

KARELIA

CBC // Cross-border cooperation

Annex 1.

**Terms of reference for the ex-post evaluation of the Karelia ENI CBC
2014-2020 programme**

TABLE OF CONTENTS

1.	JUSTIFICATION FOR THE EVALUATION	3
2.	BACKGROUND INFORMATION ABOUT THE PROGRAMME	3
2.1.	OVERVIEW AND LEGAL FRAMEWORK	3
2.2.	PROGRAMME AREA	3
2.3.	PROGRAMME STRATEGY.....	4
2.4.	BUDGET, NUMBER OF PROJECTS AND IMPLEMENTATION	5
2.5.	MANAGEMENT STRUCTURES	5
3.	DESCRIPTION OF THE EVALUATION ASSIGNMENT	6
4.	OTHER EXISTING OR PLANNED EVALUATIONS ON THE SAME SUBJECT	8
5.	CONTENT AND STRUCTURE OF THE EVALUATION PLAN.....	8
6.	DELIVERABLES AND SCHEDULE	9
7.	REFERENCE DOCUMENTS AND RELATED LEGISLATIVE BASIS	9

1. Justification for the evaluation

This ex-post evaluation is carried out for the Karelia ENI CBC 2014-2020 programme to provide an overall independent assessment about the effectiveness and impacts of the implementation of the programme. However, the Russian invasion of Ukraine, the consequent suspension of Financing Agreements and the following cessation of CBC activities between the EU, its Member States and the Russian Federation, have resulted in programme implementation disruption. Before the invasion, the COVID-19 epidemic also had a significant impact on programme implementation. The focus of the evaluation is on programme performance, but the perspective is adjusted to take into account the impact of these global crises on programme implementation.

2. Background information about the Programme

2.1. *Overview and legal framework*

The Karelia ENI CBC 2014-2020 programme is a cross-border development programme financed by the European Union, Finland and the Russian Federation. In the 2014-2020 programming period, there are a total of 15 ENI CBC programmes operating along the EU's external borders, stretching from Finland and Russia in the north, to countries like Hungary and Ukraine in the east, and Italy, Northern Africa and the Middle East in the south. Karelia is one of three ENI CBC programmes operating between Finland and Russia, the other two being Kolarctic CBC in the North and South-East Finland - Russia CBC in the South.

The legal framework of the ENI CBC programmes is formed by EU regulation No 232/2014 of the European Parliament and Council establishing a European Neighborhood Instrument and the European Commission Implementing Regulation No 897/2014, which lays down the specific provisions for the implementation of cross-border cooperation programmes financed under Regulation 232/2014. The financial rules are defined by Regulation No 966/2012.

In addition to the legal framework described earlier, a separate Financing Agreement was signed between the European Union, the Russian Federation and Finland. This agreement sets the basic joint principles for the implementation of the Programme. This Financing Agreement was signed by both participating countries and by the European Commission after the Joint Operational Programme was adopted by the European Commission. Since the invasion, the legal framework is further complemented by a proposal for a regulation laying down specific provisions following the programme implementation disruption. The regulation is expected to enter into force in Autumn 2022.

