

CENTRAL BALTIC PROGRAMME 2014-2020

Cross-border co-operation programme under the European Territorial Co-operation objective

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SECTION 1

PROGRAMME INVESTMENT STRATEGY

INTRODUCTION

The Central Baltic Programme 2014-2020 is a continuation of the cross-border cooperation which started with the Central Baltic INTERREG IV A Programme 2007-2013.

The Central Baltic Programme 2014-2020 aims to strengthen cooperation among regions, achieving the following strategic goals:

- Competitive economy;
- Sustainable use of common resources;
- Well-connected region;
- Skilled and socially inclusive region.

These goals have been translated into the programme's four priorities. The programme will thus contribute to achieving the goal of the Europe 2020 strategy for "smart", "sustainable" and "inclusive" growth and to the achievement of economic, social and territorial cohesion.

The Central Baltic Programme 2014-2020 aims to contribute to the EU Strategy for the Baltic Sea Region supporting objectives "save the sea", "connect the region" and "increase prosperity".

The total ERDF funding for the Central Baltic Programme 2014-2020 is 122 million EUR, at least 115 million EUR of which will be allocated to projects.

PROGRAMME AREA

In continuation of the 2007-2013 cooperation, the participating regions in the Central Baltic Programme 2014-2020 (hereafter CB 2014-2020) are situated in Estonia, Finland including Åland¹, Latvia and Sweden. There are 2 new participating regions of Finland – Satakunta as the core area and Pirkanmaa as the additional area. In total there are 18 “core” and 9 “additional” regions in the programme area (according to the EU NUTS 3 classification):

Country	NUTS III Regions, Core Area	NUTS III Regions, Additional area
Estonia (EE)	1. Kesk-Eesti (EE006) 2. Kirde-Eesti (EE007) 3. Lääne-Eesti (EE004) 4. Põhja-Eesti (EE001)	19. Lõuna – Eesti (EE008)
Finland (FI)	5. Kymenlaakso (FI186) 6. Satakunta (FI196) 7. Uusimaa (FI181) 8. Varsinais-Suomi (FI1C1) 9. Åland (autonomy) (FI2)	20. Etelä-Karjala (FI1D1) 21. Kanta-Häme (FI1C2) 22. Pirkanmaa (FI197) 23. Päijät-Häme (FI1C3)
Latvia (LV)	10. Kurzeme (LV003) 11. Pierīga (LV007) 11. Rīga (LV006)	24. Vidzeme (LV008) 25. Zemgale (LV009)
Sweden (SE)	13. Gotlands län (SE214) 14. Gävleborgs län (SE313) 15. Stockholms län (SE110) 16. Södermanlands län (SE122) 17. Uppsala län (SE121) 18. Östergötlands län (SE123)	26. Västmanlands län (SE125) 27. Örebro län (SE124)

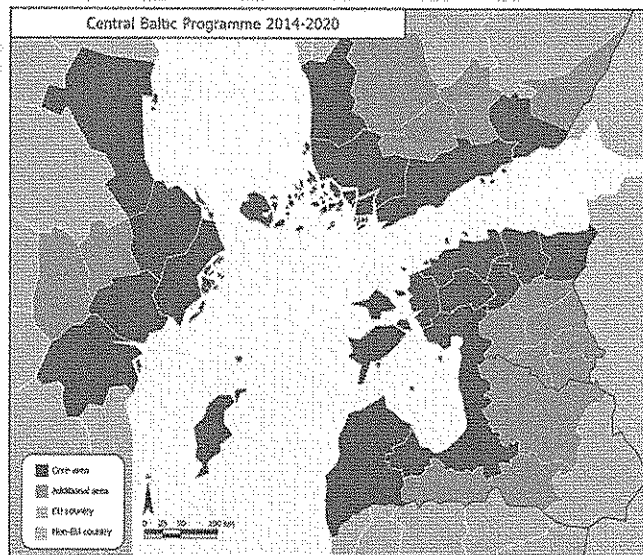


Figure 1 All regions participating in the programme

¹ Åland is an autonomous, demilitarised, Swedish speaking region of Finland. Due to the constitutional status and legislative power in the relevant areas Åland will be mentioned at the same time as Member States.

PROGRAMME STRUCTURE

The Central Baltic Programme 2014-2020 has 3 sub-programmes: the Central Baltic sub-programme, the Southern Finland – Estonia sub-programme, and the Archipelago and Islands sub-programme. The structure continues from the 2007-2013 cooperation programme and is needed due to the specific characteristics of the region, taking into account its size and complexity.



Figure 2 Programme structure

Central Baltic sub-programme

- Covers all eligible NUTS 3 regions of the programme area. This sub-programme builds on co-operation under the Central Baltic INTERREG IV A Programme 2007-2013 (hereafter CB 2007-2013) and is extended with Satakunta region as the core area and Pirkanmaa as an additional area.
- Supports projects with partners from at least two of the Member States (including Åland Islands) bringing added value to the whole Central Baltic region.

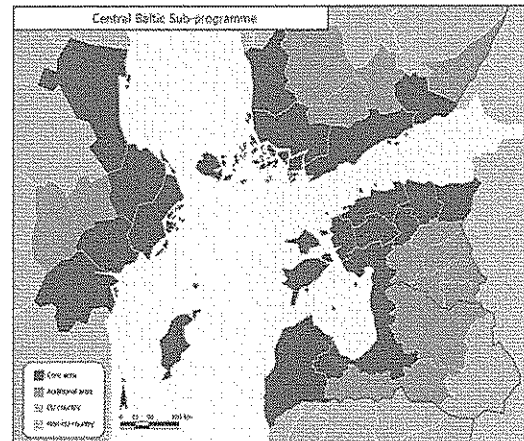


Figure 3 Central Baltic sub-programme area

Southern Finland – Estonia sub-programme

- Covers the Estonian and Finnish regions (excluding Åland Islands). This sub-programme builds on the CB 2007-2013 cooperation and is extended with Satakunta region as the core area and Pirkanmaa as an additional area.
- Supports bilateral cooperation projects with partners from eligible regions from Finland and Estonia.

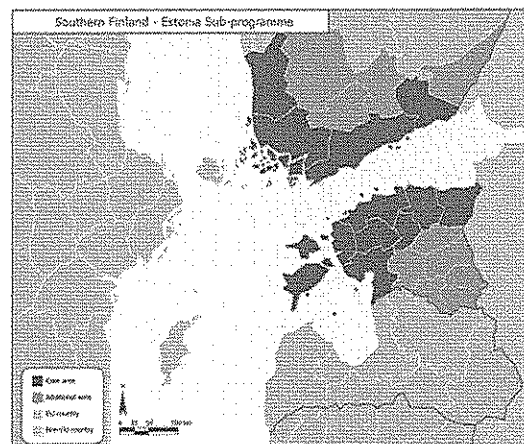


Figure 4 Southern Finland–Estonia sub-programme area

Archipelago and Islands sub-programme

- Unique cooperation area of the programme that covers the islands and archipelago parts of the coastal municipalities from the eligible NUTS III regions from Estonia, Sweden and Finland. This sub-programme builds on the Central Baltic 2007-2013 cooperation, widening the partnership with islands and archipelago from the Satakunta region.
- Supports projects whose activities always benefit the islands and archipelago issues parts of the sub-programme area.

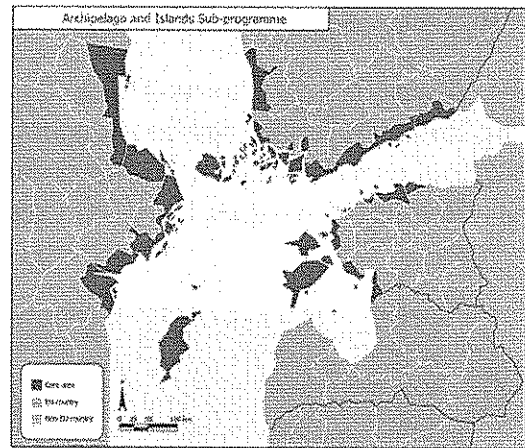


Figure 5 Archipelago and islands sub-programme area (includes islands and archipelago parts of municipalities)

The programme priorities and specific objectives are common for all three sub-programmes.

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CHALLENGES AND NEEDS FOR THE CENTRAL BALTIC REGION

Area and location

The Central Baltic Programme area is located in the North-Eastern part of the European Union. The programme areas include the Scandinavian countries Sweden and Finland and the two Baltic countries Estonia and Latvia.

The Central Baltic programme area includes coastal regions of all programme countries, for which the Baltic Sea is an important water body. The sea has united countries over the centuries, forming a basis and continued strong potential for important economic and cultural relations in various industries.

The programme area covers 234 254.3 km² and is approximately 5% of the total land area of the European Union. The programme area includes four metropolitan regions of the capital cities Stockholm, Helsinki, Tallinn and Riga. These all are located along the coast of the Baltic Sea and are relatively well connected with each other, as well as with the European and global economic centres. In turn, there are large territories of peripheral rural regions, for which accessibility within the region, as well as with the European social and economic centres, is a challenge.

The Central Baltic programme area covers very diverse regions: on the one hand there are highly developed, well connected, intensely populated cities and on the other hand less developed peripheral (in terms of location and accessibility), sparsely populated rural, islands and archipelago regions.

Through the borders of Finland, Estonia and Latvia and the common water body of the Gulf of Finland, the Central Baltic is a neighbouring region to Russia.

Challenges and opportunities related to the location of the region:

- Accessibility to the European and global centres;
- Accessibility within the Central Baltic region to achieve more integrated economies and labour markets;
- Development of the North- South transport corridor;
- The proximity of the Russian market, developing East-West transport corridors.

Population

The total population of the programme area is 10.5 million inhabitants (including additional area, 2012), which is close to 2% of the total population of the European Union. Compared to 2006 (before the start of the CB cooperation) the population of the Central Baltic region has increased by 156.8 thousand people (1.51%). This growth has been uneven within the Central Baltic region with growing numbers in the capital regions of Sweden, Finland, Estonia and decreasing numbers in Latvia and most territory of Estonia. Almost all Central Baltic regions experience negative rates of natural increase, except Harju county in Estonia, Helsinki-Uusimaa region, Pirkanmaa, Varsinais-Suomi in Finland, Åland, and Stockholm, Uppsala counties in Sweden. There is continuing a trend for people moving from the rural areas to the cities. This creates an additional challenge and need for urban planning. To achieve a more regionally balanced development there is a need to support the creation of sustainable jobs outside of urban centres. The migration within the Central Baltic region has taken place for a long time. Significant flows of people have moved between Finland and Sweden and in more recent years from Estonia and

Latvia to Finland and Sweden. This is a good precondition for a better integrated Central Baltic labour market that can be a solution for regional imbalances between jobs and skills available.

The whole Central Baltic region's population is ageing. The share of the older people (aged 65+) is projected to increase even more. This creates an additional pressure to the region's economic growth and substantially increases the social costs of the economies, including a challenge to provide public services. The smaller number of employed people to support those who are not working signals for a need to increase productivity. In addition, there is a strong potential to exploit the opportunities of the "silver economy". This may take a form of new business models, new products and services.

Challenges and opportunities related to population:

- Decreasing number of people in the working age that need to support those who are not, creates a need to increase productivity of the workforce;
- Increasing potential of the "silver economy" - opportunities related to developing services for the elderly as a target market;
- Further integration of the Central Baltic labour markets can be solution for regional mismatches of jobs and skills available;
- Education and knowledge intensive work-related migration adds to the international experience and increases competitiveness of people who bring benefit to the Central Baltic region in case of returning.

