



CENTRAL BALTIC
INTERREG IV A
PROGRAMME
2007-2013

**Central Baltic
INTERREG IV A Programme 2007-2013**

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

Final approved version as of 21 December 2007

CCI No. 2007CB163PO066



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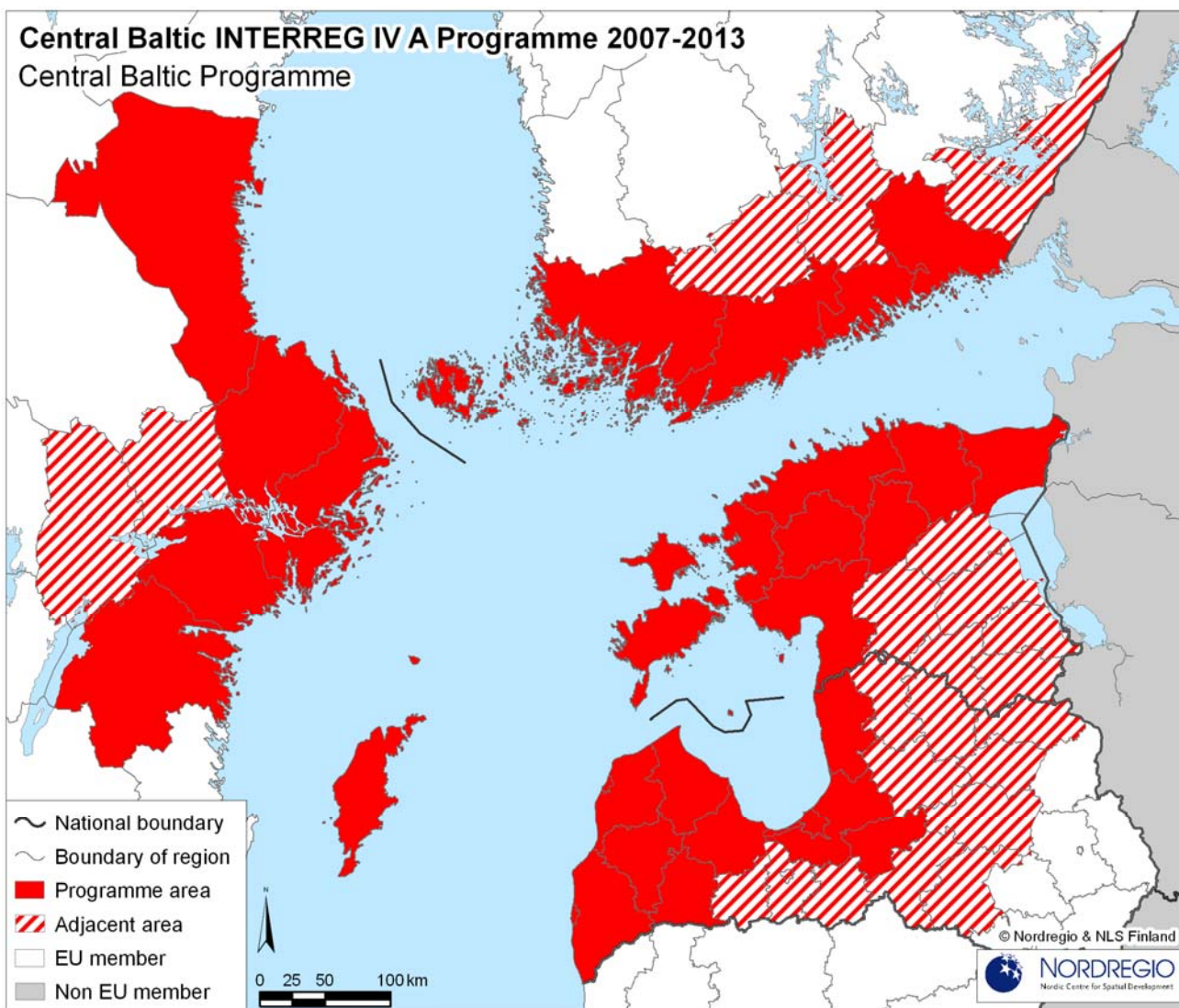
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1. INTRODUCTION

The participating regions in the Central Baltic INTERREG IVA Programme 2007-2013 (Central Baltic Programme) are situated in Estonia, Finland including Åland¹, Latvia and Sweden. Both uniting and separating features can be found between the different Member States in the programme area. This offers great possibilities as well as challenges for the programme.

