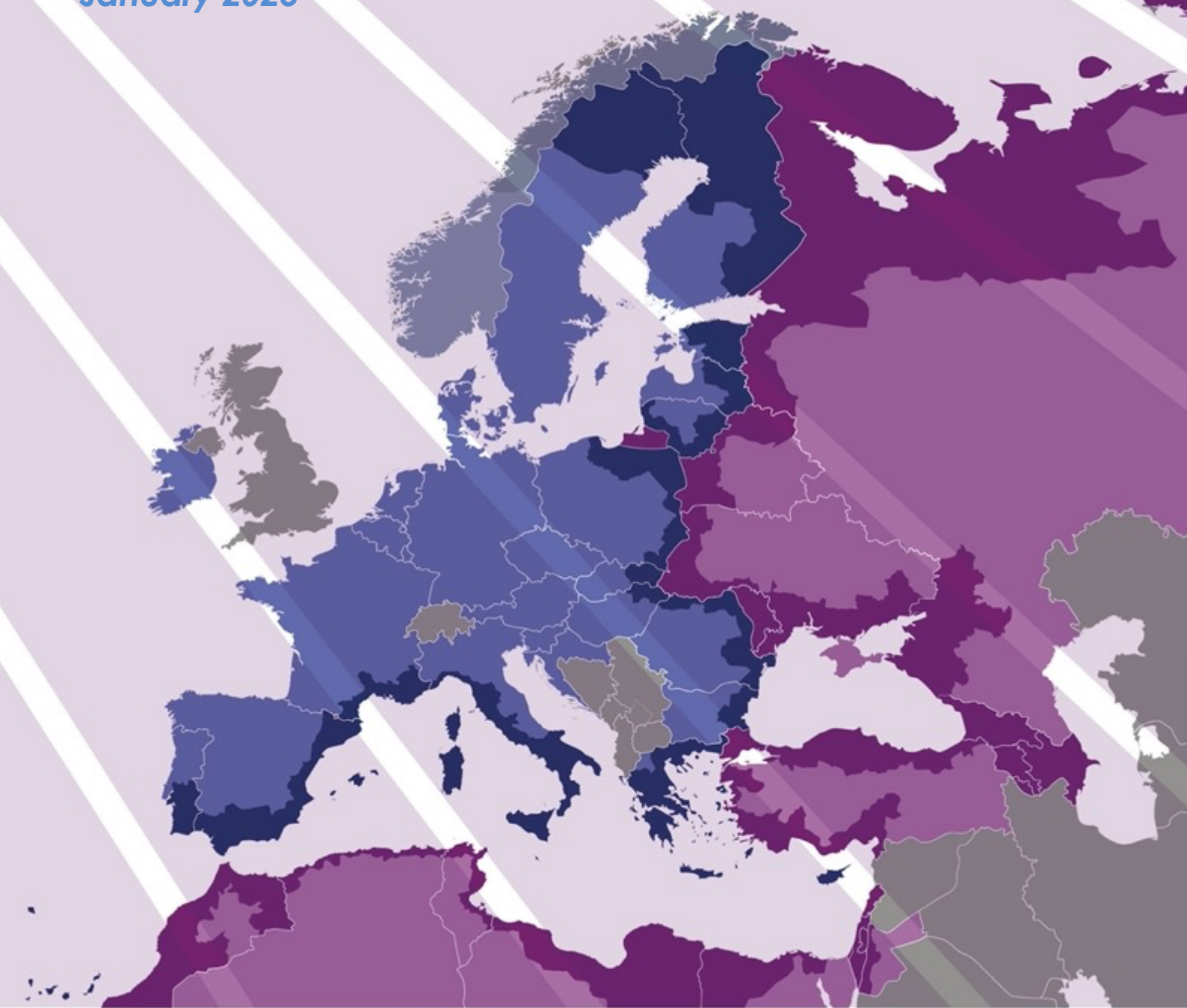


Small-scale projects in Interreg NEXT: key assumptions and simplification measures

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1. Introduction

The new Interreg Regulation stipulates that the programmes should support small-scale projects, either as projects of limited financial volume (Article 24) or through the small project funds (Article 25).

The Interreg NEXT programmes have acknowledged the positive benefits of introducing these approaches. **Small-scale projects will bring the programmes closer to the citizens of the cross-border regions and activate newcomers**, in particular small-sized institutions, to implement their cross-border ideas.

