment and selection period • administrative burden of assessing large number of projects in a short period	• the administrative resources involved can be high relative to the amount of money available	• reduces the length and complexity of the initial application phase • delays in the feedback process can be a common problem	• reduced budget for strategic projects • simplified application procedures	• large projects are simpler to administer than a high number of small projects
Strategic orientation	• can be used to meet the strategic objectives of the programme, address 'gaps' in the portfolio of funded projects and commitment concerns • can lead to better, more innovative bids	• can be used to develop higher quality, more strategic projects • can be used to increase the number of project partners • not all seeded projects are successful	• higher quality final applications • ensures high take up of funds • less risk of projects being excluded at an early stage	• limited 'reach'/impact of small projects • potentially high value added for small amounts of money • high numbers of final beneficiaries	• projects developed in line with the programme goals • good way to commit large amounts of funding
Transparency & equity	• cuts out support for some areas, where demand could be higher	• supports project developers, who may not have been in a position develop a full project themselves	• difficulties with lack of transparency in shortlisting criteria • pressure to provide detailed feedback	• can be used to support/ encourage new beneficiaries	• can be viewed as less transparent and accountable • limits opportunities for smaller beneficiaries
Visibility	• can increase the profile of the programme in under-presented areas			• increased visibility for the programme amongst key groups	• high impact of larger projects

6. NEXT STEPS

The different approaches outlined in Sections 3-5, as well as other variations in funding systems and partner composition, lead to a diverse range of possible programme delivery mechanisms. The task of the next stage of the study will be to consider how these systems would 'fit' with the specific needs of the 2007-2013 NI/Ireland/W. Scotland programme and in particular how they could be used to maximise the positive contribution and role of Scottish Partners. Key questions include:

- How could delivery mechanisms change, taking into account the new programme area, any changes in the programme approach and also drawing on past experience?

- How could the programme best manage the development and delivery of strategic, thematic projects?

- Drawing on the experience of a range of cooperation programmes and the specific requirements of the Ireland, Northern Ireland, Western Scotland Programme, what are most appropriate procurement models for the 2007-2013 programme?

- To what extent is the model of Cross Border Partnerships appropriate and applicable in the Scottish context?

Options for Scottish Partners

1. INTRODUCTION

1.1 Context

As previously noted, the rationale for this EPRC study is the need to assist the Scottish partners of the new Programme in considering their approach to its development and implementation. The initial stage of the study identified and evaluated options for the delivery of Cross-Border Territorial Cooperation programmes, including partnership structures and approval mechanisms and the use of commissioning or procurement approaches for strategic projects. The analysis presented in EPRC's First Report to Scotland Europa identifies a range of different structures used for implementing INTERREG programmes across the EU. While many programmes have adopted a 'standard' management structure - comprising a single Managing Authority, Paying Authority, Programme Monitoring Committee and Steering Committee - others have delegated certain functions and established a range of 'intermediate' bodies to support management and implementation. The main conclusion to emerge from the analysis of these systems is that there is a trade-off in delegating management/implementation, between the potential advantages of proximity to applicants/projects and the potential disadvantage of less coherence for the programme as a whole.

As with programme management structures, a number of INTERREG programmes have adopted distinctive project selection and procurement systems. An open calls system is the most widely used approach, but it is not necessarily used exclusively. For instance, some programmes set aside funds for seeding projects or establish special funds, e.g. for small projects. Others have a system for shortlisting projects or developing strategic projects. A variation of the open calls system can also be used, with calls being thematically or geographically targeted. Each approach has distinctive strengths and weaknesses, with respect to the criteria of their administrative efficiency, strategic orientation, transparency and equity, and visibility. For instance, at one end of the spectrum, strategic projects are designed to ensure that programme objectives are met with a limited number of large initiatives that have a demonstrable impact. At the other end of the spectrum, the seeding of projects and special funds are often designed to encourage the participation of smaller beneficiary organisations.

The different approaches to INTERREG programme management and implementation outlined in the EPRC First Report, as well as other variations in funding systems and partner composition, lead to a diverse range of possible programme delivery mechanisms. The task of this second stage of the study is to consider how these systems 'fit' with the specific needs of the 2007-2013 Ireland, Northern Ireland and Western Scotland Territorial Cooperation Programme and, in particular, how they could be used to maximise the positive contribution and role of Scottish Partners. Key questions include:

- How could delivery mechanisms for the Ireland, Northern Ireland and W. Scotland Programme change, taking into account the new programme area, any changes in the programme approach and also drawing on past experience?

- How could the Programme best manage the development and delivery of strategic, thematic projects?

- Drawing on the experience of a range of cooperation programmes and the specific requirements of the Ireland, Northern Ireland and Western Scotland Programme, what are most appropriate procurement models for the 2007-2013 programme?

- To what extent is the model of Cross-Border Partnerships appropriate and applicable in the Scottish context?

1.2 Methodology

EPRC responds to these questions by offering an informed perspective on the preparation of the new programme with a view to developing practical, efficient and effective systems for the delivery of the programme and strengthening the final quality of the programme from a Scottish perspective.

The overall approach of the study was developed to take into account and respond the on-going process of Programme development. The study has involved three main phases, which involve a number of elements.

(i)   Phase 1: 24 October - 10 November 2006

- An initial inception meeting with Scotland Europa provided the opportunity review the objectives and expected outputs of the study.

- The second element of the study involved an assessment of alternative INTERREG IIIA and IIIB delivery mechanisms and commissioning and procurement approaches. Drawing on EPRC's knowledge of INTERREG IIIA and IIIB territorial cooperation programmes across the EU - as well as the specific situations in Ireland, Northern Ireland and Scotland - this analysis will provide information and insights into the operation of INTERREG programme and how these apply to the new programme. The main sources of information for this task were programme documentation, annual implementation reports, mid-term evaluations (MTEs) and MTE Updates (UMTEs) for the 2000-06 period. The analysis comprised the following stages:

  - a review of all 64 INTERREG IIIA and IIB programmes to identify programmes with delegated management structures and alternative delivery mechanisms different from those used in Scotland;

  - an assessment of alternative delivery mechanisms adopted by INTERREG programmes across the EU to provide a typology of different mechanisms and their characteristics; and

  - the identification of relevant examples of commissioning or procurement approaches to projects in INTERREG programmes.

- A third element of the study involved a critical assessment of various delivery and commissioning/procurement approaches, detailing their strengths and weaknesses in relation to other mechanisms using a series of criteria.

(ii)   Phase 2: 10 November-16 December

- In order to draw lessons from past experience in the programme area, a desk-based assessment was carried out of key aspects of the INTERREG programmes that cover Western and south Western Scotland and the INTERRG IIIA Ireland-Northern Ireland Cross-Border Cooperation programme. This assessment was based primarily on annual reports, evaluation reports and responses to public consultations. It provides a systematic and comprehensive overview of relevant INTERREG experience in the programme area.

- EPRC undertook discussions with the SEUPB and Scottish Executive with a view to discussing how different options might operate in Northern Ireland/Ireland and Scotland respectively and to clarify the strengths and weaknesses of different approaches in practice. Additionally, Commission views and advice were taken into account.