Education

The Central Baltic region has highly educated people. The share of people with tertiary education is high and well exceeds the EU average levels and also the EU 2020 targets. Through the globally competitive educational systems people in the region are equipped with competitive skills. There are also top level universities within the region (mostly located in the region's urban areas) that have attracted international students both from the CB region countries and outside. To stay a globally competitive region, there is a need to further internationalize and strengthen the competitiveness of the Central Baltic educational system.

Vocational education and training (VET) plays an important role in providing people with the necessary competitive skills that match with the labour market needs. Accordingly, the main challenge for VET is to achieve stronger integration of learning and practise in the workplace.

Promoting the entrepreneurial activities in the region is relevant for the future competitiveness and it can be addressed by cross-border cooperation. There is a need to strengthen the entrepreneurial attitude already from the early school days.

There is a strong tradition and performance in adult education in the Central Baltic region. However, involvement rates of adults in the Central Baltic countries are different with strong performance in Finland, Sweden, and Åland and lower involvement in Estonia and Latvia.

Labour market

The Central Baltic region is characterized by different levels of people being involved in employment. The highest involvement rate is in Stockholm county, whereas the rates are lower in Estonian and Latvian regions.

The economic crisis had a strong impact on the labour market situation in all the Central Baltic countries (to the largest extent in Latvia and Estonia). Since 2010, employment has recovered for all the regions but has not yet reached the pre-crisis employment levels.

Relatively high levels of long term unemployment in Latvia and Estonia (7.8% and 5.5% National Statistical Bureaus, 2013) indicate structural unemployment. The challenge is to lessen the mismatch of skills of people and the needs of the labour market. The Central Baltic economies experience high youth unemployment rates, indicating the challenge of young graduates to enter the labour market.

In terms of employment by economic sectors, demand for employees in the knowledge intensive industries (as IT and ICT, financial and insurance activities, professional scientific and technical activities are counted) has increased and is expected to increase even further.

Challenges and opportunities related to education and labour market:

- Better integration of the Central Baltic labour market;
- Identifying the skills needed for future jobs and delivering the necessary education and training to provide them;
- Better “translation” of competitive skills and future labour market needs into curricula and teaching processes;
- Further internationalization and marketing of the CB educational programmes to allow attracting more international students;
- Developing entrepreneurial attitude in the society already from the early school years via adding entrepreneurial or business approaches to curricula;
- Targeting adult education and lifelong learning to overcome structural unemployment. A special focus can be put on adult learning activities for the elderly to promote their competitiveness in the labour market.

Economic development

The Central Baltic region is characterized by significant differences in economic development. Regions of Sweden, Finland and Åland belong to the group of most developed regions within the European Union. Estonia and Latvia have, on the other hand, experienced the most severe fluctuations. During the economic crises both experienced sharp decreases in GDP, but are now experiencing fastest growth within the EU.

In addition, there are large differences among the urban and rural regions, where capital cities, large cities and metropolitan regions stand out in terms of economic activity generated.

The Central Baltic economies have strong economic ties, characterized by intensive trade, considerable direct investments, integrated supply chains and significant numbers of people travelling across the region (both for work, study and leisure). Based on that, there is strong potential and a need to further integrate the Central Baltic countries' economies via new business development activities, cluster cooperation and further integration of labour markets.

There is a need to strengthen the export capacity of companies of the Central Baltic region. This can be done for example via identifying common business interests to jointly reach international markets.

Small and medium sized companies are the main providers of jobs in all the Central Baltic economies. Thus, their competitiveness and ability to innovate plays a key role in the future economic development

of the Central Baltic region. For this reason, cooperation is crucial for working out new services and products that would later be brought to new markets.

New business development is crucial for all the Central Baltic countries. The Central Baltic regions approach to business development should be to target innovative, fast growing technology and knowledge-intensive companies to strengthen the region's position on the global scale. Based on the region's strengths and specific challenges, such sectors as ICT, low-carbon solutions, "silver economy", "green economy" (including environmental technologies), should be developed further.

Tourism is an important sector for all the Central Baltic countries. For the Central Baltic region inhabitants, the region is a preferred tourism destination. In addition, all the CB countries attract significant and growing numbers of foreign tourists mainly from other parts of Europe, Russia and recently also from Asia.

Challenges and opportunities related to economic development:

- Further integration of the Central Baltic economies and markets;
- Identifying common interests (on the basis of clusters of different economic sectors) and further develop and market those clusters to achieve the new markets;
- New technology start-up activities to strengthen Central Baltic region's position as globally competitive hub for technology start-ups;
- Exploitation of potential target sectors for new business development such as ICT, "low-carbon" solutions, "silver economy", as well as supporting the "green" and "blue" economy.

Environment

The condition of the Baltic Sea is the main common concern and responsibility of the Central Baltic region countries. Even though the amounts of nutrient inflows have decreased over the previous decade, the Baltic Sea suffers from severe eutrophication.

Nutrients may derive from households, industry, agriculture runoffs or transport. One of the major concerns for the Baltic Sea is that once released, hazardous substances can remain in the marine environment for a long time because of the slow water exchange. In addition, the Baltic Sea is one of the most intensively shipped seas in the world. The heavy traffic carried out within narrow straits and in shallow waters increases vulnerability to pollution.

The Baltic Sea is home to a rich diversity of species and habitats. In order to protect the valuable coastal and marine habitats, HELCOM (Baltic Marine Environment Protection Commission) has identified and listed the Baltic Sea Marine Protected Areas, with which the Central Baltic area is well covered (Recommendation 5/5 System of BSPA). On the one hand, it is important to further preserve the environmental values, sustain biodiversity and protect and improve the status of the Baltic Sea. On the other hand, there are different commercial activities (such as shipping and port activities, coastal tourism, fisheries, aquaculture, offshore wind farms) carried out in or by the Baltic Sea. This implies that there is a "competition" for the marine space, signalling a strong need for efficient marine space planning and management to ensure that activities are carried out in a sustainable and efficient way. This is achieved via effective and coordinated maritime spatial planning and integrated coastal zone management that requires cross-border cooperation.

The Central Baltic Programme area has for unique natural and cultural heritage. It is well covered and recognized among the list of Ramsar sites (i.e. wetlands of international importance in terms of ecology,

biodiversity, hydrology), but also by the ecological network of protected areas by the Natura 2000. In addition, there are internationally recognized natural and cultural heritage sites by UNESCO (e.g. historical centres of Tallinn and Riga, Rauma, Struve Geodic Arc in Finnish, Estonian and Latvian territories, and others).

Over the whole region, there is distinctive wildlife, geographical features and rich scenery. There is also rich cultural heritage of both material (structures and buildings) and immaterial (traditions and lifestyles) values.

The presence of these natural and cultural resources implies the importance to preserve and protect them. A way to protect them is to develop them into sustainable tourist attractions. This also leads to more favourable living environments.

Challenges and opportunities related to environment:

- Reducing the new inflows of nutrients and toxins to the Baltic Sea;
- Balancing the conserving and developing aspects of natural resources in creating sustainable tourist attractions used to improve the quality of visiting environment and also to contribute to the quality of living environment;
- Better integrated planning of urban environments leading to improved urban environments and reduction of CO₂ emissions;
- Improved maritime spatial planning and integrated coastal zone management as basis for sustainable use of marine and coastal resources.

Transport

The transport network in the Central Baltic Programme area is mainly in good condition and consists of different transport modes. There are road and railway networks (including European corridors), sea fairways, inland waterways and air routes. They link the Central Baltic programme area tightly together, but also provide links with the European Union, Russia and beyond. However, while the capital regions of all the countries are relatively well connected with regional and global centres, accessibility is still a considerable challenge for remote areas (e.g. islands are only connected by sea and air transport).

Well-functioning and integrated transport systems play a key role in providing access within the Central Baltic region and between the urban centres and their hinterlands.

Maritime transport is historically and currently an important unifying factor for the programme area. It plays an important role in both cargo and passenger movements between the Central Baltic countries (the most frequent passenger connections run between Finland and Estonia). The Baltic Sea is also an important route for cargo transport to and from Russia. Among the largest ports of the region is Port of Haminakotka (with the largest cargo turnover), Port of Stockholm (incl. ports of Kapellskär and Nynäshamn), Port of Riga, Port of Tallinn, Port of Helsinki (the two latter of which with very high daily passenger turnover between Tallinn and Helsinki).

In addition, there are a lot of small ports in the coasts of the CB countries, as well as in the islands and archipelago area. Small ports (small-scale cargo ports, yachting marinas, fisheries' ports) are important for local economies. They foster growth in economic activity, employ local people and enhance development of other business activities (e.g. small shipbuilding and repair, storage, transport and communications). In turn, they are also important for tourism development, especially for services of yachting boats, small fishing vessels.

The dependency on fossil fuels is, however, still high in all transport modes. This leads to CO₂ emissions. Thus, there is a need to develop and promote integrated low-carbon, sustainable public transport systems, to foster better planning of the urban space and to develop integrated transport systems.

Challenges and opportunities related to transport:

- Achieving better integrated, multimodal transport systems to have significant impact on lowering the CO₂ emissions;
- Developing small ports infrastructure as precondition for tourism development.

Communication infrastructure

The Central Baltic region, compared to other regions in Europe, has well developed ICT infrastructure. The average internet access rates are higher than EU 27 (especially in Nordic countries). This serves as a regional precondition for innovation. The cities (e.g. all capital cities but also Tartu in Estonia, Tampere and Turku in Finland, Uppsala in Sweden and Ventspils, Jelgava and Valmiera in Latvia) are major drivers of innovation as compared to the outermost regions. They have quality education institutions, business development organisations and established companies.

It can be argued that the Central Baltic region excels with highly developed modern communications infrastructure and globally competitive companies within the ICT sector. This creates excellent business opportunities for new and established companies but also creates a strong potential to develop solutions and services supporting productivity and providing services for an ageing population.

Challenges and opportunities related to communication infrastructure:

- Maintaining competitiveness of communication infrastructure needs further investments especially in sparsely populated, isolated areas;
- Using the well-established ICT competence in the Central Baltic region as a source for new business creation and export expansion over various sectors.

Social inclusion

Central Baltic regions are different in terms of levels of social inclusion. In 2012, almost 40% of total population in Latvia was at risk of poverty and social exclusion, while the regions of Sweden (on average 16%) and Finland (on average 17.2%) had lower figures than the EU 27 average (24.2%) (EUROSTAT, 2013). The reasons for higher risk of poverty in Latvia and in Estonia are high long term unemployment, structural unemployment, people living in areas with low work intensity and low income levels of households. Accordingly, there is a need to put more emphasis on addressing the challenges faced by the Central Baltic region's communities, especially in remote areas.

All the Central Baltic countries have a relatively high life expectancy at birth (higher for regions in Finland and Sweden), and low under-five mortality rates. Higher life expectancy together with low fertility rates leads to the ageing population. This further leads to the need to create adoptive lifelong learning capacities. In addition, it is important to better integrate the youth into the Central Baltic labour markets, as youth unemployment is still high in all countries, especially in outermost regions and rural areas.

There is a strong need to provide people with new skills to strengthen their competitiveness on the labour market and to empower the communities in the region.