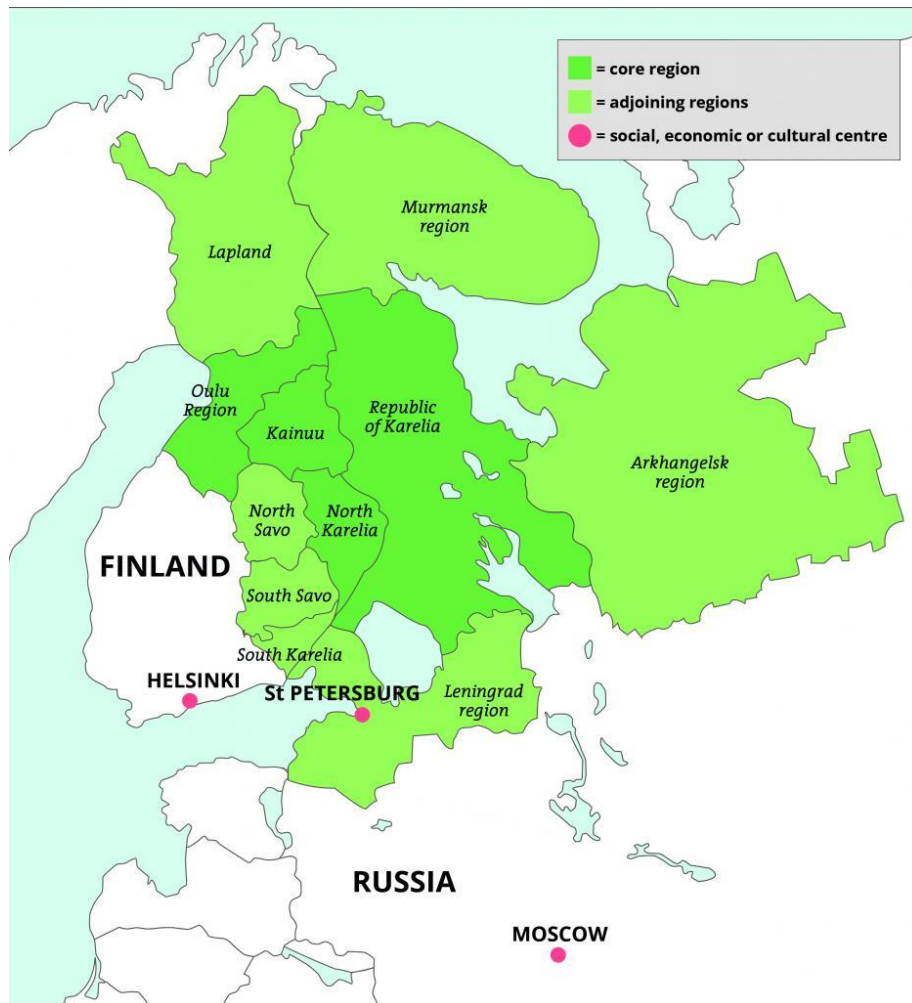
Due to the Russian invasion of Ukraine and the on-going war, Financing Agreements between the EU and its Member States and the Russian Federation have been put on hold. Cross-border cooperation with Russia has been halted and is not expected to resume. Ongoing project activities in the existing programmes will be completed within the Member States.

2.2. *Programme area*

The Karelia CBC core region consists of three regions in Finland (Kainuu, North Karelia and Oulu Region) and of the Republic of Karelia on the Russian side. Adjoining regions from the Finnish side were Lapland, North Savo, South Savo and South Karelia. Russian adjoining regions were the Murmansk region, the Arkhangelsk region and the Leningrad region. Helsinki, St. Petersburg and Moscow were the social, economic and cultural centres of the participating countries. Of the centre cities St.

Petersburg is in the adjoining region of the Leningrad Region, while Helsinki and Moscow are outside the programme-related areas.

A definitive feature of the programme area is its peripheral nature and sparse population. The major challenges being faced by the regions are decreasing population rates, falls in birth rates and net outmigration of the working age population. Long distances, inadequate traffic connections, low capacity of border crossing points and weak language skills pose further problems. Inherent strengths of the regions are, for example, the diverse and clean nature, joint cultural heritage, the higher education sector and large natural resources.



2.3. Programme strategy

Karelia CBC Programme aims to contribute to regional development with activities that have a clear cross-border dimension and cooperation nature. Activities will benefit regions and stakeholders on both sides of the border. The Programme complements other regional development programmes operating on the regions. At the same time the Programme may also be an initiator for development activities or chains.

The Karelia CBC Programme tries to influence the Programme area's general development trends with specific cross-border activities underlining their cooperation nature. These specificities shall make the nature and type of activities different compared to other Programmes. The four Thematic Objectives chosen for the Karelia CBC Programme are:

- Business and SME development
- Promotion of local culture and preservation of historical heritage
- Environmental protection, climate change adaptation
- Promotion of border management, and border security.

The overall objective of the Karelia CBC Programme is to make the Programme area attractive for people to live and work and businesses to locate and operate.

2.4. Budget, number of projects and implementation

The total budget of the programme is EUR 43 002 108. 50 % of the funding is provided by the EU and even shares of 25 % are contributed by Finland and the Russian Federation. A notable part of the funding will remain unused as the Russian share of funding has been suspended from February 24th 2022 and all Russian project expenditure that has not been audited by the aforementioned date being considered ineligible.

Priority / Thematic Objective (TO)	2014 – 2020 proposed					
	EC financing (a)	Finland	Russia	Co-financing total (b)	Co-financing rate (c)	Total funding (d)=(a)+(b)
Priority 1 (TO 1)	4 731 339	2 365 669	1 077 254	3 442 923	42 %	8 174 262
Priority 2 (TO 3)	2 919 399	1 459 700	1 373 009	2 832 709	49 %	5 752 108
Priority 3 (TO 6)	7 644 975	2 219 817	6 800 264	9 020 081	54 %	16 665 056
Priority 4 (TO 10)	3 205 341	3 205 341	0	3 205 341	50 %	6 410 682
TOTAL PRIORITIES	18 501 054	9 250 527	9 250 527	18 501 054	50 %	37 002 108
Technical assistance	3 000 000	1 500 000	1 500 000	3 000 000	50 %	6 000 000
Priorities + technical assistance total	21 501 054	10 750 527	10 750 527	21 501 054	50 %	43 002 108

The number of projects in the programme reached 61 by the 11th Call for Proposals. 12 of these projects are micro projects with budgets under EUR 50 000 and two are Large Infrastructure Projects. The remaining 47 are regular projects. All 12 micro projects and 21 regular projects were completed before February 24th 2022.