Even if in formal terms the Interreg Regulation does not require different rules for small-scale projects besides the use of simplified cost options (SCOs), the nature of these projects – especially the financial size – calls for a **different approach** when comparing them with regular ones.

Over the course of the last two years, possibilities to “*make things easy*” for small-scale projects have been raised during TESIM and Interact events.

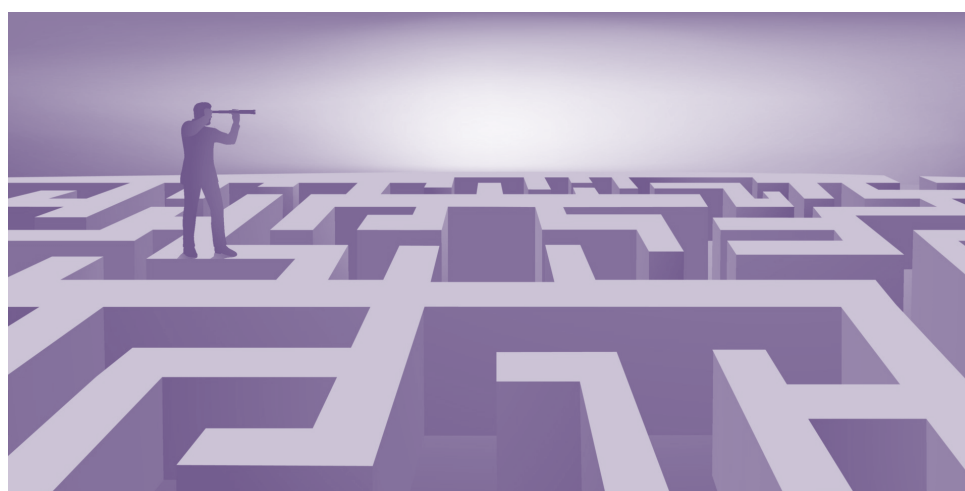
The stress has been put so far on the overall management and on a few specific areas like the SCOs. At this point in time – knowing that Interreg NEXT programmes are already planning their Article 24 and/or 25 projects – the attention has shifted to the practical questions.

Hence this document will focus on the **suggestions for the programmes in order to further improve support mechanisms for small-scale projects**.

We draw an inspiration from the outcomes of two TESIM events dedicated to the topic, the available result-oriented monitoring and mid-term evaluation reports, as well the analysis of the approved versions of the operational programmes. The exchanges with the programmes over the course of 2022 have also proven to be a valuable source of information.

The paper presents:

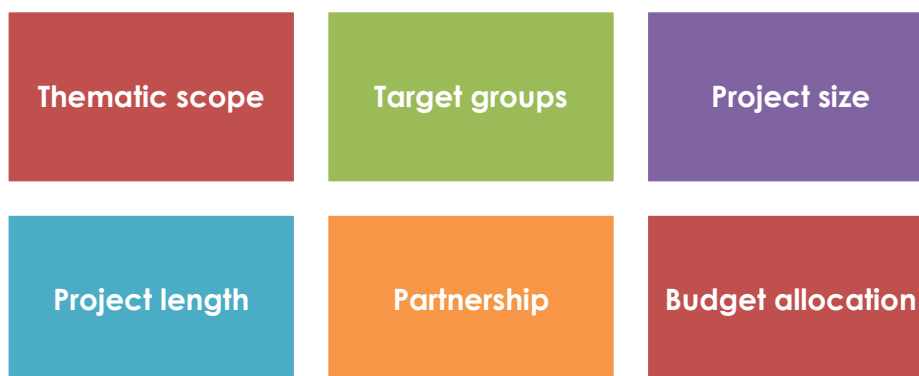
- A snap-shot of the planned approaches to small-scale projects in Interreg NEXT programmes;
- practical suggestions to select and contract small-scale projects.



2. Approach to small-scale projects in the Interreg NEXT programmes

In this chapter we would like to take stock of the key assumptions laid down in six of the seven approved Interreg NEXT programmes. Due to the programme specificities, Interreg NEXT MED programme will not implement small-scale projects. The chapter takes on board the experience of the ENI CBC programmes as well.