- A key part of the study was to ensure that Scottish partner views are reflected in the development of the delivery mechanism. With this in mind, EPRC has undertaken a consultation process with partners in the Highlands and South West Scotland parts of the Scottish programme area in order to gauge the level of awareness of the Cross-Border programme, their expertise in transnational project development and implementation, project ideas, and their needs/expectations in terms of information and support. Workshops were held on 7 and 8 December in Inverness and Girvan respectively. The preparation of the consultation process included a desk-based assessment of existing organisational participation in current INTERREG programmes that cover Western and south Western Scotland.

(iii)   Phase III: Reporting

- Two reports have been produced by EPRC.

    - The First Report to Scotland Europa identifies a range of different structures used for implementing INTERREG programmes across the EU and their advantages and disadvantages. It also details a typology of commissioning and procurement systems and examples of good practice.

    - This Second Report to Scotland Europa focuses on the specific experience of INTERREG in the new programme area and settings out a range of recommendations for programme delivery.

1.3   Structure of the report

The following report is divided into four further sections:

- Section 2 provides an overview of key aspects of the implementation and management of the 2000-2006 Ireland, Northern Ireland Programme, with a view to drawing relevant lessons for the future programme.

- Section 3 examines Scottish involvement in the current round of INTERREG programmes.

- Section 4 discusses partner views on the management and implementation of the 2007-2013 programmes.

- Finally, drawing on Sections 2-4 of the report and the findings of EPRC's First Report, Section 5 outlines some possible options for the delivery of the programme and the involvement of Scottish partners.

2. INTERREG IIIA IRELAND-NORTHERN IRELAND 2000-2006: LESSONS AND EXPERIENCE

The 2007-2013 Ireland, Northern Ireland and Western Scotland Programme builds upon two previous cross-border programmes between Ireland and Northern Ireland, most notably the INTERREG IIIA 2000-2006 Ireland-Northern Ireland Cross-Border Cooperation Programme. This programme covers a large part of the new territorial cooperation programme area, with the exception of Western Scotland. The Programme has a distinctive institutional structure and approach to programme implementation, which were developed in response to the specific needs of the areas involved.

This past experience of INTERRG cross-border cooperation programme offers the opportunity to carry forward some useful practices and lessons into the new Territorial Cooperation Programme. A number of reviews and evaluations of the management and implementation structures of the 2000-2006 Programme have already been carried out. The following review draws on these analyses, focusing on key programme management and project procurement concerns and taking account of the particular needs of the new programme area and the interests of Scottish partners.

2.1 Programme Management and Delivery

Programme management and delivery structures for the 2000-2006 Cross Border Programme were developed in response to a range of practical considerations, including the perceived need to avoid the 'centralisation' of management responsibilities in government departments, the need to establish stronger cross-border links and projects and the need to address social and community concerns. The result is a highly integrated programme management structure.

The **Special European Union Programmes Body** (SEUPB) is the Managing Authority (MA), Paying Authority (PA) and Joint Technical Secretariat (JTS) for INTERREG IIIA. The organisation is unique amongst the 2000-2006 INTERREG Programmes, as it is a single cross-border Managing Authority. At the strategic level, a Programme Monitoring Committee (PMC), comprising members of the public, private and voluntary sectors and chaired by a representative from the SEUPB, takes overall responsibility for the programme and sets its strategic direction.

Another distinctive aspect of the 2000-2006 Programme is the role played by delegated implementation agencies in programme delivery. Government departments in Northern Ireland and Ireland administer jointly a number of the Programme measures, particularly in the fields of infrastructure and environment. However, delegated implementation agencies are in place for five measures.

- Three **INTERREG IIIA Partnerships** (Irish Central Border Area Network, North West Region Cross Border Group, East Border Region Partnership) implement measures 1, 2 and 3 of Priority 1 "Integrated Local Development Strategies" (Business and Economic Development, Knowledge Economy, Human Resource Development and Skilling). This covers 30 percent of the Programme's funding. The Partnerships are

- based on existing cross-border groups and have a 50/50 split of social partners and local authority representatives.

- Two **cross-border partnerships** are responsible for implementing measures under Priority 3 "Civic and Community Networking". A thematically-based partnership, *Co-operation and Working Together* (CAWT), facilitates cross border working between health and social care organisations in the context of measure 3.2 "Health and Well-being". *INTERREG Community Partnership* (*ADM/CPA and Co-operation Ireland*), delivers measure 3.1 "Social and Community Infrastructure".

- Additionally, two **local delivery mechanisms** were set up during the second half of the programming period. These organisations are not cross-border organisations, as they are based in the northeast of Northern Ireland (*NE Partnership*) and the Belfast Metropolitan area (*COMET*) respectively.

Support to project applicants is provided by the MA and implementation agencies. Under the relevant measures, an initial assessment of the project applications is carried out by the Partnerships. For measures involving an open call procedure, assessment panels are used, which include representatives of the implementation agencies and authorities and external experts. Also, the JTS carries out an assessment of applications against the programme criteria.

Evaluations of the management and delivery of the programme highlight a range of useful lessons for the future Programme. In terms of programme management, the SEUPB - as a single MA, PA and JTS - has built up a strong identity within the programme area and has considerable expertise.

Through its delegated implementation and animation structure, the Ireland, Northern Ireland Cross-Border Programme has been described as having "personality and presence on the ground".[9] The establishment of the Partnerships has drawn together a range of smaller organisations to work in cooperation with larger, strategic programme partners. During the project development stage, the support offered by the implementation agencies was described as accessible, 'hands-on' and conducive to networking and cooperation.[10] In short, the 2000-2006 Programme is considered to have successfully engaged with local organisations and widened the range of project participants. Meanwhile, 'local' involvement in project selection and implementation processes means that local expertise and awareness of sub-regional development strategies has been incorporated into selection procedures. These strengths have created an important resource on which the 2007-2013 programme can build, particularly in terms of stimulating cross-border dialogue, building cross-community working, developing truly 'cross-border' projects, and encouraging wide participation in the Programme (see Table).

However, when drawing lessons for the next programming period, it is also important to recognise weaknesses in the system (see Table 1).

---

[9] Initial Proposals Paper from the Interreg IIIA Partnerships, p. 5.

[10] SEUPB (2005) Update of Mid Term Evaluation of INTERREG IIIA Ireland / Northern Ireland, Final Report, p. 28.

- First, the number of organisations involved in project development and delivery at various levels means that maintaining coordination, communication and consistency has been a complex and demanding task.

- Second, the cost of maintaining and managing a complex implementation structure has been high, associated with the risk of overlapping activities and duplication of effort.

- Third, many organisations have 'dual' animation and implementation roles, e.g. supporting project development and selecting projects. These agencies have been required to ensure that separate units within the organisation carry out development and selection functions respectively. However, this kind of dual role inevitably carries with it potential conflicts of interest and a perceived lack of transparency.

- Finally, with some notable exceptions, strong 'local' involvement has been associated with large numbers of small project applications, leading to administrative pressures on implementing authorities, delays and weak strategic impacts.