The programme has three priorities that contribute to the vision and objectives of the programme. The priorities are: A safe and healthy environment, An Economically Competitive and Innovative Region and Attractive and dynamic societies.

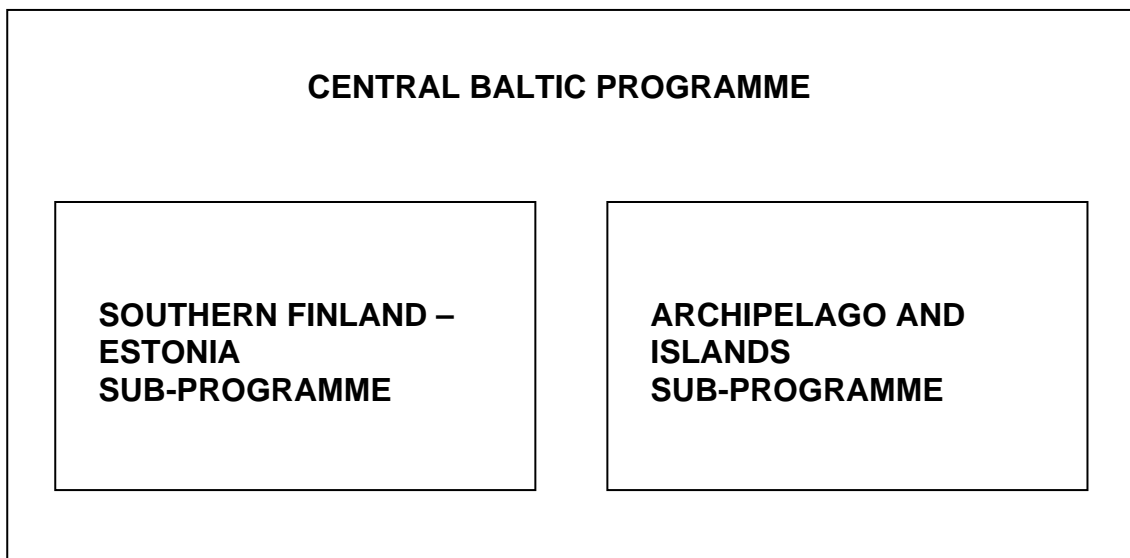


All regions participating in the programme.

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.

Due to the size and complexity of the Central Baltic Programme as well as existing co-operation in the Central Baltic programme area, the Central Baltic Programme has two sub-programmes: the Southern Finland – Estonia sub-programme and the Archipelago and Islands sub-programme. The programme and its sub-programmes have specific objectives for the common priorities. Otherwise the regional analysis, SWOT, vision, strategy and the general description and objectives of the priorities are common for the whole programme.