The implementation of the programme began in October 2018 with the launching of the first round of micro projects. The implementation period of the programme has been extended to the end of 2023 with closing of the programmes expected to be finished by September 2024. All projects must conclude by the end of 2023.

2.5. Management structures

The Managing Authority is responsible for the day-to-day management of the Programme, including project selection procedures and the signing of contracts with the projects' Lead Partners. The task

of the Managing Authority is to follow and monitor project implementation, control financial management and payment processes, and to manage communication and information activities.

The participating countries have appointed the Council of Oulu Region to act as the Managing Authority of the programme. Additionally, the programme has a Branch Office in Petrozavodsk, assisting the Managing Authority in its tasks. The Branch Office was closed at the end of March 2022 due to the Russian invasion of Ukraine.

The main decision-making body of the programme is the Joint Monitoring Committee. It monitors and follows programme implementation and makes the final decisions on project selection. The committee has set up a separate Joint Selection Committee to assess project applications, basing its selection decisions on the assessments. The Joint Monitoring Committee has ten members: two central government representatives and three regional representatives from each participating country. Since the beginning of the invasion, the Russian members have not participated in the work of the committee.

National Authorities and Control Contact Points support the Managing Authority in the management of the programme in accordance with sound financial management practices. The National Authority is responsible for setting up an effective and functioning management and control system at the national level, and also represents the country in the Joint Monitoring Committee. The Audit Authority ensures that audits are carried out on the management and control systems and performs sample checks on projects and the programme's annual accounts. The tasks of the Audit Authority are carried out by the Ministry of Finance of Finland.

3. Description of the evaluation assignment

3.1. Purpose of the evaluation

The main objective of the evaluation is to provide an overall independent assessment of the programme implementation and its effectiveness and impacts in the programme area. The focus of evaluations is on the assessment of achievements and results of the programme. From this perspective, the evaluation should look for evidence of why, whether or how these results are linked to the implementation of the programme and seek to identify the factors driving or hindering progress.

The outbreak of the COVID-19 pandemic in 2020 and the Russian invasion and resulting war in Ukraine in 2022 have had a strong impact on the implementation of the programme. The evaluation should give an assessment of the programme implementation, but with consideration of these extraordinary circumstances. The consequences of these crises were different in their nature. COVID-19 posed a large-scale administrative problem for programme implementation, but it did not change the nature of the work. The invasion, however, brought an end to cross-border cooperation with Russia, which has made it impossible to complete the programme as originally planned.

As such, the programme can be viewed as having two phases of implementation: 1) the CBC phase, dictated by the Joint Operational Programme, and 2) the programme implementation disruption phase, which focuses on minimizing damage to the EU and Finland. The cut-off date between these two phases is February 24th 2022. A new regulation, expected to enter into force in Autumn 2022, has been written by the Commission to support the implementation of the programmes in this second phase. As per the decisions of the European Commission and the suspension of the Financing Agreement, all expenditures incurred on the Russian side, which have not been audited by the aforementioned date, are considered ineligible.

3.2. Scope and key issues of the evaluation

The evaluation shall cover the Karelia ENI CBC 2014-2020 programme and its implementation during the programming period. Below is a list of key issues and certain additional themes that form the thematic scope of the evaluation. The thematic frame of the evaluation can be divided into three parts: 1) the effectiveness and impacts of the programme implementation, 2) the cooperation aspect and 3) the broader circumstances.

The effectiveness and impacts of the programme implementation:

- the relevance and consistency of the selected priorities compared to the Joint Operational Programme
- results and impacts of each priority compared to the set objectives
- the sustainability of the achieved results and impacts
- regional impacts: how the impacts of each priority are realized on different sides of the border
- cross-border nature of implemented projects and the complementarity of the programme to other instruments

The cooperation aspect:

- the Programme's impact on the cooperation between Finland and Russia in general
- the impact of COVID-19 on cross-border cooperation
- achievement of cooperation goals set by the European Commission (Programming document for EU support to ENI Cross-Border Cooperation 2014-2020, chapter 6.4 https://eeas.europa.eu/archives/docs/enp/pdf/financing-the-enp/cbc_2014-2020_programming_document_en.pdf)

The broader circumstances:

- the programme's added value to the European level overall objectives (see chapter 2.1. policy framework)
- the impact of COVID-19 on programme implementation
- the impact of the cut-off in cross-border cooperation caused by the Russian invasion of Ukraine on programme implementation

It is up to the evaluator to decide how these themes shall be incorporated into the analysis. For example, it is possible to separate the themes within the analysis or to address them in various combinations. Some issues could be considered in their own separate sections with brief analyses, while other issues may be more suited for a cross-cutting approach.