Table 1: Strengths and weaknesses of the Ireland-Northern Ireland 2000-2006 Cross-Border Programme

	Strengths	Weaknesses
Awareness raising	The involvement of the programme MA and implementing agencies in awareness-raising allowed the Programme to have a 'broad' reach.[11] In particular, the Partnerships are credited with giving the Programme 'personality and presence' on the ground.	Coordination of activities and communication across such a large number of institutions can be difficult.
Project Development	INTERREG projects often require substantial lead-in times and support during the programme preparation period. Support provided by the decentralised Partnerships is considered to have been valuable, as it has been 'hands on', accessible to local applicants and builds capacity for expanding/'snowballing' project ideas and networks.[12] Project development activities supported by locally-based implementation agencies were generally seen as being in line with local development strategies and genuinely 'cross border' projects. The scope for projects to lead to cooperation and dialogue beyond the INTERREG programme has also been highlighted.	It was not always clear which organisation project applicants should approach. There may even be a level of competition between the implementation agencies, which have tended to focus on the specific needs of their own geographic or thematic area of responsibility, rather than the overall needs of the programme. Maintaining a large number of institutions has been costly.
Project assessment and delivery	Project applicants were generally satisfied with the application and assessment process. The local knowledge and expertise in the Implementation Agencies, the Assessment Panels and the Steering Committee were acknowledged. A coordinated approach and cross-border links were encouraged through regular meetings. Delivery processes have worked well and good working relationships and informal networks have existed between implementation agencies as well as with government departments.	The fact that decisions on projects are taken by various institutions, at various levels and across a range of geographic areas has made it difficult to maintain a consistent selection and implementation procedures. In a two-stage selection procedures, opinions may differ between organisations on the most suitable projects. The private sector feels that it has not been well-represented on decision-making bodies. Large numbers of the projects selected and appraised are relatively small-scale. Some elements of the application process are very complex, as several government departments can be involved. Conflicts of interest can arise between institutions' roles in project development and project selection.

---

[11] SEUPB (2003) *Mid-term Evaluation of INTERREG IIIA*, Final Report, p. 37 and 46.

[12] SEUPB (2005) Update of Mid Term Evaluation of INTERREG IIIA Ireland / Northern Ireland, Final Report, p. 28.

2.2   Project Procurement Systems

For project procurement, the 2000-2006 Programme has mainly relied on a system of open and untargeted calls. However, the role of the delegated implementation authorities and the resources allocated to a specific measure means that it could be argued that there is an element of geographic and thematic targeting to the calls procedure. For instance, specific arrangements apply for certain measures, such as Measure 3.2 "Health & Well Being" which is implemented by the CAWT implementation agency in cooperation with cross-border sub-groups responsible for identifying and developing cross-border INTERREG projects in relevant fields. Another exception to the open calls system concerns interventions supported under Priority 2 "Supporting physical infrastructure and the environment". In this case, open calls are generally not issued, and government departments develop projects jointly.

Evaluations and other assessments of the Ireland-Northern Ireland Programme generally view the project procurement system favourably, in terms of transparency, accessibility and accountability. It is also seen to be open to innovative project submissions. However, a number of drawbacks and difficulties have been also identified. For project applicants, the system:

- can be complex and demanding;

- may involve tight timescales;

- often excludes organisations with limited capacity and experience in project development;

- leads to a large number of small-scale project, which lack "critical mass" and involve relatively small amounts of money; and

- may have high rejection rates, leading to disappointment and 'wasted effort'.

For the implementing authorities, the system involves:

- considerable administrative effort and resources in dealing with applications;

- delays in decision-making and payments due to high workloads; and

- possible problems with conflict of interest in some cases.

2.3   Key lessons & issues

Based on the preceding review of programme management and delivery structures and project procurement mechanisms. It is possible to identify some lessons and issues for the 2007-2013 Programme.

First, the institutional infrastructure for the 2000-2006 Programme is tailored to the specific needs the programme area. The idea of developing a good 'fit' between the needs

of the programme area and the institutional infrastructure involved in managing and implementing the programme can be carried forward into the 2007-2013 programming period. However, in doing so, it must be recognised that the Programme and the Programme area will need to change. Specifically, it would be difficult to 'transfer' the current Partnership arrangements to Scotland, or for the Scottish partners simply to 'slot into' the current system.

Second, maintaining a consistent and strategic focus in the delivery of the Programme has been problematic. For instance, concerns have been raised about the large number of comparatively small projects that have been funded in the past and, conversely, the smaller number of major, strategic projects. Another example of the difficulties in ensuring a consistent, unified approach in programme delivery are the tensions that can arise between the different institutions involved in project selection.

Third, the programme has a very complex programme implementation and animation structure. This is costly in terms of resources. It can lead to institutional overlap and duplication of effort. A range of participating institutions can lead to confusion amongst project partners over whom to contact for programme advice and information.

There are equally important strengths in the Programme's management, implementation and procurement systems that the 2007-2013 Programme can usefully build upon and that can inform the approach of the Scottish partners. The Programme has a very strong local presence, enjoys high levels of awareness and high participation rates from a wide range of organisations. Partnerships and the 'bottom-up' approach to project development have been key to establishing these particular Programme strengths. Through the involvement of Partnerships and assessment panels, local knowledge and expert input is incorporated into project animation and appraisal systems. Further, the Programme has developed a strong cross-border identity and approach, from the Managing Authority structure down to the completed projects. Finally, SEUPB has built up considerable expertise and 'visibility' in the programme area.

3. INTERREG IN SCOTLAND 2000-2006: LESSONS AND EXPERIENCE

Although EU-funded cross-border cooperation is new to Scotland, there is extensive experience in the delivery of other EU programmes and projects. Of particular relevance are the four transnational INTERREG IIIB programmes, which involve Scottish partners: the Northern Periphery; North Sea Region; North West Europe; and Atlantic Area. As transnational programmes, these programmes involve a wider range of participating countries. Nevertheless, it is useful to draw lessons from Scottish partners' own involvement in INTERREG programmes.

3.1 Programme Management and Delivery

All four INTERREG IIIB programmes in Scotland have established 'standard' programme bodies for the relevant programme area: Managing Authority; Paying Authority; Programme Monitoring Committee; Steering Committee (SC); and a Joint Technical Secretariat. The programme bodies, their tasks and representatives are outlined in more detail in Table 2.

For the strategic management of each of the programmes, the PMC comprises representatives from all the participating countries and takes overall responsibility for the programme's strategic direction and performance. However, there are some slight variations in precise characteristics of the basic structures of each programme. For instance, in the Northern Periphery Programme, the PMC also acts as a SC, which has the responsibility for the selection of projects and allocation of funds. By contrast, the PMC and SC are separate bodies in the North Sea Programme, but some of the participating countries have appointed the same representatives to both committees. In the North West Europe programme, a PMC and a supporting Supervisory Group have been established. Additionally, although the basic tasks of the MA and PA are standardised across all INTERREG programmes, in the North Sea and North West Europe programmes, the MA has delegated most of its day-to-day responsibilities to the Programme Secretariat, which has increased the supervisory responsibilities of the PMC (in the North Sea Programme) and the Supervisory Group (in the North West Europe Programme respectively).