CENTRAL BALTIC INTERREG IV A PROGRAMME 2007-2013



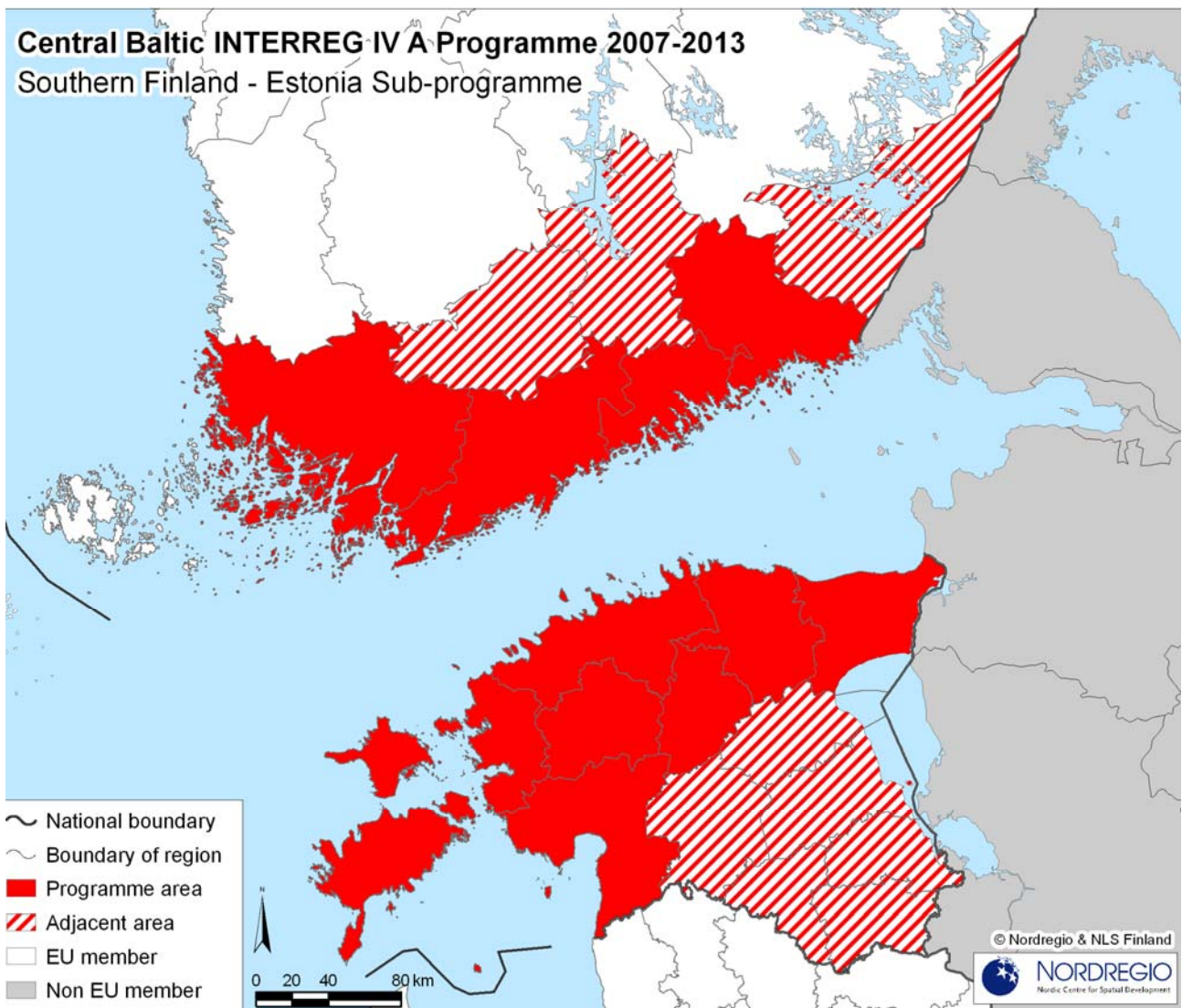
Structure of the Central Baltic INTERREG IVA Programme 2007-2013

Projects that can apply for funding from the Central Baltic Programme should have partners from at least two Member States within the whole programme area, including adjacent areas. This does, however, exclude Finnish-Estonian bilateral co-operation.