Challenges and opportunities related to social inclusion:

- Better integrated CB labour market that would lead to more opportunities for work (including work opportunities for the elderly), lower unemployment (including youth unemployment) and decreased risk of social exclusion;
- Support to communities and social groups with special needs.

Specific characteristics of the Archipelago and Islands cooperation area

The Archipelago and Islands sub-programme is characterized by its unique, diverse and attractive nature consisting of tens of thousands of islands, which create very attractive living environments for both visitors and inhabitants. The islands and the archipelagos are united by a strong maritime culture and a long common history.

The population of the islands and archipelago areas is concentrated in smaller traditional archipelago villages and communities. Towns and urban settlements are situated only on bigger islands. Most part of the Archipelago and Islands sub-programme area is facing a continuous decrease in population. The percentage of people above the labour force age is higher than the region's average and is expected to increase in the future.

The islands generally enjoy a high standard of living that is comparable to that of the mainland. GDP per capita on Åland islands is the highest of all the NUTS 3 regions in the Central Baltic region. Major industries are fishing and fish processing and small scale agriculture. The tourism sector is a significant part of the economy with a high season in summer. Overall the economic activity in isolated areas, archipelago and islands is highly seasonal.

Accessibility for the islands and respective coastal regions is a challenge. Islands are mainly connected by ferry transport. Air transport connections are expensive and only bigger islands are connected by air transportation. In turn, the technological readiness and broadband connections are well developed within the sub-programme area, which is precondition for distance work.

The quality of the secondary education in the sub-programme area is comparable to the mainland. However, after secondary school many young people move to the mainland to continue their studies, even though there are higher education institutions in larger islands (e.g. Uppsala University Campus Gotland, Åland University of Applied Science and Kuressaare College).

The Archipelago and Islands sub-programme area shares the same environmental concerns as the rest of the programme area – the vulnerable status of the Baltic Sea, which directly affects the life and activities in the area.

The uniqueness of the region lies in the fact that this is the largest archipelago in the world measured by the number of islands. In sub-programme area there are many national parks, Natura 2000 and nature protection sites and also UNESCO World Heritage Sites.

Southern-Finland – Estonia cooperation area

Estonia and Finland are close neighbouring countries separated by the Gulf of Finland. Historically both countries are well integrated and share the economic and cultural cooperation history. Finnish and Estonian languages belong to the same Finno-Ugric language group.

Cultural and geographical closeness, as well as the higher standard of living in Finland has turned Finland to an important destination for Estonian people to work and live. Estonians now are the largest foreign nation group in Finland and also the largest Estonian community abroad (National Statistical Bureaus, 2013).

Finland (especially the Southern part) and Estonia have a potential to become even more integrated economy and labour market. The substantial number of commuters between Finland and Estonia already form a common Helsinki-Tallinn region.

Estonia, due to its considerably lower living costs, lower tax burden and well developed ICT infrastructure, has a potential to become the most preferred destination for Finnish people willing to get work experience abroad or to do business.

In terms of economic development, the level of economic activity in Finland is still considerably higher than in Estonia. The largest value added (in terms of GDP per capita) is generated in regions of Finland (Helsinki-Uusimaa, Pirkanmaa), exceeding both the EU-27 and CB average levels, whereas all of the Estonians regions except the capital region have lower than CB average GDP per capita. Both countries are also strong external trade partners with 14.6% of Estonian exports going to Finland. A larger share is found only for Sweden with 15.9% of all exports. The largest share of imports to Estonia comes from Finland (14.5%). In addition 23.3% of total Estonia's foreign direct investment originates from Finland.

The Gulf of Finland is an important corridor for shipping (both passenger and cargo movements). The Tallinn-Helsinki passenger ferry connection serves thousands of people daily.

Due to its shallow waters and intensive shipping, the Gulf of Finland now is one of the most polluted areas of the Baltic Sea, being affected by excessive nutrient inputs, hazardous substances, increased maritime transport and intensive fishing.

Based on the existing close economic relations between Southern Finland and Estonia, there is a strong potential to further promote joint business activities and interaction of people and communities to address common challenges and exploit common opportunities.

THE CHOICE OF THEMATIC OBJECTIVES AND PRIORITIES

The Central Baltic programme has chosen 4 thematic objectives (TO). The thematic objectives have been translated into the programme priority axes (priorities) as shown in the figure below. The selection is based on the region's characteristics and the identified needs and challenges that may potentially be solved via cross-border cooperation. The following thematic objectives have been chosen: "enhancing the competitiveness of small and medium-sized enterprises (Priority axis 1), "protecting environment and promoting resource efficiency" (Priority axis 2), "promoting sustainable transport and removing bottlenecks in key network infrastructures" (Priority axis 3), "investing in education, skills and lifelong learning" (Priority axis 4).

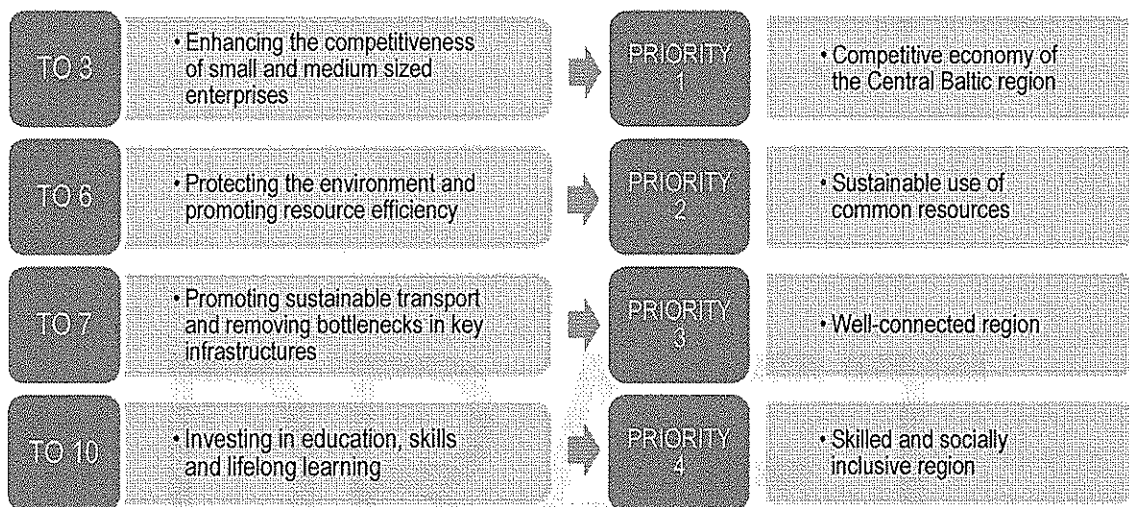


Figure 6 Programme thematic objectives and priority axes

In addition, the programme has defined 2 horizontal objectives: "enhancing access to and use and quality of ICT" and "supporting the shift towards a low-carbon economy in all sectors".

The choice of thematic objective "enhancing competitiveness of SMEs" aims to develop and promote the Central Baltic region as a knowledge based innovative economy that provides high value added jobs. Economic activity should support the principle of "low-carbon" economy, and enhanced use of ICT.

While choosing this thematic objective it was considered in parallel with thematic objective 1 ("strengthening research, technological development and innovation"). It was found that applying the focus on "innovative" in supporting SMEs would better address the main challenges of the Central Baltic region.

By choosing the thematic objective "protecting the environment and promoting resource efficiency", the programme aims to protect and develop the regions' living and visiting environment, to promote sustainable use of marine ecosystems. It also aims to exploit the region's strengths in R&D and high innovation capacity to jointly develop new methods and technologies. Furthermore, the goal is to improve the status of the Baltic Sea by reducing the sources of nutrients' inflow to the water.

The chosen thematic objective "promoting sustainable transport and removing bottlenecks in key infrastructures" aims to improve the accessibility to and within the region. That has a direct effect on the economic activity of the whole region. This includes the objective to support the planning of the integrated, multimodal transport systems, as well as to achieve and develop better urban environments to enhance sustainable development of the regions' cities that are still the main providers of jobs and

home to highest economic, social and cultural activity in the region. The specific niche for the Central Baltic region is to support sustainable development of small ports of the Baltic Sea to increase the attractiveness of the region as a favourable living and visiting environment.

The thematic objective “investing in education, skills and lifelong learning” aims to achieve a more inclusive region via strengthening local communities and improving skills, knowledge and well-being of people (especially of the youth and the elderly). This specifically includes supporting the competitiveness of vocational education and training activities.

When choosing this thematic objective another option considered was thematic objective 9 (“promoting social inclusion and combating poverty”). After analysis it was found that to improve the social inclusion, thematic objective 10 would be best approach. It allows for the Central Baltic region to target communities’ development and labour market integration via educational and training activities.

The Central Baltic programme aims to contribute to the Europe 2020 strategy of “smart” (especially priority 1), “sustainable” (priority 2 and 3) and “inclusive” (priority 4) growth. In addition, the programme strives to support and contribute to the delivery of the EU Strategy for the Baltic Sea Region achieving priorities of “save the sea”, “connect the region”, and “increase prosperity”. The chosen thematic objectives are well in line with the recommendations presented by the European Commission Position papers on the foreseen priorities for funding for each Member State.

A more detailed description of thematic objectives is provided in the next section via detailed descriptions of programme priority axes (see SECTION 2). In addition, the programme has selected a limited number of investment priorities per each thematic objective. The justifications for the selections are provided in Table 1.

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Table 1: A synthetic overview of the justification for the selection of thematic objectives and investment priorities

Selected thematic objective	Selected investment priority	Justification for selection
<p>TO 3 "Enhancing the competitiveness of SMEs"</p>	<ul style="list-style-type: none"> • Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators (IP "a") • Supporting the capacity of SMEs to engage in growth and innovation processes (IP "d") 	<ol style="list-style-type: none"> 1. Supports Europe 2020 objective of "Smart Growth". 2. Supports EUSBSR strategic objective "Increase Prosperity". 3. Addressing the need to have new jobs: SMEs are main providers of new jobs within Central Baltic region. 4. The Baltic Sea region and within it the Central Baltic region has good preconditions to become a globally competitive area for new innovative knowledge intensive business creation. 5. Cross-border cooperation potential to foster the creation of new businesses and accelerate innovation capacity of existing companies through business incubators, network. 6. Cross-border cooperation potential to enhance the export capacity of SMEs of the region, reaching new international markets. 7. Need and potential to create unique business opportunities for young and elderly people. 8. Strong priority for all the Member States / Åland to enhance the business development and competitiveness of the region.