3.3. Evaluation questions

The evaluation questions as formulated below are indicative. The final evaluation questions should be based on the above defined thematic focus of the evaluation. Based on the indicative evaluation questions and following initial consultations and documental analysis, the evaluation team will propose in their Inception Report a complete and finalised set of evaluation questions. Once agreed with the approval of the Inception Report, the Evaluation Questions will become contractually binding.

- To what extent was the programme able to achieve its goals?

- Which goals were not reached? Were they not reached because of the disruption of the war or for other reasons?
- Territorial cooperation between the EU and Russia is likely to have ended for the time being. What are the durable benefits for regions achieved by the programme?
- Was programme funding used efficiently and purposefully after the cut-off date?
- What was achieved by completing the programme on the Finnish side? Was it worth the effort?
- Were the damages to Finnish beneficiaries successfully minimised?
- What does the future of the regions look like in the changed circumstances? What is the impact of closing the CBC programme to the regions? Has the programme left a visible legacy that can be used in future activities in the region?

4. Other existing or planned evaluations on the same subject

Several evaluations have been and will be carried out by various actors on the Karelia CBC 2014-2020 programme.

The European Commission has performed a review of Large Infrastructure Projects in the various ENI CBC programmes. This review included both LIP projects of the Karelia programme, which are located in Sortavala, Russia and Vartius, Finland. The report was due in May 2022, but its publication has been delayed.

Currently ongoing is an evaluation of border crossing point improvement projects, jointly commissioned by the Karelia, Kolarctic and Southeast Finland-Russia programmes. The evaluation is being carried out by MDI Public Oy and the process is managed by the Karelia programme on behalf of all the programmes. The final report is expected to be delivered in November 2022.

The European Commission will also produce an evaluation of the entire ENI CBC programme with a European-level perspective, but this will likely take a long time and its publication will likely take place later than the programme-specific ex-post evaluation defined in this document.

Additionally, the Managing Authority is planning to conduct an internal evaluation with a complementary focus in relation to the ex-post evaluation defined in this document.

5. Content and structure of the evaluation plan

The evaluation plan prepared by the interested tenderers should include at least the following information:

- Description of the proposed evaluation team justifying the know-how and experience. Team leader and the roles of other evaluators should be clearly indicated.
- Description of the approach and methodology which is used in the evaluation. Proposed methodology should reflect on the key evaluation questions and the scope of the evaluation described in chapters 3 and 4 of this document.
- Work plan with a timeline, including key landmarks.

Service providers are expected to include also an adequate number of interviews of projects' final beneficiaries to the work plan. Also, a relevant number of case studies must be provided. Possible interviews with Russian beneficiaries, if included in the work plan, will be organized and facilitated by the Managing Authority.

If interviews of Russian beneficiaries are included in the work plan, the Managing Authority would assume responsibility of the selection of interviewees and the organization of the interview situations. The sole responsibility of the evaluation team would be to conduct the interviews. The interviews would be conducted online, so that travel to the Russian Federation would not be required or expected. The interviewees would be representatives of beneficiary organizations. Russian authorities will not be interviewed.

6. Deliverables and schedule

Evaluation is expected to start in - at the latest and the draft final report has to be submitted to the Managing Authority by the end of - at the latest.

The evaluation team has to provide an inception report after the end of the inception phase of the evaluation. The evaluation is structured and its key issues are clarified during the inception phase. The inception report can be delivered as a presentation or a written report.

The evaluation team has to provide a comprehensive final report in English (draft report by the end of January) and summaries in English and Finnish. The summary has to include key remarks and recommendations by the evaluation team.

7. Reference documents and related legislative basis

The Karelia ENI CBC Joint Operational Programme (programme document) is available on the programme website:

<http://kareliacbc.fi/en/programme-document>

The EU regulations guiding the implementation of all ENPI CBC programmes are available in the following address:

<http://kareliacbc.fi/en/legal-framework>

The proposal for a regulation laying down specific provisions for the 2014-2020 cooperation programmes following programme implementation disruption are available in the following address:

[https://ec.europa.eu/transparency/documents-register/detail?ref=COM\(2022\)362&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=COM(2022)362&lang=en)