In addition to these basic programme management bodies, the Northern Periphery Programme has a Programme Management Group, which is drawn from the PMC and comprises the seven national representatives of the participating countries. The group acts as a 'Board of Managers' for the JTS and assists the JTS, MA and PA in the administration of the Programme. Similarly, in the North Sea and North West Europe Programmes, Supervisory Groups have been established to help the PMC/Programme Management Committee to supervise the programme progress.

As Table 2 illustrates, the standard programme bodies are usually centralised, with one organisation taking the responsibility for specified functions on behalf of the participating Member States or regions. The same generally applies to the programme implementation bodies. In all four INTERREG IIIB programmes with Scottish partners, the programme's JTS manages the project application process, provides information and advice to potential applicants and partners at the project level, and is normally involved in the marketing of the programme.

In addition to the 'standard' management and implementation structures, all four INTERREG IIIB programmes have adopted decentralised arrangements to support the MA and JTS in activities such as project generation, strategic project development, receiving project applications, undertaking initial eligibility checks, monitoring and publicity. A 'regional or national contact point' system is used in a number of programmes. These institutions act as points of 'first contact' for project applicants, offering advice on eligibility and funding opportunities. They can also serve as a useful link between the national or regional level and the programme's administrative and management bodies.

- For the North Sea and North West Europe programmes, National Contact Points are used.

- In the Atlantic Area Programme, National Correspondents are based in each member country to facilitate the project development in close contact with the Programme Secretariat.

- In the Northern Periphery Programme, the JTS is supported by both Regional Contact Points (RCP) and regionally based committees, called as Regional Advisory Groups (RAG). The RCPs are initial points of contact for potential project applicants and assist the Secretariat in marketing the Programme in their respective regions. For instance, the JTS and the RCPs work together to host 'partenariat' events aimed at project applicants and assisting them with developing and presenting their ideas and building links with international partners. Regional Advisory Groups, which comprise of a variety of experts and/or regional participants, are involved in the project assessment process. The RAGs make an initial assessment of the applications and provide recommendations on project selections to the Programme's SC.

The overall management structures of these programmes have been evaluated positively, although each of the Programmes has encountered some difficulties, which could provide important lessons for the future. First, an important issue for a number of programmes is the need to build a robust, strategic and 'programme-oriented' PMC/SC. For instance, an evaluation of the Northern Periphery Programme states that a key strength of the Programme is that fact that the PMC has taken a particularly strategic approach to steering the Programme.[13] Additionally, the active participation of the Member Countries in PMC meetings has ensured a good basis for transnational cooperation, although discussions and decision-making has occasionally taken time. In contrast, according to the MTEs[14] of the North Sea and Atlantic Area Programme, representing and pursuing the common, strategic goals of the Programme has been a particular challenge. In some cases, participants tended

---

[13] INTERREG IIIB Northern Periphery Programme, Update of the Mid-term Evaluation, Final Report to the NPP Managing Authority, EPRC, 2005.

[14] Mid-term Evaluation of the INTERREG IIIB North Sea Region, Final Report, ECORYS, ECOTEC, NIBR and MR, 2004.

to focus on national or regional priorities. In others, there was confusion over the respective roles of the relevant programme authorities. [15]

Second, supplementary, supervisory groups were introduced as a way to maintain programme momentum between PMC meetings, with mixed results. In the North Sea Programme, a Supervisory Group has been a useful addition, because the more frequent meetings between programme actors has helped to speed up programme procedures and prevent conflicts over tasks and responsibilities. In contrast, the North West Europe, the Supervisory Group, has been less successful, mainly due to the high turnover in participants. [16]

In terms of the role of delegated animation institutions in the development and delivery of their respective programmes, all are credited in evaluations with fulfilling an important role as an information and advisory source for potential project applicants, although their exact role has sometimes been unclear and, at times, overlapped with the work of the JTS (and with the RAGs in the case of Northern Periphery). Particular benefits for the programmes and project partners are the institutions' knowledge of their specific regional conditions, their perceived 'neutrality' and independence from the project selection process and their accessibility. Crucially, they have been found to contribute positively to the quality of project submissions. By maintaining a network of links amongst the contact points, programmes were also able to ensure a good flow and exchange of information between the various parts of the programme area. Other aspects of the programme promotion in the four INTERREG IIIB programmes, such as partner workshops or the various thematic seminars, have also been found to be effective in making the programmes more visible to the project applicants and encouraging networking. However, some difficulties have also arisen, particularly relating to concerns over perceived inconsistency in the support offered by different contact points operating under the same programme.

---

[15] *Mid-Term Evaluation of the INTERREG IIIB Atlantic Area programme 2000-06*, Summary of the Final Report, EDATER in collaboration with ADE, 2003.

[16] Mid-term Evaluation of the INTERREG IIIB North-West Europe Programme, Evaluation Report, Ruprecht Consult, 2003.

Table 2: Programme bodies & their representatives in the four INTERREG IIIB programmes.

INTERREG IIIB	Programme bodies	Representatives
Northern Periphery	• *Programme Monitoring Committee*: overall performance monitoring & strategic direction of programme; when acting as a Steering Committee, responsible for project appraisals & allocation of funds.	Three representatives of each Member State, & observers from NORA, MA, PA. Representative from the Commission in an advisory capacity.
	• *Programme Management Group*: assisting JTS, MA & PA in administration; acts as a Board of Managers to the Secretariat; and facilitates contact and flow of information between partners at the Programme level.	Representatives of the national authorities responsible for the implementation of the programme.
	• *Secretariat*: manages project applications; gives info/advice to applicants & partners at project level; proposals for MC & implement MC's decisions; liaison with other parties.	Three international members of staff in Copenhagen, Denmark (located outside the programme area).
	• *MA & PA*	County Administrative Board of Västerbotten in Sweden.
	• *Regional Contact Points (RCP)* & *Regional Advisory Group (RAG)*: RCPs are information sources for project applicants & help the JTS in programme marketing in their regions. RAGs assist in application assessment & make funding recommendations to the SC.	Six RCPs in the Programme area; RCP in Inverness is a representative of Highlands and Islands Enterprise. The RAG for Scotland consists of representatives from SCVO, VisitScotland, Argyll & Bute Council, UHI Millennium Institute, Scottish Executive, Western Isles ICT Advisory Service, Forestry Commission, Highlands & Islands Enterprise, Research School of Sustainable Rural Development, Scottish Natural Heritage, and Highland Council.
North Sea	• *Steering Committee & Monitoring Committee*: PMC supervises programme; ensures quality & effectiveness of implementations & accountability of programme. The SC is responsible for approval & rejection of project applications.	PMC & SC consist of 3 representatives from each Member State & Norway & a representative from the Commission (in PMC as an advisory capacity and in SC as an observer). In addition, the PMC consists of the chairman and co-chairman of the SC.
	• *Supervisory Group*: supervises the programme progress between MC meetings & recommendations for MC meetings.	Consists of the chair, vice-chair & previous chair of the PMC, 1 member of the MC per country, head of the Secretariat, representatives of the MA and PA
	• *MA & PA*	MA is the Danish Agency for Trade and Industry, and PA the County of Viborg in Denmark.
	• *Secretariat*: responsible for all the tasks of the MA; secretarial & administrative duties; project development assistance; implementation & promotion of programme.	Based in the premises of the County of Viborg in Denmark.
	• *National Contact Points*: recruit partners, support project preparation & application phase (in support of Secretariat).	National Contact Point in each Member State;