<p>TO 6 “Protecting the environment and promoting resource efficiency”</p>	<ul style="list-style-type: none"> • Protecting, promoting and developing cultural and natural heritage (IP "c") • Action to improve the urban environment, revitalization of cities, [...] regeneration and decontamination of brownfield sites (including conversion areas), reduction of air pollution and promotion of noise-reduction measures (IP "e") • Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector, soil protection or to reduce air pollution (IP "f") 	<ol style="list-style-type: none"> 1. Supports Europe 2020 targets of "Sustainable Growth". 2. Supports EUSBSR strategic objective "Save the Sea". 3. Addressing the main challenge of the Central Baltic region – state and conditions - of the Baltic Sea, where common action is needed (because of complexity of the problem). 4. The condition of the Baltic Sea and specifically reducing inflows of nutrients and toxins into sea has a direct impact on the quality of living environment, the competitiveness and sustainability of the economy of all Central Baltic regions. 5. Cross-border cooperation potential to develop joint activities to improve visiting and living environment by conserving, protecting and developing natural and cultural resources. 6. Cross-border cooperation potential for experience exchange to improve urban integrated planning practices in urban regions to achieve more sustainable urban environments (less air pollution, less noise, improved and regenerated industrial, military sites). 7. Maritime spatial planning and integrated coastal zone management offer natural cooperation challenges for securing sustainability of marine and coastal ecosystems. 8. Priority named by all the Member States/Åland to promote "green" (i.e. exploiting potential of environment friendly technologies) and "blue" (i.e. exploiting potential of the Baltic Sea resources) growth of the region.
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<p>TO 7 "Promoting sustainable transport and removing bottlenecks in key network infrastructures"</p>	<ul style="list-style-type: none"> • Developing environment-friendly and low-carbon transport systems including river and sea transport, ports and multimodal links (IP "c") 	<ol style="list-style-type: none"> 1. Supports Europe 2020 objective of "Sustainable Growth" by keeping the principles of the low-carbon economy and the target of "reducing greenhouse gas emissions". 2. Supports the EUSBSR strategic objective "Connect the Region". 3. The Central Baltic region is Europe's periphery – accessibility is a challenge for the region, especially for remote territories. 4. Unused potential and capacity of small ports; a need for developing and improving port services. 5. Finding and implementing sustainable, low-carbon transport solutions is strongly supporting the sustainability objectives and has positive effect on state of Baltic Sea. 6. Priority named by all the Member States/Åland to promote "low-carbon" economy as a horizontal objective, including developing and implementing sustainable transport solutions.
<p>TO 10 "Investing In Education, Skills And Lifelong Learning"</p>	<ul style="list-style-type: none"> • Developing and implementing joint education and training schemes (ETC-specific IP) 	<ol style="list-style-type: none"> 1. Europe 2020 objective of "Smart Growth" and "Inclusive Growth". 2. Linkages to EUSBSR Action Plan (Feb, 2013) - supporting Priority Area Education – Developing innovative education and youth. 3. Supporting Priority Area Education – Developing innovative education and youth. 4. Supporting development of the Central Baltic region as a knowledge intensive region. 5 Addressing social inclusion by empowering local communities via educational programmes and lifelong learning. 6. Opportunity to exploit the Central Baltic region's strong knowledge base. 7. Need to enhance the competitiveness of vocational education, especially in Latvia and Estonia. 8. Potential to market the Central Baltic region globally, e.g. attracting new international students and creating joint education programmes. 9. Potential for the Central Baltic region to become a more integrated labour market. 10. A need to address the problem of an ageing population. 11. A need to target the youth unemployment.

Table 2 Overview of the programme investment strategy

Priority axis	Thematic objective	Investment priorities	Specific objectives corresponding to the investment priorities	Result indicators corresponding to the specific objective	ERDF support - EUR	Share of the total Union support to the operational programme (by Fund)		
						ERDF	ENI (where applicable)	IPA (where applicable)
Priority axis 1 Competitive economy of the Central Baltic region	TO 3 Enhancing the competitiveness of small and medium sized companies	IP 1 of Priority axis 1 Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators	SO1 More innovative knowledge intensive enterprises	Number of new joint or co-operating knowledge intensive companies	€	%	NA	NA
			SO2 More entrepreneurial youth	Number of established joint student/pupil firms and enterprises				
			SO1 More services and products developed and sold in new markets by the Central Baltic SMEs	Number of cluster co-operations (meta-clusters) exporting to new markets				
Priority axis 2 - Good condition of the Baltic Sea and sustainably used common resources	TO 6 Protecting the environment and promoting resource efficiency	IP 1 of Priority axis 2 Conserving, protecting, promoting and developing natural and cultural heritage	SO1 Natural and cultural resources developed into sustainable tourist attractions	1. Increased investments into conserving and protecting joint heritage 2. Number of visitors/users of joint natural and cultural heritage			NA	NA
			SO2 More sustainable marine and coastal areas	Share of marine and coastal areas with improved management				
			SO1 Wider use of innovative methods and technologies in water sector	Number of eliminated/reduced sources of nutrients', toxins' inflows				
		IP 2 of Priority axis 2 Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector, soil protection or to reduce air pollution						

Priority axis 3 Well-connected Central Baltic region	TO 7 Promoting sustainable transport and removing bottlenecks in key infrastructures	IP 3 of Priority axis 2 - Action to improve the urban environment, revitalization of cities, [...] regeneration and decontamination of brownfield sites (including conversion areas), reduction of air pollution and promotion of noise-reduction measures	SO1 More integrated urban development processes based on the Central Baltic best practice	Share of urban areas covered with integrated urban management	NA	NA
Priority axis 4 Inclusive society and well- functioning communities in Central Baltic region	ETC-specific IP Investing in education, skills and lifelong learning	IP 1 of Priority axis 3 Developing and improving environment- friendly (including low-noise) and low-carbon transport systems including [...] inland waterways and maritime transport, ports, [...] in multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	SO1 Improved commuting and faster transport by developing integrated low carbon transport solutions and transport corridors	Reduction of travel time of passengers and the movement time of goods	NA	NA
			SO2 Improved services of existing small ports to contribute to the tourism development	Share of CB small ports with good services	NA	NA
TA	NA	NA	SO1 Improved social inclusion and more sustainable communities	Communities with improvements	NA	NA
			SO2 More aligned vocational education and training (VET) programmes in the CB region	Increased share of VET institutions with aligned programmes	NA	NA

SECTION 2

DESCRIPTION OF THE PRIORITY AXES

PRIORITY AXIS 1 (TO 3)

COMPETITIVE ECONOMY OF THE CENTRAL BALTIC REGION

The priority axis "Competitive economy of Central Baltic region" is addressed by thematic objective "Enhancing the competitiveness of small and medium sized companies (SMEs)". The main focus will be to contribute to the creation and development of innovative, knowledge intensive SMEs.

The main Central Baltic urban centres provide excellent preconditions to further development of the Central Baltic region's status as a global hub for technology start-ups. In relation to more remote and isolated island, archipelagos and rural areas the main focus will be to contribute to the diversification and overcoming of challenges related to seasonality and low density of population (weak demand) of local economies.

The use of regional and local resources in a more value added way is seen as basis for strengthening the Central Baltic region's economy. Traditional and new areas of economic activity can be addressed via strengthening the co-operation among the SMEs in the Central Baltic region.

Investment priorities are selected to address the needs of both new and established companies. They also aim to emphasize innovation, product development and internationalization as relevant preconditions for sustainable growth.

Different actions will be used for promoting youth entrepreneurship as well as creating links between different generations of entrepreneurs.

The main approach is to implement development projects via intermediate bodies in the field of economic development. The new Central Baltic programme does not intend to use grants and financial instruments to SMEs and new start-up companies. Activities supported by the programme are seen as complimentary to existing national and regional financial instruments and grants.

Linkages with other priority axes and horizontal objectives

The main objectives of this priority axis are also indirectly supported by other priority axes and investment priorities.

Activities and investments within the Priority axis 2 with the chosen investment priority (c) "conserving, protecting, promoting and developing natural and cultural heritage" are expected to contribute to business development via improving the visiting environment.

Activities and investments within Priority axis 3 are seen as closely supporting economic development. They target the challenges in relation to access within tourism development and improve the access to the markets for Central Baltic companies' products and services.

Activities within Priority axis 4 address the challenges and deficiencies in skills and thus help to keep and bring back more people to the Central Baltic labour market.

INVESTMENT PRIORITY 1 of priority axis 1:

Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators (IPa)

SPECIFIC OBJECTIVE 1: More innovative knowledge intensive enterprises

This specific objective aims to exploit the opportunities of “green” (i.e. exploiting potential of environment friendly technologies), “silver” (i.e. exploiting potential of the needs and challenges related to ageing population), “blue” (i.e. exploiting potential of the Baltic Sea resources) economy. The potential of ICT and low-carbon solutions have been defined as a basis for new business creation.

Knowledge intensive enterprises are identified as the ones with a potential to grow and internationalize, aiming to achieve higher value added than the regional average level of the industry they belong in.

The Central Baltic region has a good potential to strengthen its position as a globally competitive technology start-ups region. This specific objective is well positioned to offer opportunities for joint exploitation of that potential.

This specific objective aims also to target challenges related to the sustainability of the businesses operating in sparsely populated, isolated island and archipelago communities. The seasonality of some traditional activities (e.g. tourism, fishing, agriculture) adds complexity to the challenge.

Specific attention is paid to the need of developing diverse sets of skills to be successful and sustainable in isolated and sparsely populated areas.

Expected result: new joint or co-operating sustainable knowledge intensive companies

Programme specific result indicators (SO1)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Number of new joint or co-operating knowledge intensive companies	companies				Business registers	2018, 2020, 2022

New enterprises are defined as 2 years from the registration or start of operations.

“Joint” is defined as joint teams (key people), joint management or joint ownership by people from at least 2 Member States/Åland.

“Co-operating” is defined as new Central Baltic companies that have established cooperation in relevant areas of their business development (e.g. product development, marketing).

The aim is to achieve the creation of new joint Central Baltic enterprises and co-operation between recently (2 years from registration) established enterprises in the Central Baltic region, although it is accepted that a certain share of targeted teams and businesses will not become joint or co-operating.

Indicative list of actions supported

- Joint awareness raising
- Training, coaching
- Advisory services
- Networking of potential and new entrepreneurs
- Mapping and analysing of opportunities, comparable experience
- Incubator services

The main target groups

The foreseen target groups are potential entrepreneurs and newly established enterprises (i.e. maximum 2 years from the start of operation) contributing to the "green", "low-carbon", "blue" and "silver" economies. ICT solutions are seen as horizontal technology offering new business opportunities.

Technology start-ups are seen as a strength in the Central Baltic region and can be targeted by joint activities.

The potential of the elderly people is seen as relevant resource for new business development. In addition to seeing young people as target group for new business creation, intergenerational teams are encouraged as a basis for new businesses. Teams where young and elderly potential entrepreneurs are working together to establish new business are counted as intergenerational teams.

A relevant target group is seen in people considering establishing their first business in the archipelago and islands (AI) region. Also experienced entrepreneurs considering the establishment of new business in AI area, skilled professional people currently in employee positions or students in universities and vocational schools considering the establishment in AI region can be relevant target groups.

Specific territories targeted

The AI sub-programme area of Central Baltic Programme is specifically targeted for identifying and supporting business models sustainable in sparsely populated, isolated communities.

Types of beneficiaries

Targeted beneficiaries are organisations running incubators, business development organisations, accelerators, business associations, economic development departments in regional and local governments.

SPECIFIC OBJECTIVE 2: More entrepreneurial youth

This specific objective aims to use the potential of the young generation for making the Central Baltic region more entrepreneurial and competitive in coming years. Joint Central Baltic activities will be based on good experience supporting youth entrepreneurship and attracting young people to engage into cross-border and international activities within all programme regions.

Joint activities aim to motivate young people to establish student firms and create international teams, which can serve as a basis for future business partnerships across the borders within the Central Baltic region.

Expected result: more new joint student/pupil firms and student enterprises

Programme specific result indicators (for SO 2)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Number of established joint student/pupil firms and enterprises	student/pupil firms and enterprises		2013			2018, 2020, 2022

Student/pupil firm is defined as a team formed for business simulation under adult supervision. It is not a legal entity according to business law.