The sub-programmes are geographically defined:

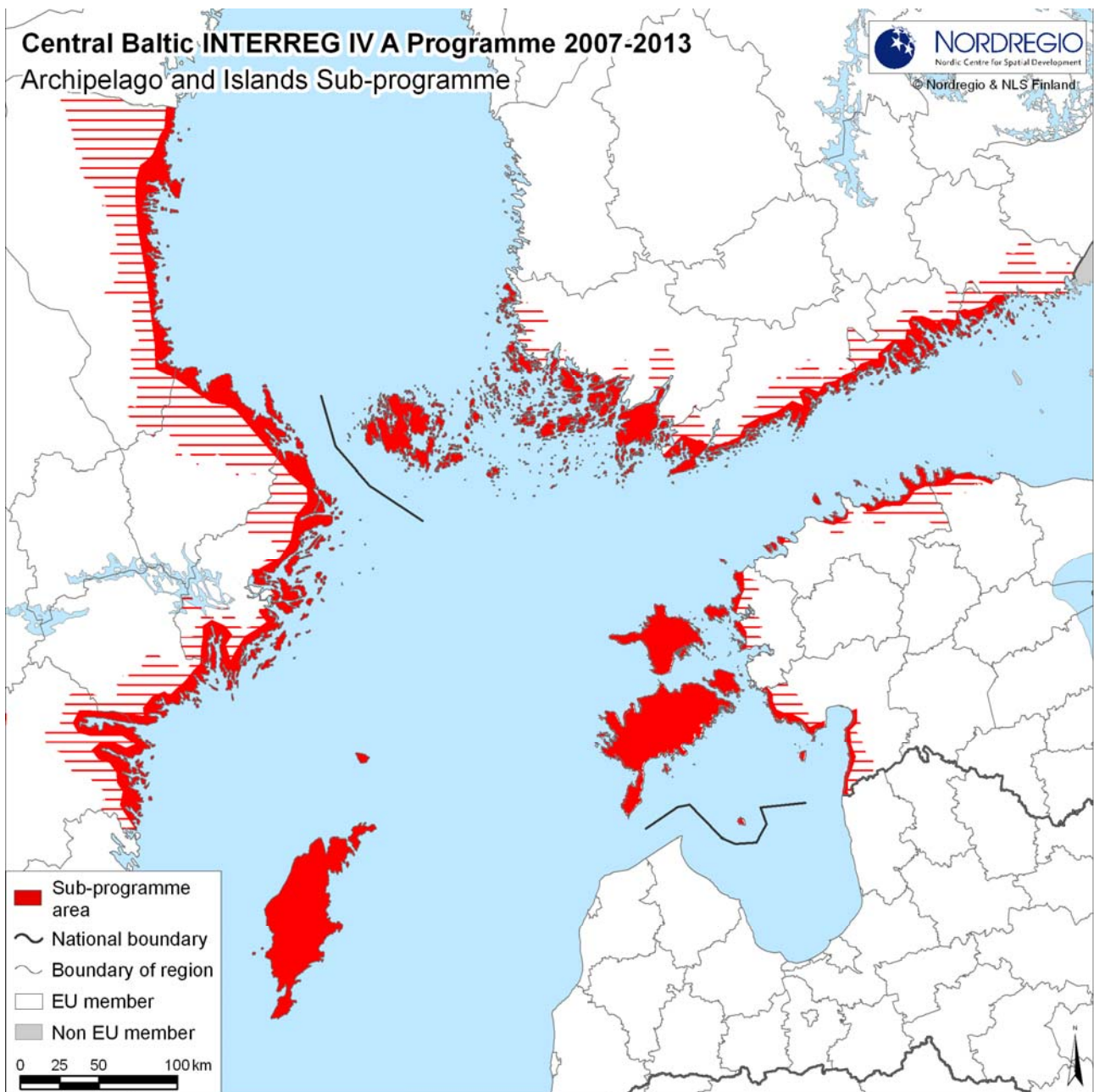
1) The **Southern Finland – Estonia Sub-programme** covers the Estonian and Finnish regions (excluding Åland Islands). This sub-programme builds on co-operation under the foregoing Interreg IIIA Southern Finland – Estonia programme, but is extended with Etelä-Karjala from Finland as a new adjacent area.

Projects should apply for funding from this sub-programme if they only have partners from Finland and Estonia. This does, however, exclude projects that focus on sea island issues as they are financed from the Archipelago and Islands sub-programme.