North West Europe	• *Programme Management Committee:* responsible for implementation & strategic guidance of programme; approval of programme complement; project selection procedures; and Secretariat's workplan.	Consists of representatives from the Member States & the Swiss Confederation & with the support of European Commission & the MA and PA.
	• *Supervisory Group:* sub-group to the Programme Management Committee; and supervision of Secretariat & National Contact Points,	Consists of the Programme Management Committee's previous President, its Vice-President, 1 representative of each Member State & the Swiss Confederation & with the support of the MA in an advisory capacity.
	• *Steering Committee:* selection of projects; & co-ordination of monitoring of implemented projects.	Each Member State & the Swiss Confederation can have up to three representatives present in meetings.
	• *MA & PA*	*MA* is the Nord-Pas-de-Calais Regional Council in Lille, & *PA* is the Nord-Pas-de-Calais Regional Office of the Caisse des Dépôts et Consignation in Lille, France.
	• *Secretariat:* day-to-day Programme management activities; implementation of Management Committee and SC decisions; providing info to MA & PA; developing project ideas & promoting the programme with Contact Points; providing project development support; assisting in project implementation; and implementing publicity strategy.	JTS based in Lille, France.
	• *Contact Points:* link & source of info between projects & the Programme.	Contact Point in each Member State & Switzerland.
Atlantic Area	• *Monitoring Committee:* strategic steering role.	-
	• *Steering Committee:* selection & approval requests for assistance; and monitoring project implementation.	-
	• *MA & PA*	MA is the French Regional Council of Poitou Charentes. PA is the Caisse des Dépôts et Consignations in France.
	• *Secretariat:* programme administration; project evaluation; & technical opinions to Steering Committee.	Secretariat based in the Regional Council of Poitou Charentes in France.
	• *National Correspondents:* first contact for applicants to file an application; and work in close contact with the Secretariat.	National Correspondent in each Member State.

Source: Information collected from OPs, Programme MTEs and UMTEs

Table 3: Strengths and weaknesses of the delegated bodies in the four INTERREG IIIB programmes

INTERREG	Delegated body	Strengths	Weaknesses
Northern Periphery	Regional Contact Points (RCP) and Regional Advisory Groups (RAG)	• RCPs do not have formal list of tasks, & the flexibility allows their activities to suit local and regional circumstances. • RCPs have coped with the information provision role. • The Scottish RAG, with access to professional experts, has been referred to as a 'best practice' example. • RAGs support the transnational ambitions of the Programme.	• Problems with lack of communication between the JTS and the RCPs. • Composition of RAGs varies from country to country. • The distinction between RCPs and RAGs is not always clear.
North Sea	National Contact Points (NCP)	• In all countries, there is fairly formalised coordination between the NCPs of the different INTERREG IIIB programmes, which is seen as a productivity gain for all Programmes. • Regular NCP meetings are seen as useful. • NCPs are deeply involved in project preparation & language skills of the region.	• Financial & time resources allocated to the NCPs differ between countries. • In some countries, NCPs are also members of the SC, although in the SC meetings they can only contribute information. • Some differences between the countries on how NCPs are perceived.
North West Europe	Contact Points (CP)	• CPs are a crucial link between projects and the programme, and are a source of information. • Network-like structure allows a quick exchange of information and supports transnational partnerships. • Good knowledge of potential project partners from their country. National language and institutional knowledge are also regarded as important. • In addition to project development support, CPs are seen as valuable in terms of providing services in supporting ongoing projects, promoting the Programme in their country and preparing for the future Programme.	• Roles of the JTS and the CPs are not clearly defined.
Atlantic Space	National Correspondents (NC)	• Contribute to the quality of submitted projects.	• Roles of the JTS and the NCs are not clearly defined • Role of NCs varies from one state to another. • NCs have different visions on what their role involves.

Source: Information collected from Programme MTEs or UMTEs

3.2   Project Procurement Systems

In each of the INTERREG IIIB programmes with Scottish partners, project procurement is mainly carried out via open calls. As previously noted, the JTS of each programme is assisted in awareness-raising activities by delegated implementation or animation bodies. However, the Lead Partner submits project applications directly to the JTS. A programme SC is responsible for the approval or rejection of individual project applications.

There are some variations in approach that have emerged in response to the perceived needs of the Programme and project partners. For instance, in order to meet the strategic goals of the Northern Periphery Programme, the PMC may decide on a special focus or requirements for individual calls. In addition to main projects, the Programme funds so-called micro and preparatory projects. The purpose of the micro-projects is to establish contacts between potential partners. Preparatory projects are aimed at establishing broader partnerships. Preparatory funding has also been available from the UK Department of Communities and Local Government for the other INTERREG IIIB programmes, such as North Sea, Atlantic Area and North West Europe, although final grants are only paid out if the relevant programme approves the project.

Evaluations of some of these preparatory, seed funding schemes have been favourable, e.g. in the case of preparatory projects in the Northern Periphery Programme. However, others have proved less successful, particularly in relation to contributing to the programme's strategic objectives. For instance, the micro-project scheme did not lead to a large number of main applications, possibly because project partners had achieved their desired results by developing the initial contacts.

3.3   Key lessons & issues

As previously mentioned, Scotland has not been involved previously in an INTERREG cross-border programme. However, its involvement in several INTERREG III B programmes raises some issues that should be taken into account when considering the Scottish approach to the 2007-2013 Ireland, North Ireland and Western Scotland Cross- Border Programme.

First, a PMC or SC that is prepared to take on a 'strategic' in steering the Programme has proved to be a positive development. However, this has been difficult to establish and maintain in some programmes.

Second, strategic groups established to support activities such as strategic management and project selection have helped to support, strengthen and complement the work of the core programme management structures. However, the scope of their activities needs to be clearly defined, in order to avoid institutional overlap and confusion over 'who does what'.

Third, systems of regional or national contact points are generally viewed as beneficial to both the programme and project partners. They provide a useful 'bridge' between the programme and projects. They are a valuable of support and advice to project partners and applicants. They can also offer useful support to the JTS and MA. However, variations in the service provided by contact points have been criticised.

Finally, in relation to project procurement, the majority of programmes have relied on open calls. However, variations in this approach and forms of seed funding have been used to good effect in some cases. For instance, more targeted calls have been used to address strategic gaps in the types of projects being funded. Preparatory project funding has helped to develop larger, more strategic project bids involving more partners.

4.   2007-2013 PROGRAMME: PARTNER VIEWS

Under the new ERDF regulation for 2007-2013, the new cross-border territorial cooperation programme will cover much of Northern Ireland, the bordering counties of the Republic of Ireland and parts of Western and South-Western Scotland. In Western Scotland the eligible area comprises: Lochaber, Skye & Lochalsh, Argyll & Islands, Ayrshire and Dumfries & Galloway.