It is understood that all participating teams will not become or stay "joint" by the end of the project activities. The experience from international cooperation acquired is nevertheless seen as a great benefit for young people.

In case of participating students from universities and vocational schools also registered enterprises are seen as expected results.

Indicative list of actions supported

- Awareness raising
- Training, coaching, internships
- Advisory services
- Networking of teams of pupils/students, experienced entrepreneurs, investors
- Capacity building of teams and pupil/student firms
- Designing and creating of e-platforms and e-tools

The main target groups

Target groups are students of universities, vocational schools and pupils of gymnasiums and elementary schools.

Intergenerational partnerships are seen as unused potential to link together experience, contacts and resources of elderly people with young people's energy and ideas.

Specific territories targeted

The whole Central Baltic region is targeted whereas different areas (e.g. urban, rural, isolated islands) may need different approaches.

The expected result is defined as the relevant milestone on the way of becoming a business owner after graduating and/or employment.

Types of beneficiaries

Project beneficiaries are seen as organisations responsible for business development, youth entrepreneurship development, schools, universities, vocational schools.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of enterprises receiving non-financial support	enterprises		Project Reports
2.	Number of participating young people	people		Project Reports

INVESTMENT PRIORITY 2 of priority axis 1:

Supporting the capacity of SMEs to engage in growth in regional, national and international markets, and in innovation processes (IP d)

SPECIFIC OBJECTIVE 1: More services and products developed and sold in new markets by the Central Baltic SMEs

This specific objective aims to support the Central Baltic SMEs to enter into new markets. New markets are defined as markets outside the European Union / EFTA.

Here a cluster-based approach for cooperation within the Central Baltic region is used. This should enable the SMEs entering the new markets with new or adapted products and services.

Cluster is defined as an established cooperation between similar or complementary businesses and R&D institutions.

Meta-cluster is a co-operation between established clusters within the Central Baltic region, undertaking joint activities with the aim to enter new markets.

Expected result: more export capacity of Central Baltic companies to new markets

Programme specific result indicators (for SO1)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Number of cluster co-operations (meta clusters) exporting to new markets	number		2013			2018, 2022

Indicative list of actions supported

- Development and adaptation of services and products to new markets
- Branding, awareness building and marketing
- Process development
- Human resource development
- Market analysis, feasibility studies

The main target groups

The main target groups are seen as SMEs cooperating through established clusters with ambition and potential to enter into new markets.

Examples of clusters reflect the strengths of the Central Baltic economies can be: forestry, tourism, local-food, shipbuilding, maritime, etc.

In the area of the tourism development city, regional and national tourist boards and associations of tourism companies should be involved and consulted.

Specific territories targeted

The whole Central Baltic programme area is targeted.

Archipelagos and islands areas with their special characteristics related to isolation and seasonality can be separately mentioned as a specific territory that could be targeted.

Types of beneficiaries

Targeted beneficiaries are organisations responsible for cluster development as well as business development organisations supporting cluster development.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of enterprises receiving non-financial support	enterprises		Project Reports
2.	Number of services and products developed	number		Project Reports

PPRIORITY AXIS 2 (TO6)

SUSTAINABLE USE OF COMMON RESOURCES

The priority axis "Sustainable use of common resources" is addressed by thematic objective "Protecting the environment and promoting resource efficiency".

The priority axis aims to contribute to improving the condition of the Baltic Sea by the development and use of environmental technologies for reducing nutrients and toxins inflows.

This priority axis aims to contribute to the sustainable use of natural and cultural resources for improving visiting and living environments of Central Baltic region.

The priority axis also focuses on experience exchange and joint activities within the Central Baltic region when it comes to urban development, maritime spatial planning and integrated coastal zone management.

The investment priorities are selected to address, in a balanced way, the aspects of preserving nature and developing it in sustainable way as a resource for economic development.

Under this priority axis the aim is to achieve sustainable use of natural and cultural resources and to reduce nutrients and toxins inflows. For this aim, projects with investment component can be supported.

Linkages with other priority axis and horizontal objectives

The main objectives of this priority axis are also supported by priority axis 3 investment priority c) by focusing on improving transport nodes and corridors and thus reducing emissions of CO₂.

INVESTMENT PRIORITY 1 of priority axis 2:

conserving, protecting, promoting and developing natural and cultural heritage (IPc)

SPECIFIC OBJECTIVE 1: Natural and cultural resources developed into sustainable tourist attractions

The intention is to find ways to develop cultural and natural resources into tourist attractions and products in order to improve the attractiveness of visiting and living environment.

This specific objective aims to find balance between preserving and developing the natural and cultural resources.

The first precondition for implementing activities under this specific objective will be to map the common natural and cultural resources of the Central Baltic region. The list of relevant natural and cultural resources will be defined in the Programme Manual.

Expected result: more sustainable tourist attractions developed in Central Baltic region

Programme specific result indicators (SO1)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Increased investments into conserving and protecting joint heritage	%		2014			2018, 2022
2.	Number of visitors/users of joint natural and cultural heritage	%		2014			2018, 2022

Indicative list of actions supported

- Jointly identifying the potential use of resources
- Designing attractions and packaging tourist services
- Investments into natural and cultural resources to create joint CB tourist attractions
- Joint marketing activities as awareness raising, marketing events, fairs, media advertising, test visits for key people from target markets to CB region.

The main target groups

Visitors and local people, tourism sector businesses, organisations benefitting from developed attractions.

Specific territories targeted

The whole Central Baltic region is seen as target area. However, different characteristics of areas and resources have an impact on the design of attractions and packages. Areas with specific characteristics are, for example, archipelago and islands, capital cities, coastal areas and medieval sites.

Types of beneficiaries

Main project partners foreseen to undertake projects within this specific objective are organisations responsible for maintenance and development of natural and cultural heritage, tourism development organisations, local and regional governments.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of developed and marketed attractions	number		Project Reports

SPECIFIC OBJECTIVE 2: More sustainable marine and coastal areas

This specific objective aims to address joint challenges and issues related to maritime spatial planning of territorial waters and exclusive economic zones as well as integrated coastal zone management.

It should lead to sustainable use of the fragile resources of the Baltic Sea and its coastal areas.

Expected result: bigger share of sustainably planned and managed marine and coastal areas

Programme specific result indicators (SO2)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Share of marine and coastal areas with improved management	%		2014			2018, 2022

Indicative list of actions supported

- Joint information collection, surveys, supporting and carrying out participatory processes preceding official planning process
- Experience exchange on and implementation of management practices which follow the official planning processes: events, seminars, conferences, visits
- Jointly developed manuals, guidelines, agreements, practices
- E-platforms and solutions for supporting participatory processes, planning processes and management

The main target groups

The main target groups are foreseen as local people, visitors and companies interested in developing sea and coastal resources.

Specific territories targeted

Territorial waters, exclusive economic zones and coastal areas are targeted within the Central Baltic region.

Territorial waters, or a territorial sea, as defined by the United Nations Convention on the Law of the Sea, is a belt of coastal waters extending at most 12 nautical miles (22.2 km; 13.8 mi) from the baseline (usually the mean low-water mark) of a coastal state.

Exclusive economic zone (EEZ) is a sea zone prescribed by the United Nations Convention on the Law of the Sea, in which a state has special rights over the exploration and use of marine resources.

Coastal areas are defined as the interface or transition areas between land and sea. Coastal areas are diverse in function and form, dynamic and do not lend themselves well to definition by strict spatial boundaries.

The Central Baltic programme aims to target the above-mentioned sea and coastal areas where interests of two or three countries meet.

Types of beneficiaries

The beneficiaries for this specific objective are organisations responsible for the planning of territorial waters (incl. national, regional authorities), exclusive economic zones and coastal areas, organisations with competence to contribute to improved planning and management.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of jointly carried out planning and management activities	number		Project Reports

INVESTMENT PRIORITY 2 of priority axis 2:

Promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector, soil protection or to reduce air pollution (IPf)

SPECIFIC OBJECTIVE 1: Wider use of innovative methods and technologies in water sector

This specific objective aims to the reduction of nutrient and toxins inflows and impact of runoffs from agriculture.

The objective is to support activities which lead to development of innovative methods and technologies within the Central Baltic region. Worked out and implemented methods and technologies should have potential for being used in other markets.

A relevant precondition for implementing activities under this specific objective will be to determine the list of priority sources of nutrient and toxins inflows to be tackled. For that existing information of national, regional and transnational organisations will be used. The list of priority sources will be included in the Programme Manual.

The priority list will be used for determining the potential activities but also to ensure a good division of work with other financing programmes.

Expected result: Number of eliminated/reduced sources of nutrients and toxins inflows which affect the water quality in Baltic Sea

Programme specific result indicators (SO1)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Number of eliminated/reduced sources of nutrients, toxins inflows	number		2014			2018, 2022

Indicative list of actions supported

- Information collection, surveys
- Designing, adapting methods
- Working out and taking into use new technologies for eliminating nutrients and toxins from waste water
- Pilot investments to reduce nutrients and toxins inflows

The main target groups

People living in the Central Baltic region together with visitors to the area are seen as target group benefitting from improved water quality and better condition of the Baltic Sea.

Specific territories targeted

The whole Central Baltic programme area is targeted, but different methods and technologies may be needed for addressing the problem in rural areas, on archipelagos and islands and in urban areas.

Types of beneficiaries

Within this specific objective organisations responsible for water treatment and organisations capable of contributing to the reduction of nutrient and toxins inflows (including research institutions with an expertise in the area) are seen as main beneficiaries.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of sources reduced with new methods and technologies	number		Project Reports

INVESTMENT PRIORITY 3 OF PRIORITY AXIS 2:

Action to improve the urban environment, revitalization of cities, [...] regeneration and decontamination of brownfield sites (including conversion areas), reduction of air pollution and promotion of noise-reduction measures (e)

SPECIFIC OBJECTIVE 1: More integrated urban development processes based on Central Baltic best practice

This specific objective targets the challenges and opportunities related to improving the urban space via joint urban planning activities.

Integrated urban management is understood as broader set of activities than the planning required by planning legislation. It includes activities preceding official planning processes and activities following official planning process.

This specific objective is seen to contribute to the specific objective 1 "Improved commuting and faster transport by developing integrated transport solutions and transport corridors" of priority axis 3 within urban areas and connecting urban areas with their hinterlands.

Expected result: better urban planning in Central Baltic region

Programme specific result indicators (SO1)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Share of urban areas covered with integrated urban management	%		2014			2018, 2022

Indicative list of actions supported

- Joint information collection, surveys (evaluations, geological studies, feasibility studies etc.)
- Experience exchange seminars, trainings, guidelines
- Joint activities preparing for environment impact assessments
- Concepts and primary designs for brownfield regeneration
- Pilot investments
- Dissemination of and putting into use acquired good practices

The main target groups

Inhabitants, visitors and developers of urban areas of Central Baltic region.

Specific territories targeted

Urban areas with their hinterlands of the Central Baltic programme area seen as target group for this specific objective.

Urban areas are defined as densely populated areas with suburban surroundings.