2) The **Archipelago and Islands sub-programme** covers the municipalities with archipelago parts from the eligible 18 NUTS III regions (relevant for Sweden, Estonia and Finland). In Finland archipelago municipalities are also included. All 16 municipalities in Åland are included as well as Gotland, Hiiumaa, Saaremaa and other islands creating a separate municipality. The sub-programme builds on and widens co-operation from the previous Interreg IIIA Skargarden programme.

Projects should apply for funding from this sub-programme if they focus on sea island issues and development through co-operation between partners from at least two of the following Member States: Estonia, Finland (including Åland Islands) and Sweden.



The whole Central Baltic Programme shall have a single Managing Authority and single Certifying Authority. These duties have been appointed to the Regional Council of Southwest Finland located in Turku. The Central Baltic Programme shall also have a single Monitoring Committee and a Joint Technical Secretariat with the main office in connection with the Managing Authority.

In addition to this programme document, a programme manual will be made available. In this, the programme is described in more detail and guidance is given on the application process.

The official language of the Central Baltic INTERREG IV A Programme 2007-2013 is English.

1.1 Co-operation within the Programme Area

Estonia, Finland, Latvia and Sweden share a long history and have therefore a solid tradition of co-operation in many fields. This has been manifested for example through Nordic co-operation. The town twinning between Finland, Sweden and the two Baltic countries of Estonia and Latvia is an active and popular form of co-operation at the local level.

Regional and local authorities and non-governmental organisations have since the early 1990s been able to develop bilateral projects, agree upon common preconditions for co-operation and also sign agreements for long-term co-operation within the Central Baltic programme area. Co-operation has been vivid in business, education and culture. Tourism and immigration in the programme area have led to active contacts between the people.

The Central Baltic programme area forms a part of larger co-operation networks. A large number of actors are already participating in international and inter-regional projects and activities within the Baltic Sea Region, such as the Baltic Agenda 21 and Baltic Local Agenda 21 Forums, the Union of Baltic Cities, and the Baltic Sea States Sub-regional Co-operation. The whole Central Baltic programme area has also been part of the Interreg IIIB Baltic Sea Region transnational programme that continues in the programme period 2007-2013.

The archipelago and islands areas of the Central Baltic Programme also have long traditions in co-operation. The Nordic Council of Ministers Archipelago Co-operation was started in 1977 as one of Nordic cross-border co-operation programmes. The Nordic Archipelago co-operation gave a solid base for the Interreg IIA Skargarden programme which was started in 1995. The bigger islands in the Central Baltic programme area have been co-operating in the B7-network since 1989.

Co-operation in the Central Baltic programme area has brought about tight relationships between partners on all shores of the Baltic Sea as well as a common cultural heritage. These features are a natural starting point for a variety of projects. The co-operation has also gained significantly from the development of infrastructure in the Central Baltic

programme area, as excellent possibilities for people to travel and communicate with each other have opened up.

Many encouraging examples that may be seen as a base for the Central Baltic Programme can be found from the previous programme period, especially from the Interreg IIIA Southern Finland – Estonia and Interreg IIIA Skargarden programmes. These experiences stimulated the continuation and widening of these programmes. They were also an inspiration to creating the Central Baltic Programme, with an even wider geographical area and thus possibilities for a new kind of co-operation.

Interreg IIIA Southern Finland – Estonia programme

The Interreg IIIA Southern Finland – Estonia programme of 2000-2006 was aimed to support the evolvement of this cross-border area from an external border of the EU to a border between two EU Member States. During the years 2000-2003 the co-operation was carried out in Southern Finland Coastal Zone Interreg IIIA programme which was pursued to be implemented jointly with the Phare CBC programme in Estonia and when Estonia joined the EU in 2004 the programme evolved to Interreg IIIA Southern Finland – Estonia programme.