At this stage, the programme drafting process is on-going, and discussions on issues such as funding priorities, funding approaches and programme management structures are still underway. As part of these discussions, an extensive consultation process was undertaken by Scotland Europa at a relatively early stage in the programme development process. Responses were received from a wide range of Scottish, Irish and Northern Irish organisations. Some were submitted as individual responses, others were detailed, joint responses. This process revealed differences among partners concerning the preferred model for delivering the new programme. A number of organisations involved in the 2000-2006 programme favoured retaining key elements of the existing system. Others raised concerns about the extent to which the current system could be adapted to 'fit' the needs of a new programme area, which includes Scottish partners.

Since this broad consultation exercise was completed, discussions and thinking about programme delivery options have moved on. Therefore, in the context of this study, it was important to gather up-to-date partner views and also to focus on the specific needs of Scottish partners. With this in mind, two workshops for Scottish partners were organised and chaired by EPRC on 7 and 8 December 2006, in Inverness and Girvan respectively. Additionally, the EPRC team consulted with representatives of the Scottish Executive, SEUPB and the European Commission. The following sections highlight key observations and findings from these discussions. The following summary is structured in line with the overall approach of this Options Paper, but also reflects the issues discussed by the participants.

4.1   Project ideas and opportunities

On the part of potential project applicants, there is a **strong interest in the opportunities that the Programme can offer**. A wide range of potential projects were discussed at the workshop meetings. The projects mentioned ranged from potentially large-scale undertakings involving investment in physical infrastructure, e.g. linked to marine leisure and transport, to smaller-scale projects based on networking activities and 'soft' outputs.

Participants in both workshops highlighted the **scope for 'strategic' projects**, which have lasting impacts and directly address the programmes goals. For instance, a number of key Scottish organisations, such as the Councils, are in a position to become strong, strategic partners in substantial cross-border projects. However, it was also stressed that an emphasis on 'strategic projects' should not be at the expense of smaller, potentially more flexible and innovative project partners. It was noted that strategic projects need not be conceived soley in narrow terms - i.e. involving large partners in large-scale investments - but could also include a number of smaller partner organisations, e.g. further education

colleges, working together to deliver a project that is in line with the programme's key strategic goals.

4.2   Exploiting ideas and opportunities

Taking these preliminary ideas forward is the next crucial step for project partners. At this stage, only tentative steps towards project preparation are being taken, given the absence of a draft programme or an agreed support structure for partners, as well as (in most cases) a lack of established links with partners in Ireland and Northern Ireland, Clearly, project partners need to be sure of the programme's priorities and eligibility criteria before committing resources to what can be a lengthy and complex project development process. However, even at this early stage, discussions during the workshops highlighted some key issues that could be addressed in order to support the project development process and maximise the scope of Scottish partners to participate in the programme.

- **A partner search facility** to help build links between Scottish partners and their counterparts in Ireland and Northern Ireland would be valuable. Many Scottish partners felt they were simply not familiar with all the relevant organisations that they could be working with. In particular, they felt at a disadvantage to organisations in Ireland and Northern Ireland that have long-standing links and working relationships. Conversely, where Scottish partners had established links with Northern Irish or Irish partners, it was felt that there was also a high level of interest on the part of the Irish and Northern Irish partners in establishing links with potential Scottish partners. One way of offering a type of 'partner search' service could be through a web-site. The EQUAL programme is Scotland was identified by a number of partners as having established a similar type of 'partner search' web-site, which was considered to be a useful way to quickly identify potential partners and establish contact. It was hoped the future JTS would provide this facility.

- *Partner seminars, workshops and information days* are a good way to make 'face to face' contact with partners and the institutions involved in managing and implementing the programme. These could be thematically or geographically targeted.

- While web-sites and seminars provide useful sources of basic information, an effective and informed **contact point for project developers** was seen as valuable. Some partners drew on past, positive experiences of working with contact points under other INTERREG programmes, such as the Northern Periphery Programme. As previously mentioned, under the Northern Periphery Programme, Highlands and Islands Enterprise acted as a Regional Contact Point offering advice and support to project developers by facilitating partner searches and hosting awareness-raising seminars. Other partners identified gaps, problems and opportunities related to the services provided by other institutions. Based on negative experiences of the advice received from some organisations, partners stressed the needs for any contact person/organisation to be very well-informed about the specifics of the programme and also aware of opportunities in other Structural Funds programmes.

- The importance of **coordinating Scotland's involvement** in the Programme was emphasised. This could take from of some kind of Scottish strategic partnership to monitor Scotland's involvement. However, the questions of which organisations should be represented, how to incorporate new members and how to integrate the structure into the new Programme were seen as potential difficulties. Another alternative is to ensure Scotland has active representation in all the programme bodies, as will be discussed in the following sections.

4.3   Programme management

Partners stressed that **programme management structures should be as simple as possible,** without unnecessary layers of administration. Creating new organisations linked to the cross-border programme could simply complicate the existing system. In particular systems for payments should be kept as simple as possible to avoid bottlenecks in the flow of finances to projects.

The experience of the SEUPB in programme management and the favourable evaluations of their role in the 2000-2006 Programme led Scottish partners to support the choice of SEUPB as Managing Authority for the programme. Past experience also suggests that SEUPB could fulfil the role of a JTS. Both the MA and JTS roles are demanding, consequently having an **experienced organisation, familiar with the programme** was seen vital.

However, it is also important to take into account the expanded programme area and the need to incorporate Scottish views and partners. In particular, the need for a **robust, consistent and coordinated Scottish representation** on a Programme Monitoring Committee/Steering Committee is essential (it will also be a programme requirement).

4.4   Programme administration

4.1.2 Operation of the JTS

Representation at the 'strategic level' is important, but partners also stressed the need to ensure **links between Scottish partners and the MA/JTS** at the 'operational' level. For instance, an appropriate high-level Scottish representation in the SEUPB was considered very important, although no concrete details were outlined. This could be a secondee from Scotland working at SEUPB, or there could be a Scottish-based contact person/organisation working with the JTS.

4.1.2 A programme contact point

Within Scotland, an identifiable 'face' for the Programme, in the form of a **clearly defined contact point/person,** could offer support to project developers and act as a link between the projects and the JTS/MA. Additionally, these organisations could be in close contact with other similar contact points across the other Structural Fund programmes. On the question of which organisation(s) in Scotland could 'host' the contact point/organisation, some partners suggested that a 'big', national organisation was not necessarily the best option, as it may not always adequately reflect the interests of all the Scottish areas involved in the programme.

Opinions differed on whether a single contact point could fulfil this role for the whole eligible area in Scotland. On the one hand, the programme area in Scotland could be viewed as involving a North-South split, between regions in the Highlands and Islands and areas in the South-West. It was also noted that in the 2000-2006 Ireland, Wales Cross-Border Cooperation Programme, Wales has successfully maintained two programme representations, one in the north and one in the south of the country. On the other hand, a single contact point could boost coordination within the Scottish programme area; working links between many of the areas in the 'North' and 'South' of the Scottish programme area are already good; and the cost of maintaining two organisations would be higher. Ultimately, the number of contact points and the exact nature of the contact organisation/person will depend on the amount of funding available.

A joint Scottish contact point was seen to be the 'easiest' solution. However, another option would be to establish an advisory group, which could comprise experts on particular themes [although it was also recognised that the group size should not become too large, unmanageable].