Types of beneficiaries

The beneficiaries are seen as organisations on local, regional and national level, responsible for spatial planning of the Central Baltic urban and surrounding local governments.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of prepared integrated urban solutions/management practices	number		Project Reports

PRIORITY AXIS 3 (TO7)

WELL-CONNECTED CENTRAL BALTIC REGION

Priority axis "Well connected Central Baltic region" is addressed by thematic objective "Promoting sustainable transport and removing bottlenecks in key infrastructures".

The priority axis focuses on improving transport corridors and nodes. It addresses the access bottlenecks in relation to islands and archipelagos area and improves the services of small ports.

The integration or interoperability of transport systems within Central Baltic region's larger centres is seen as a relevant cooperation theme.

The expected travel time reductions and reductions in moving goods should be achieved together with lower carbon emissions (understood as less CO₂ emissions per person per tonne).

Linkages with other priority axes and horizontal objectives

Priority axis 3 contributes to the priority "Competitive economy of the Central Baltic region" by improving the flow of goods and people within and through Central Baltic region.

The potential of ICT solutions is seen as a source for improving transport flows and contributing to lower carbon emissions.

INVESTMENT PRIORITY 1 of priority axis 3:

Developing and improving environment-friendly (including low-noise) and low-carbon transport systems including [...] inland waterways and maritime transport, ports, [...] multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility (IPc)

SPECIFIC OBJECTIVE 1: Improved commuting and faster transport by developing integrated transport solutions and transport corridors

This specific objective aims to identify and target the challenges related to the integration of different transport nodes so as to save time in transportation of both passengers and cargo and at the same time to reduce the CO₂ emissions (understood as less CO₂ emissions per person per tonne).

This specific objective also aims to identify and target the challenges related to the improvement of the transport corridors within the Central Baltic region in North – South and East – West directions.

Transport corridors are understood as infrastructure and logistics networks for passengers and cargos movement. This specific objective aims to target established transport corridors which have a potential to be further improved (i.e. extended, made more efficient) and new transport corridors which have a significant potential.

Expected result: Improved transport flows of people and goods

Programme specific result indicators (SO 1)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Reduction of travel time of passengers and the movement time of goods	%		2014			2018, 2022

Indicative list of actions supported

- Jointly working out plans, drawings and solutions for improving transport corridors and transport nodes efficiency
- Pilot investments leading to lower CO2 emissions and more efficient transport flows
- Planning and investing into ICT solutions to improve transport nodes and corridors efficiency
- Marketing activities of developed and improved transport corridors
- Experience exchange activities as joint seminars, study visits, surveys and trainings leading to implementation of new methods

The main target groups

Transport, logistics companies of Central Baltic region. People and visitors using improved transport corridors and solutions.

Specific territories targeted

The whole Central Baltic programme area is targeted. This includes transport nodes to connect islands, harbours, transport systems and centres of urban areas.

Also East-West corridors and North-South corridors are targeted.

Types of beneficiaries

Beneficiaries here are organisations responsible for planning and developing transport solutions: local, regional, national, governments, port authorities' logistics clusters.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of developed and improved transport corridors, solutions and nodes with reduced CO ₂ emissions	number		Project Reports

SPECIFIC OBJECTIVE 2: Improved services of existing small ports to contribute to the tourism development

This specific objective aims to contribute to the improvement of the services of small ports (e.g. rescue services, joint marketing). This should attract more visitors to the region and improve the travel opportunities of local people.

Small ports are defined as ports serving local people and visitors will be mapped and the priority list will be determined in cooperation with responsible regional and national organisations of Central Baltic region.

Also small ports as parts of larger marina areas are seen as potential beneficiaries.

Investments for improving small ports services are meant for improvements on land.

Expected results: improved services of existing small ports

Programme specific result indicators (SO 2)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Share of Central Baltic small ports with good services	%		2014			2018, 2022

Indicative list of actions supported

- Joint surveys to identify best ways to improve port services
- Jointly working out plans and drawings for improving port services
- Investments (infrastructure and equipment on quays and land) leading to improvement of port services
- Planning and investing into ICT solutions to create new services or improve existing port services
- Joint marketing activities of improved small ports networks

The main target groups

The main target groups are inhabitants using small ports for commuting and leisure. Visitors visiting Central Baltic small ports. Companies offering services to visitors of small ports.

Specific territories targeted

The coastline regions of the whole Central Baltic programme area are targeted.

Member states and regions are expected to list the small ports seen as most important for improvements.

Types of beneficiaries

Organisations responsible for the development and maintenance of small ports: local governments, non-governmental organisations, private companies.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of ports with improved services	number		Project Reports

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**PRIORITY AXIS 4 (TO 10)
SKILLED AND SOCIALLY INCLUSIVE REGION**

Priority axis "Competitive skills and socially inclusive Central Baltic region" is addressed by thematic objective "Investing in education, skills and lifelong learning" .

Activities supported under this priority axis are seen as instruments to strengthen communities via "people to people" projects. The focus is on solving practical local and community level problems within diverse themes. This is the way chosen to strengthen social inclusion of Central Baltic region.

Addressing the improvement of peoples' skills by joint vocational education development and matching skills and work opportunities within Central Baltic region are seen as ways for better integrating Central Baltic labour market. This would also decreasing risk of social exclusion.

Linkages with other priority axes and horizontal objectives

This priority axis contributes to the priority 1 "Competitive economy of the Central Baltic region" by further integrating the Central Baltic labour market and developing opportunities for communities with challenges.

An educational or training component is seen as horizontal activity which is available within all other thematic objectives. It is seen as a necessary method in the implementation of complex development projects.

INVESTMENT PRIORITY 1 of priority axis 4:

Developing and implementing joint education and training schemes (ETC-specific)

SPECIFIC OBJECTIVE 1: Improved social inclusion and more sustainable communities

This specific objective will target a wide range of practical community and local level social problems. It will do so through joint educational and/or training activities.

Community and local level problems (thematic or territorial) can be related for example to health, minorities, safety, gender, elderly and low entrepreneurship.

Expected results: more people benefitting from stronger Central Baltic communities

Programme specific result indicators (SO1)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Communities with improvements	%		2014	%	Project Reports	2018, 2020, 2022

Indicative list of actions supported

- Joint surveys to identify and map problems
- Joint training programmes
- Joint seminars, experience exchange events
- Network development
- Designing and creating ICT solutions to contribute to the solution of problems

Projects within this specific objective are implemented by a simplified small project approach.

The main target group

Central Baltic people in or with risk of social exclusion of targeted communities are seen as the main target group.

Specific territories targeted

Whole Central Baltic programme area: rural and urban communities based on self-determination.

Types of beneficiaries

The types of beneficiaries can be local authorities and community based nongovernmental organisations with statutory objectives to deal with community development.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of participating people	number		Project Reports

SPECIFIC OBJECTIVE 2: More aligned vocational education and training (VET) programmes in Central Baltic region

This specific objective aims to contribute to the development and further integration of the Central Baltic labour market.

Development of skills and better matching work opportunities with skills can have a strong impact on decreasing the social exclusion.

Central Baltic joint actions are justified by linking them to the specific needs of enterprises operating within Central Baltic region.

Expected results: aligned educational and training programmes

Programme specific result indicators (SO 2)

ID	Result Indicator	Measurement Unit	Baseline Unit	Baseline Year	Target Value	Source of Data	Frequency of Reporting
1.	Increased share of VET institutions with aligned programmes	%		2014			2018, 2020, 2022

Indicative list of actions supported

- Joint surveys to identify the Central Baltic economic activities/sectors where joint activities for VET co-operation are justified

- Joint activities to identify what improvements to curricula and teaching, training methods and management methods of vocational schools are needed
- Joint surveys to identify problems of Central Baltic labour market as bottlenecks to further labour market integration
- Joint activities to develop new curricula and improve existing curricula
- Designing and implementing training activities based on joint curricula
- Joint seminars, experience exchange events
- Designing and creating distance learning and e-learning platforms

A clear division of work will be established to avoid overlap with Leonardo da Vinci programme under the European Commission's Lifelong Learning Programme.

All activities within supported projects should address specific needs of Central Baltic labour market integration.

The main target groups

The main target groups can be seen to be students, teachers, managers of Central Baltic vocational schools and the people whose skills will be improved.

Specific territories targeted

The whole Central Baltic programme area is targeted.

Types of beneficiaries

Vocational schools, organisations responsible for providing and developing vocational education as well as organisations representing employers and employees (social partners) can be beneficiaries.

Common and specific output indicators

ID	Indicator	Measurement Unit	Target Value	Source of Data
1.	Number of participants in joint education and training schemes to support youth employment, educational opportunities and higher and vocational education across borders	persons		Project Reports

A SUMMARY OF THE PLANNED USE OF TECHNICAL ASSISTANCE

The Joint Secretariat will be staffed with one content expert for each Priority. The expert is responsible for giving substance advice to applicants as well as other programme staff, assessing the relevance of the project application during the application and assessment phase and monitoring the implementation of project activities.

The systems will, however, be established so that one member of staff is not too closely linked with the different steps any project in order to avoid conflict of interest.

SECTION 3

INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

CONTRIBUTION OF PLANNED INTERVENTIONS TOWARDS MACRO-REGIONAL AND SEA BASIN STRATEGIES

Priority axis 1 supports the Europe 2020 objective of "smart growth". It has been agreed that innovative businesses (SMEs) are targeted as the main target group to contribute to the knowledge intensive economy of the Central Baltic region.

Priority axis 1 also contributes to the EUSBSR objective "increase prosperity", which is strongly related to the Europe 2020 strategy via the sub-objective "EUSBSR contributing to the implementation of Europe 2020 Strategy".

By applying "ICT" as a horizontal objective within all priorities the new Central Baltic programme contributes to the "digital single market", which has been emphasized by EUSBSR as "hugely important to the economies in the BSR and to its global position as an innovative region."

In relation to EUSBSR priority areas (hereby PA), the Priority axis 1 of the Central Baltic Programme 2014-2020 is directly contributing to PA "SME" and PA "Education" (the entrepreneurship aspect) and less directly to PA "Agri" and PA "Innovation".

Investment priorities and specific objectives chosen for the Priority axis 2 are contributing well to the Europe 2020 "smart growth" and "sustainable growth" objectives.

In the context of the EUSBSR it contributes to "save the sea" objective and particularly to the sub-objective "clear water in the sea". Because of the chosen investment priority (c) and its focus on tourism it also contributes to the objective "increase prosperity".

Priority axis 2 will contribute directly to PA "Nutri" and PA "Tourism". Because of the chosen specific objectives to allow cooperating in joint planning of urban space, maritime and coastal areas, this Priority axis contributes directly to the horizontal action "spatial planning".

Priority axis 3 in the context of the Europe 2020 strategy is seen as precondition for the "smart growth" and "sustainable growth".

This priority axis contributes to the "connect the region" objective and, more specifically, targets existing bottlenecks and efficiency of transport nodes and corridors.

The priority axis with the chosen specific objectives directly contributes to PA "Transport", PA "Ship" (in line with the small ports' services development focus) and PA "Tourism" (in line with the small ports' focus as seen as contributing to tourism development).

Priority axis 4 in the context of Europe 2020 strategy is to contribute to the "inclusive growth" and "smart growth" objectives.

In the context of EUSBSR this priority axis contributes to the “increase prosperity” objective and more specifically “improved global competitiveness of the Baltic Sea region” sub-objective, where labour market inclusion and integration is emphasized.

On priority area level this priority axis with chosen specific objectives contributes to the PA “Education” and PA “Health”.

Priority axis 4 also contributes to the Horizontal Action “involve”.