As such the programme endorsed learning processes and joint programme management in the fields of networks, employment and competitiveness and environmental questions. The priorities of the programme were Interaction and Networks; Employment and Competitiveness; and Common Environment. After the admission of Estonia into the European Union the programme became a joint programme for the two EU members.

The programme can be said to have functioned well. This applies both to the learning processes and the content-wise targets: the financial resources, the projects and the Monitoring Committee and Steering Committee worked towards the same objectives.

Existing and functioning partnerships were particularly emphasized when the joint programme started; applying for funding was a relatively heavy process. The networks were, however, not always able to renew their work (content or methods) and even when there were practical and good results, the networks sometimes found it difficult to communicate these to the wider audience.

The programme was aimed at a broad range of partners: the public and the private sector and non-governmental organisations or the third sector. Due to co-financing rules and definitions of eligibility the Estonian private sector and certain non-governmental organisations had, in the end, very limited possibilities to participate in the programme. As for the third sector, the heavy procedures and slow movement of money posed challenges.

During the programming period, certain fields clearly communicated that they would like to use infrastructure investments in order to reach even better results. The fields where investments could be of particular gain are communications, including transport and IT-related projects, and the environment.

These issues have been raised in the planning of the programme 2007-2013 and have been incorporated into the new co-operation scheme where possible and relevant. The previous co-operation has created a number of high quality networks that are and will be capable of solving common problems.

Interreg IIIA Skargarden programme

Interreg IIIA Skargarden included the archipelago areas in coast of Svealand (Sweden), Southwest Finland and Åland. The objective for the archipelago was to turn it into an active region with a balanced and sustainable development, maintain a permanent population and good living conditions and counter the threats to the environment of the archipelago.

The cluster of the Skargardssmak projects (Taste of Archipelago) had the greatest impact on the programme area. With the Skargardssmak as a good example even the museums, the traditional sailing ships and the cultural field have co-operated through networks. A midterm evaluation, made in November 2005, recommended the continuation of a similar concentrated allocation of resources, which was made in the Skargardssmak projects and in the environmental projects in the programme.

The tourism project The Archipelago Route has focused on recreation and adventure. At the end of the programme-period the project Scandinavian Islands was started with the mission to gather the good results from the different tourism projects and market the unique archipelago in United Kingdom, Netherlands and Germany.

Within the environmental measure in the programme projects focused on informing the public about the poor quality of the water condition in the Skargarden programme area or produced models to analyze the sources of pollution and eutrophication. Less was done to concretely reduce nutrient emissions into the waters. This needs to be targeted in the future in order to help the marine environment to recover.

The mid-term evaluation found that many of the small project owners had problems with liquidity because the payments of programme money could be done only after the costs already have evolved. The complexity of the project administration and the varying national funding systems were seen as one of the biggest problems in the Interreg IIIA Skargarden programme.

The conclusion is, that the experiences of the Interreg IIIA Skargarden programme and previous co-operation between Archipelago and Island regions inside the Central Baltic programme area provide a functional basis for co-operation in the frames of Archipelago and Islands sub-programme.

1.2. Basis for co-operation

The Central Baltic Programme will be carried out under the European Territorial Co-operation objective. The aim of this new co-operation objective is to promote stronger integration of the territory of the European Union in all of its dimensions. In so doing, cohesion policy supports the balanced and sustainable development of the territory of the European Union at the level of its macro-regions and reduces barrier effects through cross-border co-operation and the exchange of best practices.

The Central Baltic Programme has the character of cross-border co-operation. This means that the eligible regions must be along the Community's internal or external borders or along the Community's maritime borders.

The foundation of the Central Baltic Programme lies in the Member States' common desire to deepen and intensify the co-operation inside the programme area. With the tools offered by the Community, these regions are willing to create and further develop their collaboration in the fields of economic, social and environmental activities. This shall be done through joint projects for sustainable regional development.