4.5   Project procurement

Partners discussed a wide range of possible options for project procurement. The **open calls system** is obviously the approach that was most familiar to all the participants. Whilst it was seen as fair, open and competitive, one drawback cited is the amount of time and resources that project developers (particularly lead partners) have to put in to a bid that may not be successful. Other problems are: the difficulties faced by 'small' bids that are potentially competing against larger partnership groupings; the time pressure placed on applicants to submit bids before all the available resources 'get used up'; the administrative pressure of dealing with a large number of projects; and difficulties in developing strategic projects.

With these difficulties in mind, a number of other options were considered. First, the provision of some sort of **seed or preparatory funding** could be invaluable to Scottish, Northern Irish and Irish partners that are participating in a new Programme covering a new programme area. As previously mentioned, partner searches across borders and developing a robust, strategic project bid takes considerable time and resources, particularly where a maritime border is involved, as this generally makes arranging face-to-face meetings more costly and complex. Having some form of financial support for the project development process could help build stronger project partnerships and better project proposals. Positive experiences of preparatory project funding under the Northern Periphery Programme were highlighted. Similar support provided under the LEADER programme and EQUAL was also seen as particularly helpful. A development of the seed project idea was to use a **shortlisting approach** to identify which projects could have the most potential and offer some form of preparatory funding to them.

Second, **thematic or more 'closed calls'** could be used in some areas, where there is a very narrow field of intervention, e.g. maritime-related projects. This approach could save projects applicants 'wasting their time' with bids that not likely to be funded. It could also be used to mobilise key actors in the relevant fields. For instance, a programme

representative could contact the key institutions involved and facilitate the development of a larger-scale strategic project bid. However, not all partners supported this approach, as it could be seen as 'cutting out' smaller organisations and 'using up' the resources. There was also opposition to the idea of 'ring-fencing resources' for a particular area. Ultimately, it should be the 'best' project that should be funded, not just the 'biggest'.

Finally, the potential to **vary approaches** to project procurement depending on the types of projects involved was considered as an option. For instance, a different call system could be adopted for different priorities.

5. OPTIONS & CONCLUSIONS

In developing options for the Scottish partners to consider, four main strands of information have been taken into account as part of this EPRC study.

- As previously noted, the First Report of the study identified and evaluated options for the delivery of cross-border territorial cooperation programmes, including partnership structures and approval mechanisms and the use of commissioning or procurement approaches for strategic projects.

- This report has examined the specific approaches of the 2000-2006 Ireland-Northern Ireland INTERREG IIIA Programme, highlighting its strengths and weaknesses with respect to management and delivery.

- This report has also reviewed the experiences of Scottish partners with the 2000-2006 INTERRG IIIB Programmes, again identifying relevant strengths and weaknesses.

- Lastly, the report summarises EPRC discussions with programme partners and potential partners to gather up-to-date views and also to focus on the specific needs of Scottish partners.

Table 4 summarises the key findings from each of these main stages of the preceding analyses. Many of the points raised are recurring, common themes, which provide a robust platform for developing options for the 2007-2013 Programme and for Scottish partners to develop their role in the Programme.

Based on these analyses, the remainder of this concluding section outlines options for the Scottish partners to consider. At the outset, it is important to take account of the following points.

- First, the Programme covers a completely new geography that incorporates areas that have previously not worked together as part of an INTERREG Cross-Border Programme.

- Second, there are different types of local authorities, development bodies and central-local government relationships in Scotland, Ireland and Northern Ireland that need to be taken into account in order to avoid difficulties with 'institutional mismatch'.

- Third, the Programme has to take into account new European Commission guidelines on the management and implementation of territorial cooperation.

- Lastly, the Programme is likely to have a new strategic focus and new funding priorities, developed in line with Commission guidelines. All of these points suggest that the programme management and implementation structures will have to change.

Table 4: Overview of the results of the four information sources for this report

Prog. Activity	Comparative Assessment of 2000-2006 INTERREG IIIA, IIIB & IIIC Programmes	2000-2006 Ireland, Northern Ireland INTERREG IIIA Programme	2000-2006 INTEREEG IIIB Programmes with Scottish Partners	Scottish Partner Feedback on the 2007-2013 Programme
Management	Management responsibilities are most commonly centralised, but delegated management approaches have been used by some programmes. Benefits are that they are adaptable and offer leverage at regional level. Weaknesses include diversity of administrative systems, and they are complex and costly to manage.	There are particular benefits in developing management structures highly tailored to the specific needs the programme area. The experience and profile of SEUPB is considerable. The programme management has built a strong cross-border aspect into the Programme.	A strategic 'steering role' by Monitoring Committee/Steering Committee important, but can be difficult to establish and maintain. Strategic groups can be used to support project selection & management.	A simple management structure is preferable. Active, coordinated strategic participation by Scottish partners is necessary. There is value in maintaining an experienced programme management body. Some form of Scottish partnership could be established to represent Scottish views and monitor Scottish involvement in the Programme.
Implementation	A number of programmes have established delegated implementation structures. These have facilitated links with the project level and a bottom-up approach to project development. However, duplication of effort, consistency in approach and coordination are common difficulties.	Delegated implementation structures are in place. The Programme has a strong local presence and good links with projects. Partnerships have been important in 'pulling together groups of smaller organisations' into more strategic programme partners. Use of local knowledge and experts has been helpful. There is a need for a more strategic, coordination implementation approach The two-stage project selection process can mean possible tensions over project selection.	A single JTS ensures continuity in approach/service. The considerable workloads of JTS need to be taken into account. Good communications between the JTS and management and 'grass-roots' of the Programme are important. JTS activities can be supported by regionally-based contact points, without duplication of effort.	Options were discussed to create a Scottish structure to participate in programme implementation or second representatives to SEUPB. Complex implementation structure should be avoided. Activities should be fully 'cross-border'. There is a perceived need to develop links/awareness between JTS and Scottish partners.

Animation	Delegated animation structures can provide an important link between projects and the main programme management structures. They can improve the profile and awareness of the programme at local level, leading to more and better applications. Difficulties have been encountered with ensuring consistency of service and promoting the strategic focus of the programme. Overlap in JTS and contact point activities have been encountered.	There is value in 'local' representation through partnerships and local expert input to project preparation. A bottom-up approach encourages wide participation in the programme across the programme area.	Regional or nationally-based contact points can support JTS activities. Contact points can maintain good links with projects. Contact points give the programme a stronger regional profile. Project applicants generally value having a clearly identifiable source of Programme information. Programmes need to ensure consistency in services provided.	High demand for partner search support/facilities. Current uncertainty about 'who to talk to' is a problem. Some kind of contact point system would be useful. This could be a joint organisation, covering the full programme area in Scotland, or split. It would be valuable for the contact person/institution to not only be well informed about the Programme, but also other EU funding opportunities
Procurement	Open calls are the most widely used approach. Other approaches include: thematic geographic calls, seeding projects, shortlisting projects, special funds and strategic projects.	Open calls are used, but with targeting and direct procurement elements. A large number of small projects are funded, although larger-scale strategic projects have also been supported. There is scope for more strategic projects. The involvement of Partnerships in project selection less transparent	Open calls most widely used. Open calls are viewed as competitive, transparent. Other approaches, including seeding projects and thematic targeting, have been used in conjunction with open calls,	There is a need to ensure transparency It is important to maintain a 'thematic approach to project procurement, which would not exclude Scottish partners Procurement systems should remain open to innovative & 'new' project ideas. Support for project development, financial, seminars and workshops would increase the number and quality of projects. There is potential to use open calls, in combination with seeding, shortlisting and thematic/strategic targeting.