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SECTION 4 IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

IDENTIFICATION OF THE RELEVANT AUTHORITIES AND BODIES

Table 22 Identification of and contact details for the relevant authorities and bodies²

Authority/body	Name of the authority/body	Head of the authority/body
Managing authority	Regional Council of Southwest Finland	Tarja Nuotio <i>Regional Development Director</i>
Audit authority	Regional Council of Southwest Finland	Juho Savo <i>Regional Mayor</i>

The body to which payments will be made by the Commission is:

the managing authority

the certifying authority

Authority/body	Name of the authority/body	Head of the authority/body
Body or bodies designated to carry out control tasks	Estonia: To be defined by MS for the final OP draft Finland: Latvia: Sweden: Åland:	To be defined by MS for the final OP draft
Body or bodies designated to be responsible for carrying out audit tasks	To be defined by MS for the final OP draft	To be defined by MS for the final OP draft

Procedure for setting up the joint secretariat

The joint secretariat (JS) will be set up by the Managing Authority in accordance with Article 22 of the ETC Regulation. The joint secretariat shall assist the Managing Authority in carrying out the tasks set for the Managing Authority and Certifying Authority as well as the Monitoring Committee

² In accordance with Article 7 (11) ETC Regulation, the information on the identification of the managing authority, the certifying authority, where appropriate, and the audit authority is not subject to the Commission decision approving the cooperation programme, but remain under the responsibility of the participating Member States.

in carrying out its tasks. It will be located in Turku, hosted by the Regional Council of Southwest Finland. The Regional Council of Southwest Finland also acts as Managing Authority and Audit Authority.

The Regional Council of Southwest Finland continues as Managing Authority from the 2007-2013 period. Thus many administrative arrangements are already in place. The staff structure has, however, been evaluated and improvements have been made for more efficient and qualitative programme implementation. Staff will be recruited for the Central Baltic 2014-2020 programme during 2014. The ambition is to have international staff, preferably with representatives from all programme countries.

The joint secretariat will work in teams: a team each will be set up for project contact persons, financial questions and information and communication. All teams will work closely together. The leaders of each team and representatives of the Managing Authority and Audit authority will meet on a weekly basis for so-called Management Team meetings to discuss topical questions of strategic relevance. The administration and supporting functions will be joint for the whole staff.

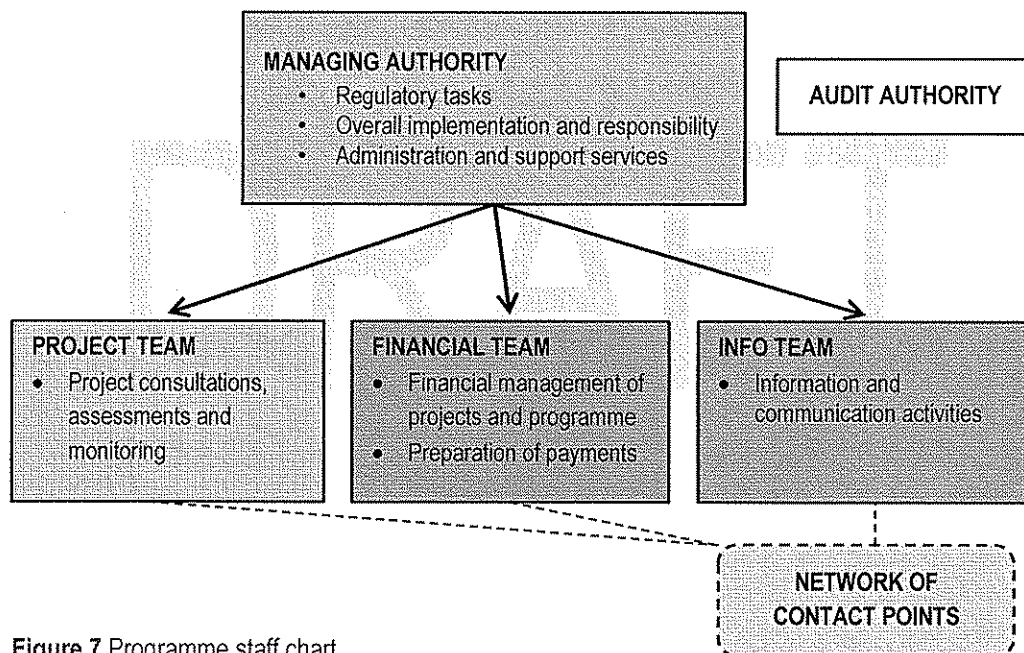


Figure 7 Programme staff chart

The “project team” will consist of project contact persons (project managers and project coordinators) who deal with projects during their whole life cycle, starting from consultations to assessments and later to monitoring of project implementation. For each Priority a contact person with experience in the substance matter as well as project and programme management will be employed. This person is responsible for ensuring the strategic approach within each Priority through consulting projects at different stages of their life-cycle and supporting colleagues with theme specific expertise. One person should, however, not be too closely involved in the different steps of the project life cycle. Conflict of interest will be avoided through internal arrangements in the division of projects for each task so that no one person becomes impartial in relation to projects. In addition to thematic experts also generalist will be employed as project contact persons.

The "financial team" is responsible for preparing the project payment claims for certification and payment. The regulatory tasks of the Certifying Authority will be conducted in the financial team.

The "info team" will coordinate the programme information and communication activities. The team leader is responsible for developing the communication strategy for the whole programme as well as translating the strategy into concrete activities. The team leader will be directly involved in the activities carried out by a network of contact points in each Member State/Åland.

Contact points will be established in each Member State/Åland. They will deal with information and communication activities related to the implementation of the Central Baltic 2014-2020 programme. The contact points are not part of the JS. An agreement on the setting up of each contact point will be signed between the Managing Authority and each Host Organisation/Member State, defining the tasks and responsibilities of both parties.

The contact points will be a link between the programme and region/country and vice versa. This will help to improve the visibility of the programme throughout the region and will ensure communication measures that suit the local needs. The tasks of the contact points will vary during the implementation cycle but can be at least the following: Informing about the programme as a source for funding; sharing general information about the projects, attracting relevant partners and projects, communicating programme results and supporting JS in practical events/activities taking place in the regions. Consistency of advice will be ensured between the contact points and other programme bodies through trainings and direct communication.

A summary description of the management and control arrangements

Division of tasks between the joint implementation structures

Managing Authority

The Managing Authority will perform the duties listed in Article 114 and 115 of Regulation (EU) No... CPR. The Managing Authority will set up a joint secretariat in accordance with Article 22 of the ETC Regulation. The joint secretariat shall assist the Managing Authority in carrying out the tasks set for the Managing Authority and Certifying Authority as well as the Monitoring Committee in carrying out its tasks.

Assessment and selection of operations

The programme will use different approaches for the application procedure for different types of projects. What is common for all is that applications will be received through the eMonitoring System. The assessment and later monitoring of the projects will be carried out within the same system.

The programme foresees mainly the use of open calls, but also targeted calls for certain Priorities or other options are possible if deemed necessary. One-phase or two-phase application procedures may be used. At least one call per year shall be organised until the funds have been completely allocated. During program implementation the Member States (through the Monitoring or Steering Committee) may agree on preparing and implementing strategic projects.

The Contact points and Joint Secretariat provide consultations according to an internal agreement on division of tasks. Consultations will be done in a structured manner, aiming at consulting each project at least once before the application is submitted.

After the deadline for proposals the JS will assess each application. The strategic relevance of projects is highlighted in project assessment. The assessment of project ideas will be done according to a set of questions assessing the strategic relevance of projects. Only projects that are found to be on an acceptable level on the strategic relevance will be assessed on the operational assessment criteria. The assessment will be done by a tandem, i.e. two JS colleagues. The assessment will be submitted to the Steering Committee to which the Monitoring Committee will delegate the approval of projects.

The Steering Committee will take the decision on the project approval. The JS will inform the project of the Steering Committee decision in writing through the eMonitoring System online communication tool.

The Managing Authority will prepare and send the Subsidy Contract to approved projects. The Subsidy Contract is generated in the eMonitoring System and sent to the Lead Partner for approval. The Subsidy Contract will set out the conditions of support.

A simplified process is used for small projects. The project is expected to provide information only on defined key questions related to the project implementation (project idea, cross-border relevance, budget, work plan, sustainability...). The JS will make an assessment of the project based on a set of simplified criteria. Again, the first criteria are related to the content and relevance of the project for the programme. Only projects that are seen as acceptable based on the set definitions will continue for the assessment of the operational assessment criteria. The assessment will be done by a tandem, i.e. two JS colleagues. The assessment will be submitted to the Steering Committee.

Management verifications

The management verifications will be carried out by designated controllers in each Member State/Åland. The bodies designated to carry out the controls have been defined in chapter 5.1. The Managing Authority will establish joint systems and quality control for the verifications (later referred to as First Level Control, FLC). This will be done firstly by preparing a manual for the FLC work and setting out in detail the process of management verifications. The Managing Authority shall define the quality criteria expected and the procedures required for the programme. The Managing Authority shall also provide the FLC with relevant working documents. In doing so, the experience from the Central Baltic INTERREG IV A Programme 2007-2013 will be taken into account.

The programme rules and requirements will be explicitly defined, allowing for all controllers to implement a unified and equal level of controls. Equal treatment of project partners will be considered when setting up the rules. The Managing Authority will be responsible for interpreting programme rules in case of a dispute on different understandings between programme bodies and/or beneficiaries. During the programme implementation phase the Managing Authority will organise regular meetings with the FLC to discuss procedures, joint interpretation of rules and other topics of common interest. These meetings are crucial in ensuring the common standards across the programme area and for all programme bodies.

Following the First Level Control the project progress reports and payment claims will be submitted to the Joint Secretariat. The Secretariat shall assess the progress of the project and whether the implementation has been in line with the approved application. The payment shall be prepared

based on the information provided by the project and the FLC's. After costs have been certified, the payment will be made to the Lead Partner.

Monitoring Committee

The programme Monitoring Committee will be set up, consisting of up to 4 members from each Member State and up to 2 members from Åland. At least one member should come from the national and one from the regional level. In addition, economic and social partners will be involved.

The tasks of the Monitoring Committee will follow the CPR and ETC regulations. The Monitoring Committee shall review the implementation of the programme, the progress towards achieving the programme objectives and examine in detail all issues that affect the performance of the programme. The Monitoring Committee will delegate the selection of operations to a Steering Committee.

The Rules of Procedure of the Monitoring Committee will be agreed by the Monitoring Committee at its first meeting.

Steering Committee

The Steering Committee will be joint for all three sub-programmes. The tasks of the Steering Committee remain similar to what they have been during this programme. The tasks thus include the approval of the application package, setting the dates for the calls for proposals together with the application package documents and taking as well as following up funding decisions.

The Rules of Procedure of the Steering Committee will be agreed by the agreed by the Monitoring Committee at its first meeting.

The Steering Committee will consist of up to 4 members from each Member State and up to 2 members from Åland.

Audit Authority

The Audit Authority will perform the duties listed in Article 116 of Regulation (EU) No [...]2012 [CPR] including the System audits as verifications of Management and control system. The AA will ensure that audit work takes account of internationally accepted audit standards. It is the task of the AA to perform the quality assessment on audits of operations performed by members of Group of Auditors.