The following aspects have been covered in our analysis:



❖ Thematic scope

The programmes can be divided in **two groups**:

- **Romania – Ukraine (RO-UA)**, **Romania – Rep. of Moldova (RO-MD)** and **Black Sea Basin (BSB)** consider small-scale projects across all policy objectives (POs);
- **Poland – Ukraine (PL-UA)**, **Hungary – Slovakia – Romania – Ukraine (HSRU)** and **Italy – Tunisia (IT-TU)** aim to support small-scale projects exclusively under Interreg Specific Objective 1 (ISO1) “A better cooperation governance”.

For the second group, the following ISO1 objectives are considered:

- Enhance efficient public administration by promoting legal and administrative cooperation and cooperation between citizens, civil society actors and institutions (**HSRU**);
- Building up mutual trust, in particular by encouraging people-to-people actions (**PL-UA**);
- Other actions to support better cooperation governance (**IT-TU**).

All **six programmes** will implement small-scale projects (Article 24) and **PL-UA** also considers the small-project fund approach (Article 25) as a possibility.

❖ Target groups

The programmes have approached **the topic of target groups** in various ways: while some documents remain deliberately general (for example, **RO-UA** and **RO-MD**) and aim to define precise target groups when preparing the calls, the remaining four programme documents already mention the potential groups to be addressed.

Two distinct approaches towards the target groups can be identified:



❖ Project size

We cannot draw one conclusion on this feature, as in each of the programmes the size of a single small-scale project differs. Nevertheless, **two larger groups** can be distinguished:



❖ Duration

The operational programmes do not go into such level of technical detail. Only in two cases, the programmes define already that the small-scale projects in general should be either not longer than 12 months (**PL-UA**) or between 12 and 18 months of length (**IT-TU**).

Our past exchanges with the programmes revealed the common understanding that **the small-scale projects should be shorter than their regular counterparts, as they should aim at a quick and effective delivery**. Even if 12 months of duration was the preferred length, flexibility in the implementation manuals was considered important, especially two operational aspects:

Allow project prolongation

1. The option to **allow the project prolongation** could be foreseen to mitigate the risk of delay in the delivery.

To consider a flexible project starting date

2. The possibility for a **flexible project starting date** could be a good option to maximise the efficient use of the available time. For example, some local projects need to start and end in summer months to match the school/university academic years.

❖ Partnership

As above, in most cases the programme documents do not specify the partnership requirements either, with **IT-TU** limiting to two the maximum number of partners from the same country. At the same time, the exchanges have revealed that the multi-country programmes see a merit in setting the **minimum number** of project partners (for example, three or four) to ensure geographical coverage. Similarly, setting a **maximum number** of partners was considered as the most efficient option to limit the dispersion of the already small amount of funds.

On the other hand, some programmes did not see a need to set a specific rule on partnership in the programme documents. The project applicants in any case will have to make a rational choice to deliver the planned results and avoid micro-sized partner budgets, and to plan the number of partners accordingly.

Set the minimum number of project partners

No need for a specific rule on partnership in comparison with regular projects

❖ Budget

All programmes have committed to implement simplification measures, and some (**HSRU**) even outline already the **use of the SCOs** as the key step towards such simplification.

The wider use of SCOs will require some learning curve on the side of the project applicants. It is important that the programmes take their time to reflect which of the *off-the-shelf* methods are most relevant and which programme-specific SCOs might be needed¹. The ENI CBC experience has showed that the draft budget approach is an effective tool, and some Interreg NEXT programmes aim to use it.