Overall, there is a need to invest in management and implementation capacity to ensure effective functioning of the Programme across the whole programme area. This is an issue at level of the:

- strategic management of programme – PMC, Steering Committee;

- programme administration – structure and functioning of JTS and project selection systems; and

- programme 'animation' and marketing – project generation and preparation activities.

The following sections present the conclusions of the study with respect to the options at each of these programme levels in more detail.

Conclusion 1: Effective strategic management of programme requires strong and active Scottish representation on the PMC.

In terms of the strategic management of the Programme, there is a clear need to ensure that the Programme Monitoring Committee has strong and active Scottish representation, i.e. experienced people drawn from Executive, agencies, local authorities and the non-governmental sector who have the time and commitment to represent Scottish interests and ensure adequate involvement of Scottish partners.

Interest was expressed establishing some form of West of Scotland Programme Management Committee. This could assist in the programme drafting process, when Scottish representation on the main programme bodies is not yet clear. However, once the formal formal programme management institutions are established, an additional 'Scottish Committee' or 'Strategic Partnership' would risk complicating the management structures, duplicating the activities of PMC members and contributing to separation rather than the type of integration of programme management procedures which the Commission is keen to encourage.

Conclusion 2: An integrated approach to programme administration would be best served by a single MA and JTS based in the SEUPB, but with high-level Scottish involvement in the Secretariat.

A single MA and JTS, based at SEUPB would appear to be the best option for the Programme and appears to be very much in line with recent Commission guidance. This keeps the programme administrative structures simple and clear, and places an experienced organisation at the heart of the programme administrative process. However, it is still important to make sure that the Scottish view and the specificities of working in Scotland are represented and taken into account within the JTS. This could be achieved by ensuring that the staffing of the JTS includes one or more secondees from Scottish organisations. Indeed, it could be argued that, if the JTS is based in Belfast, it would be appropriate to have the JTS manager drawn from a Scottish body.

Based on the experience of the Ireland-Northern Ireland INTERREG IIIA Programme, and the views of Scottish partners, the case for replicating the local Partnership approach in Scotland is not convincing. The Irish/Northern Irish experience is that maintaining a network of regionally-based implementation agencies is costly and complex. In the past, the Partnerships, established in conjunction with the 2000-2006 INTERREG IIIA Programme, have fulfilled an important role. However, it is extremely difficult to see how this approach could be 'translated' into the Scottish context. Establishing Scottish partnerships could cause undue administrative complexity. It would effectively 'split up' the Programme along territorial lines, as opposed to building cross-border links. It is also possible that any Scottish Partnerships would be 'out of proportion' and comprise a very different membership to their counterparts in the rest of the programme area. For instance, Scottish councils are generally large and have greater resources in comparison to, for example, the county councils in Ireland.

The issue of whether a Scottish 'branch' of the JTS could be set up, possibly operating within an existing institution, has been considered. However, it is important to note that this approach has cost implications for an already tight Technical Assistance budget, adds to administrative complexity, poses coordination challenges and would not be in line with current Commission views on the operation of JTS. Additionally, establishing a Programme contact point in Scotland could more easily fulfil some of the main objectives of having a Scottish JTS, providing programme information, raising awareness and increasing participation rates, as discussed below.

Conclusion 3: The challenges of the new Programme will require considerable investment in programme marketing and project animation, potentially through the use of 'contact points' based within an existing organisation.

Effective project generation and project preparation will be critical to the success of the new Programme. An advantage for the Scottish partners - and for the Programme as a whole - is that Scottish project partners have extensive experience of INTERREG projects, and awareness-raising activities have already started. However, as this is a new programme covering a new programme area, there is little INTERREG experience of working with Irish partners. Scottish partners are extremely keen to establish links with partners in Ireland and Northern Ireland, but they are generally unsure of which institutions to contact for advice on the Programme and establishing links with partners.

A common feature of existing INTERREG programmes is the good experience with 'contact points'. Modelled on the experience of INTERREG IIIB programmes, a contact point system could addressing the immediate concerns of partners regarding information and partner searches. It could also provide on-going support for project applicants, as well as support and information for the JTS and MA. At least one, possibly two, contact points should be established in the Scottish programme area, in order to engage and encourage Scottish participation in the Programme and carry forward the Programme's strong emphasis on maintaining a 'local' presence. The contact point should have staff that are familiar with the Programme, the programme area and ideally should also be able to advise applicants on the range of Structural Funds opportunities available. Tasks would include information and publicity about the Programme, advice on project preparation and some project generation

(i.e. actively supporting project design) e.g. through partenariats, workshops, seminars and feeding into a Programme web-site with a partner search facility etc. Drawing on lessons form other INTERREG programmes, they should:

- have a consistent basis for their resourcing (e.g. based on size of eligible population, project population etc) with staffing of at least one full-time person;

- have a common and consistent mandate for their activities (minimum set of requirements) although with the facility to adapt the scale and type of services to suit the local area;

- report directly to the JTS to ensure coherence, consistency and efficiency of services as well as accountability; and

- ideally, there would be parallels on the Irish and Northern Irish sides of the programme, albeit at a smaller scale than in Scotland.

The institutional and geographic location of the proposed Scottish contact points is a challenging issue. Should a single point be located 'centrally' in the programme area, the Highlands and Islands or the South West? Alternatively could more that one contact point be useful? Should the contact point be an independent organisation, or 'hosted' by a larger institution? Which organisation could host the contact point that is 'representative' of the whole Scottish programme area?

Ideally, the contact point(s) should be based within an existing institution that has experience of working with Structural Funds, and preferably also INTERREG programmes. Using a host organisation gives the contact point institutional support, active engagement with existing development networks and good access to potential project applicants. A number of organisations could fulfil this role, for instance Highlands and Islands Enterprise, Strathclyde European Partnership and Scotland Europa. If Scottish partners particularly favoured the idea of having contact points that were also familiar with other Scottish Structural Funds programmes, a logical recommendation would be to base a contact point in one or both of the future implementing bodies for the 2007-2013 Lowlands and Uplands Programme and Highlands and Island Programme.

Conclusion 4: The basis for project selection should be the 'open call' system, based on strategic themes, and incorporating the use of seed funding to assist smaller organisations/projects.

Based on the preceding analyses, three main recommendations can be made on project procurement.

- *Develop strategic project / themes.* Area and partner relations are complex so there is merit in identifying common strategic interests. A 'strategic project sub-committee' of the PMC could be set up to identify major investments, either by commissioning or by targeted calls.

- *Use the open call system* as the basis for the project selection system, but with thematic/geographic calls in areas of strategic interest to the Programme or where (over time) project application rates are low. Project assessment panels could be used to assess projects and would draw on expert input from across the programme area.

- *Implement some form of seed funding* to assist smaller and less-experienced applicants with project development costs. This is particularly important as a means of developing new project partnerships involving Scottish partners and developing more strategic projects.