Organisation of audits

The AA is assisted by a Group of Auditors composing of a representative from each of the Member States/Åland. Audits of operations will be carried out by auditors designated by the Member States/Åland. The Group of Auditors will be coordinated by the AA. In addition the AA will provide the auditors with guidance and manuals to perform the audits of operations. Each member of the Group of Auditors representing a participating Member State/Åland shall carry out audits of operations on the basis of a sample provided by the AA. The audits of operations to be carried out by the member of the Group of Auditors are limited to the beneficiaries located in the territory of the participating Member State/Åland represented by the member of the GoA.

The national member of the Group of Auditors reports the audit results to the AA who will coordinate the audit work in the whole programme area and compiles the final audit report.

The members will support the AA in carrying out its duties. This includes any audits required such as e.g. complementary audit or audit requested from the Commission.

Appointment of liabilities

The Art 25 of the ETC Regulation sets out the basic principles for recovery of funds. The Managing Authority shall recover any amounts unduly paid from the Lead Partner.

If the Lead Partner does not succeed in securing the repayment from a project partner, the Member State on whose territory the beneficiary concerned is located shall reimburse the Managing Authority the amount unduly paid. The Member State becomes responsible for reimbursing the cost only when the Managing Authority has taken all measures available for securing the payment from the Lead Partner.

In cases where the corrected amount is shared by partners from different Member States the costs shall be divided, if possible, based on the actual share of each partner in the correction. Where this is not possible on project level the amount shall be divided based on the proportion of the partner budget of each partner.

Where the financial correction is divided between the Member States and no unequivocal calculation method is available, the share of funds recovered shall be determined based on calculations models to be developed later.

The Managing Authority is then responsible for reimbursing the amounts concerned to the general budget of the Union.

Use of the Euro

By way of derogation from Article 123 of Regulation (EU) No [...] /2012 [CPR], expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiaries using the monthly accounting exchange rate of the Commission in the month during which expenditure was submitted for verification to the First Level Control. The method chosen shall be explained in all relevant guidance to the beneficiaries. The method is applicable to all beneficiaries from Sweden.

INVOLVEMENT OF PARTNERS

Role of the relevant partners in the preparation, implementation, monitoring and evaluation of the cooperation programme.

The participating Member States have given the Regional Council of Southwest Finland the mandate to coordinate the programming process. Each Member State has been represented by its responsible national authority during the process. These are the Estonian Ministry of the Interior (Estonia), Ministry of Employment and the Economy (Finland), Ministry of Environmental Protection and Regional Development (Latvia), Ministry of Enterprise, Energy and Communications (Sweden) and Government of Åland (Åland).

The responsible national authorities have been represented in the Joint Programming Committee and in Working Group 2 (Management). For some Member States the responsible national authorities are also members of Working Group 1 (Content). In addition to these representatives, also regional representatives or social and economic partners participate in the Joint Programming Committee and both Working Groups. The partners have been nominated by the responsible national authority for each Member State.

A wide involvement and active participation of partners has been sought. For the two working groups it has been decided that each Member State nominates one permanent member. The other members may change depending on the issues at hand. This means that the best experts and a wide representation from each country have been ensured. In addition each Member State organises its work so that relevant partners are consulted between the meetings. Accessibility has been ensured partly by holding the meetings in each country in turn. The meetings are arranged in capital cities and usually as one-day meetings in order to reduce time and cost for travels, thus allowing for high participation levels.

A wide and experienced partnership for the programming process has been achieved through thematic seminars held in each Member State. The workshops attracted all in all more than 250 participants. They represented both partners from projects funded in the period 2007-2013 and organisations new to this cooperation. The partners have discussed the intervention logic and defined the topics relevant for cross-border cooperation in the Central Baltic region. During the seminar the partners were asked to submit potential project ideas from all interested organisations. The process of gathering ideas was continued throughout the initial phase of the programming process. The ideas have been used as a demonstration of the needs of the region when defining programme content. In addition, meetings with regional representatives of the programme area were held to discuss programme intervention logic and get information on cooperation projects. In some countries analyses on the region's needs and cooperation potential have been made. Information from these and other relevant analyses and strategies have been taken into account.

Accordingly, the discussions and decisions by the programme bodies have been based on the findings of the regional analysis, input from stakeholders in thematic seminars. As these cover a wide range of issues, the expertise of the partners has been needed to identify the most relevant topics for cooperation. The intervention logic has been defined in consensus between all partners. Significant comments and recommendations have come from all partners and when supported by others, have been implemented. There has been a general agreement on the direction of the programme.

The Ex ante evaluation was launched as soon as the Regional Council of Southwest Finland was given the mandate to act as Managing Authority and coordinator of the programming process. The Joint Programming Committee could at its first meeting decide on the selection of the Ex ante evaluators. The evaluators have since participated in the JPC and working group meetings and provided their feedback to the process. They have also participated in the thematic workshops.

Many of the partners currently involved in the preparation of the cooperation programme are foreseen to be involved in either the Monitoring Committee or Steering Committee in the future. Continuity between the preparation and implementation and monitoring could be ensured through the organisations or people involved in both the preparation and later the implementation and monitoring.

Having a link between preparation and later implementation contributes to good management of the programme and achievement of the objectives. The Monitoring Committee shall consist of members from the national and regional level as well as social and economic partners. The national authorities responsible for programming are involved in the Monitoring Committee. Also the regions will be represented in the implementation and monitoring of the programme.

The Steering Committee shall consist of members from the national and regional level but may also have social or economic partners represented. Also here a continuation from the preparations is foreseen to take place.

Both the Monitoring Committee and Steering Committee will be actively involved in the programme implementation and monitoring. The Monitoring Committee will have a stronger focus on the monitoring aspect, whereas the Steering Committee will take funding decisions and thus focus more on the implementation.

SECTION 5

COORDINATION

During programme implementation coordination with other EU funds will be ensured. Activities funded should not overlap with other funds but may at times bring synergies. The assessment of overlaps and/or synergies will be mainly be made during consultations and project assessments.

The Managing Authority has the main responsibility for ensuring the coordination, but the day-to-day implementation of these activities will lie in the Joint Secretariat. The staff should have a basic knowledge of the relevant EU funds. In view of the chosen Priority Axes the funds that should be considered are the ERDF, ESF and ENI programmes in the programme are countries, Horizon 2020, LIFE+, Urbact and Erasmus for All programmes or national funding programmes.

While defining the intervention logic of the Central Baltic Programme, the above-mentioned programmes and their planned activities have been monitored. Potential overlaps have been avoided already in the phase of defining supported actions.

When consulting project ideas the Joint Secretariat shall keep in mind the potential overlaps and synergies with other programmes. The applicants shall be made aware of these findings as early as possible. During the project assessment phase the Joint Secretariat will make the final assessment. Projects that overlap with other funding programmes shall not be suggested for the Steering Committee for approval.

The Steering Committee will be made up of experts from different thematic fields and from all regions or countries. They are key actors in providing information about remaining overlaps should they identify such. The Steering Committee is also in the position to propose changes to the projects, thus allowing for further developments to exploit the complementarities between funding programmes.

SECTION 6

REDUCTION OF THE ADMINISTRATIVE BURDEN FOR BENEFICIARIES

The reduction of the administrative burden has been a key principle for the whole programming. During the period 2007-2013 the main challenge for the partners was the financial reporting and the time required from the moment a cost occurred to when it was paid out. Although several steps of simplification were implemented already during the period 2007-2013 the process of payments remained quite heavy.

This was due to several facts: reporting periods were frequent (every 4 months), at the beginning of the programme not enough staff resources had been reserved for financial monitoring in the Joint Secretariat, the payment process involves many levels (FLC – Technical admissibility check – Financial monitoring – Content monitoring – Certifying Authority checks – payment) and took time. Advance payments were not used.

Several provisions for simplification have been made, leading to a reduction of the administrative burden for the beneficiaries. Firstly, the tasks of the JS and the functions of the CA have been reviewed and a simpler implementation process will be set up. Secondly, the eMonitoring System will clearly reduce the amount and complexity of information to be submitted by beneficiaries. Due to the many technical checks that can be made automatic the human resources can be used in a more effective way. This will considerably speed up the payment process. Thirdly, advance payments will be used for small projects and may be considered for all projects.

Reducing the number of milestones/reporting periods from three to two will reduce the amount of paperwork for the beneficiaries. Although there will be more invoices per each report this is still less work (for the projects, FLC and JS) compared to all the mandatory documents that have to be filled in with every report. Having three milestones did also not have the desired impact on the speed of reporting and money flow.

The programme monitoring system is prepared based on the Interact Harmonised Implementation Tools and in cooperation with Interact and other ETC programmes. The templates and processes are based on the most essential elements and the structure has been based on an analysis of best practices from more than 40 ETC programmes. Also the fact that several programmes use the same templates will simplify for beneficiaries applying for projects from several funding instruments.

The online monitoring system will also be a remarkable tool for reducing the administrative burden for beneficiaries. It eliminates the need to send documents in paper and with signatures. It also allows for streamlined and efficient handling of any changes required to the project application as both the project and JS/MA can access the same information in the database. It allows for interactive and/or pre-filled forms by the system on the basis of the data which is stored at consecutive steps of the procedures, for automatic calculations preventing mistakes and speeding up the work, where appropriate, automatic embedded controls which reduce as much as possible back-and forth exchange of documents, system generated alerts to inform the beneficiary of the

possibility to perform certain actions and on-line status tracking meaning that the beneficiary can follow up the current state of the project, which results in more transparency. Due to the principle of information inserted only once the beneficiaries avoid doing extra work. The eMonitoring System also greatly reduces the amount of documents that need to be signed and sent in.

The simplified cost options that have been made available and are planned to be used where possible. They are foreseen to reduce the amount of needed paperwork and to speed up the reporting and control procedures. When deciding on the eligibility rules and simplified cost options, as defined in regulations or the delegated acts, the experience of the MA, CA and JS of the current period as well as that of the FLC's will be taken into account.

Using the Interact Harmonised Implementation tools is especially beneficial for applicants applying for funding from several funds as many funds will use the same approach, questions or rules, which are then familiar for the partnership.

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SECTION 7

HORIZONTAL PRINCIPLES

SUSTAINABLE DEVELOPMENT

Sustainable development will be taken into account as a horizontal principle in all programme implementation. A selection criterion is foreseen for sustainable development. Projects with a direct negative impact on the environment and sustainable development will not be funded.

Priority axes 2 relates directly to environmental protection and resource efficiency. Thus projects funded under this priority will have a direct positive impact on sustainable development.

EQUAL OPPORTUNITIES AND NON-DISCRIMINATION

Guaranteeing equal opportunities and preventing any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation are important principles in all programme stages.

They shall apply in the implementation of the programme but also in the selection and implementation of individual projects. Contribution to the horizontal principles is foreseen as an assessment criterion. Projects that would have a negative impact on equal opportunities and anti-discrimination would not be approved.

Projects supporting equal opportunities and anti-discrimination directly are mainly foreseen under priority axes 4 Competitive skills and socially inclusive Central Baltic region.

EQUALITY BETWEEN MEN AND WOMEN

In addition to the general principle of anti-discrimination the programme will pay attention to the equality between men and women. This is a concern for all priority axes.

Equality between men and women will be considered in programme implementation when recruiting staff and in all personnel policy.

The contribution to the horizontal principles is foreseen as an assessment criterion. Projects that would have a negative impact on equality between men and women would not be approved.