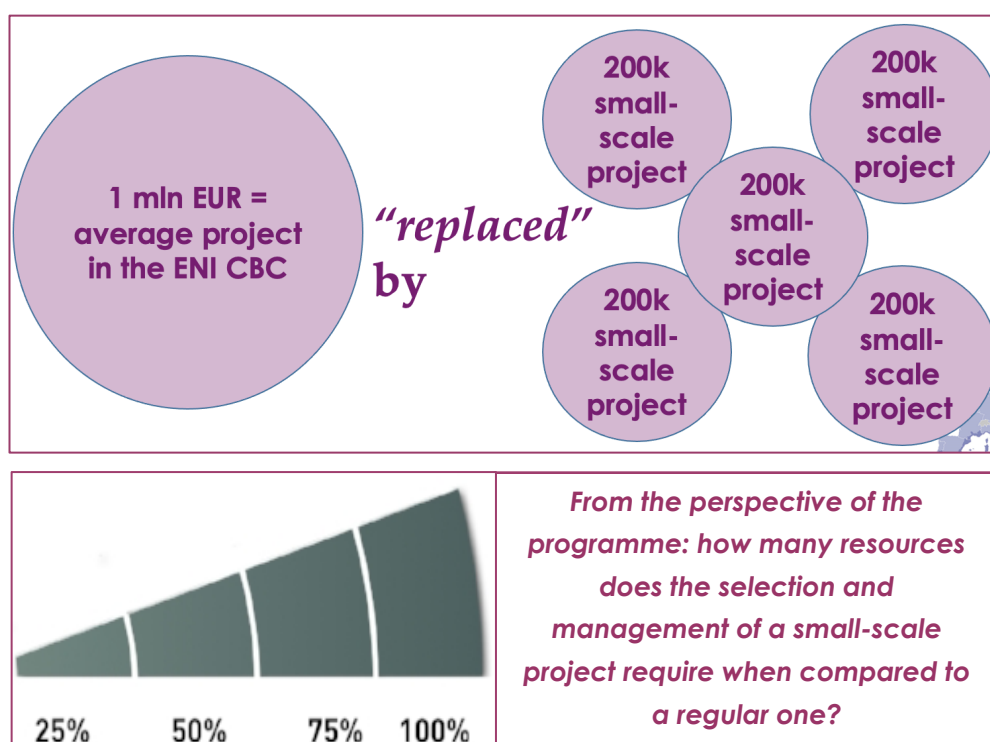
¹ TESIM document ["Transitioning to Interreg NEXT – Simplified Cost Options"](#) highlights the key challenges in selecting the most appropriate SCOs.



3. Small-scale projects: a management challenge?

As described above, the small-scale projects clearly differ from so-called *regular* projects. Their financial size and the subsequent potentially high amount of such projects represent a set of **management and implementation challenges** from the perspective of the programme.

The average value of all projects in the ENI CBC projects was approximately of 1 million €. According to our mapping, the average value of the small-scale project would be of approximately 200.000€. Therefore, an allocation of 1 million EUR to the small-scale projects would imply five new projects, instead of just one (*regular*).



In the most optimistic scenario, where a small-scale project requires only 25% of the effort, the resources required to manage the five small-scale projects exceeds those of one regular project.

$$5 \times 0,25 = 1,25$$

↓

$1,25 > 1$

In fact, the survey carried out in one of the TESIM events dedicated to the topic showed that the programmes consider that the resources and effort needed are in reality closer to 50/75% to that of a regular project. So, in fact, it incentivises the need for simplification even more.

4. Small-scale projects: why, where and how to simplify?

Why to look for simplification?

In order to answer this question, let's go back to the **ex-post evaluation report of the ENPI CBC programmes**:

"The duration of evaluation, selection and contracting processes was often excessive, undermining the relevance of projects and weakening partnerships. There were, however, improvements in later calls for proposals. The time-consuming procedures to which additional steps were sometimes added, the high number of applications, which at times overwhelmed the capacities of programme management structures, as well as disagreement at the Joint Monitoring Committees, explained delays experienced at this stage".

Likewise, the **mid-term review of the ENI CBC programmes** noted the risks of the too lengthy procedures or too complex documentation during the application and selection process, recommending to limit the number of documents to be provided with the application to the minimum necessary and to request and verify further documentation only for the selected projects.

While, without a doubt, there have been significant improvements from ENPI to ENI CBC, the financial absorption data of the ENI CBC programmes shows that some of the issues highlighted in these reports persist in the current generation and have a chance to roll-over also to the NEXT programmes.

Which approach to follow?

It is essential to acknowledge the fact that simplification at application stage also leads to simplification further down the road. This said, agreeing on complexity as a challenge is one thing, but doing something about it is quite another, particularly for programmes which must observe strict legal requirements, take on board the needs of their stakeholders and manage manifold processes.

Three **approaches** can be observed when facing a need for simplification²: 1) to keep business as usual, 2) to undertake a full transformation or 3) to focus on dedicated simplification measures.

The first two cases confront the programmes with choices related to the comparison between investments and gains, deciding in particular if the final benefits for the beneficiaries (shortened

² For those interested in further reading, please refer to "The Simplification Principle" by Deloitte (Zurich, Switzerland; May 2021).



submission times, smaller number of clarifications) are worth the effort when compared to the invested time.

It is our understanding that the third approach is the closest to the realities of the ENI CBC programmes in their transition to Interreg NEXT, also in terms of the dedicated simplification measures needed in the field of application, selection and contracting of small-scale projects.

Where and how to simplify?

Simple application and clear guidance for applicants

One of the quite straightforward possibilities to simplify is **to assess the necessity of each document in the application package**. For example, the Poland-Belarus-Ukraine 2014-2020 Programme decided not to require any application form annex at the application stage.

For what concerns the application form itself, an example of major simplification is the approach agreed in the HIT Tools initiative. According to the so-called '**1-1-1 principle**', each small-scale project shall have just:

- 1 work package,
- 1 specific objective, and
- 1 result.

This approach has also been confirmed through the ENI CBC experience, specifically that of the Karelia Programme. While the programme has been successful in implementing micro-projects, it also noted that the application form should be designed to the particular purpose of such projects.

A specific evaluation approach may be needed!

The ENI CBC experience in organizing calls for micro-projects demonstrated that **the application process itself was not too different from that of the regular calls**. One of the main factors was that the new approach also had to be explained to the applicants and this took significant time.

There is a high probability that Interreg NEXT programmes will continue with their selection approach, based on the past experiences. In that sense, revolution is unlikely, but at the same time **there is a possibility for dedicated simplification initiatives**. For example, in the case of the ENI CBC Poland-Belarus-Ukraine



Programme the selection process³ of the regular projects took 15 months, while for the micro-projects only six. As highlighted by the programme, one of the key factors for this difference was the simplified assessment process. The programme decided to streamline the assessment process (administrative, eligibility and quality checks) and perform these steps simultaneously and in-house (i.e., by the Joint Technical Secretariat).

Contracting

Anticipating the challenge

Contracting has been mentioned as **the most challenging step in the process**. The main reason is that the contract preparation takes time, especially if SCOs must be assessed and agreed, while the implementation itself is usually without significant problems.

The ENI CBC experience shows that contracting **usually is not a self-standing exercise**, but heavily depends on the work already carried out when developing the project application package. Programmes tend to provide contracting document templates to the applicants already when launching the call, in order to anticipate the work ahead.

In that sense, the exchanges with the programmes have revealed **the importance of the preparatory work** for the contracting, with the following measures being mentioned:

Better structured template for the draft budget approach

Simplified partnership agreement

A good definition of the outputs and results agreed and included in the contract

³ From closing the call to selecting the projects by the Joint Monitoring Committee.



5. Closing remarks

While in many ways small-scale projects by default imply the need for a simplified approach, the real challenge is to identify what *can realistically* be done.

To keep business as usual (deal with the small-scale projects in the exactly same manner as with the regular ones) often does not provide the best outcome. If the programmes only focus on continuing with a past approach as the main goal, the overall complexity increases. Even if re-using the processes, the templates and the documents is the most resource-friendly approach, this does not address the key challenges (timing, slow absorption of funds, etc) presented in this document.

If the aim is **to introduce a totally new and redesigned approach** for small-scale projects, often such attempts fail and result in more complexity. We have all seen that some well-intentioned efforts either have to be significantly downgraded or abandoned just because the scope is too wide. Demands from various stakeholder groups can be contradictory to simplification, the resources might not be available for a full-scale effort. There are many factors in play.

Carefully planned and executed changes – for example, rethinking which documents must be part of the application package for small-scale projects - can bring good and measurable simplifications. This is evidenced by the experience of the programmes and their progress between the ENPI CBC and ENI CBC generations.

Therefore, it is a continuous challenge for NEXT programmes to keep things simple while focusing on the desired outcomes.

There is no one-size-fits all solution. The working cultures, the processes, even the stakeholder interests differ. At the same time, **a streamlined thinking process** can be applied across many programmes:

- Why to look for changes?
- Where does the complexity come from?
- Why is this a challenge?
- What can we effectively do to address it?

We hope that this kind of structured approach – even if for one or two processes – can facilitate a further change and deliver improvements both for the programmes and beneficiaries when implementing small-scale projects!