1.3. Complementarity with EU Policies and other Programmes

1.3.1 Introduction

The Programme has been prepared in accordance with the Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund (hereafter referred to as the "General Regulation"), with the Regulation (EC) No 1080/2006 of 5 July 2006 of the European Parliament and of the Council on the European Regional Development Fund (hereinafter referred to as the "ERDF Regulation"), with the Commission Regulation (EC) No 1828/2006 of 8 December 2006 setting out rules for the implementation of the General Regulation and the ERDF Regulation (hereafter referred to as the "Implementing Regulation"), Commission decision 2006/769/EC of 31 October 2006 drawing up list of regions and areas eligible for funding from the European Regional Development Fund under the cross-border and transnational strands of the European Territorial cooperation objective for the period 2007-2013 and Community Strategic Guidelines on Cohesion Policy in Support of Growth and Jobs during 2007-2013. Community's renewed Lisbon Agenda and Community's Gothenburg Agenda were also taken into consideration while preparing the Programme Document. Also the experience from the previous cross-border co-operation programmes has been taken into account while preparing the programme and therefore contributes to the goals set by the Community for cross-border co-operation.

1.3.2 Coherence with EU and National Policy Frameworks

The ERDF Regulation Article 6.1 outlines the main areas of intervention for Cross-Border Co-operation 2007-2013. These main areas are the development of cross-border economic, social and environmental activities. In addition, these activities should be realized through joint strategies for sustainable territorial development of the cross-border area and have a clear cross-border dimension and impact. The Central Baltic Programme focuses on achieving long lasting results in these fields of activities.

Lisbon and Gothenburg Strategies

During the preparation of the Central Baltic Programme, the Community's renewed Lisbon agenda as well as the Community's Gothenburg agenda were taken into consideration as leading principles.

The renewed Lisbon agenda concentrates on three main areas of action: 1) making Europe a more attractive place to invest and work; 2) knowledge and innovation for growth; and 3) creating more and better jobs. The Central Baltic Programme is contributing to these actions through its priorities, especially priority 2: Economically competitive and innovative region.

The EU strategy for sustainable development, the Gothenburg agenda, recognises that in the long term, economic growth, social inclusion and environmental protection must go hand in hand. In the Central Baltic Programme this is considered to be one of the horizontal objectives, which must be recognized in all actions. In addition to this, priority 1: Safe and healthy environment, and 3: Attractive and dynamic societies address most of the six issues identified as the biggest challenges to sustainable development in Europe².

Community Strategic Guidelines for Cohesion

In the Council Decision of 6 October 2006 on Community strategic guidelines on cohesion the following is stipulated concerning cross-border co-operation: "Cross-border cooperation should focus on strengthening the competitiveness of the border regions. In addition, it should contribute to economic and social integration, especially where there are wide economic disparities on either side. Actions include promoting knowledge and know-how transfer, the development of cross-border business activities, cross-border education/training and healthcare potential and integrating the cross-border labour market; and joint management of the environment and common threats. Where the basic conditions for cross-border cooperation are already in place, cohesion policy should focus assistance on actions that bring added value to cross-border activities: for example, increasing cross-border competitiveness through innovation and research and development; connecting intangible networks (services) or physical networks (transport) to strengthen cross-border identity as a feature of European citizenship; the promotion of cross-border labour market integration; cross-border water management and flood control; joint management of natural and technological risks."

The objectives and priorities of, and hence the projects financed by, the Central Baltic Programme respond to several of these guidelines. In those parts of the programme where the co-operation has been funded by previous programmes, especially in the Southern Finland – Estonia and partly also the Archipelago and Islands Sub-programme, the aim is to develop further the co-operation from the previous programming period. Where the programme area is new or widened from the previous period, the focus lays more on the creation of basic conditions for cross-border co-operation.

Community Horizontal Objectives

An important feature of the Central Baltic Programme is the mainstreaming of sustainable development including especially maritime sustainable development, gender equality and anti-discrimination. These horizontal objectives must be taken into account in all possible aspects of the implementation of this programme. All projects that are supported through this programme should as far as possible integrate these issues into their activities. The

² These issues were: combating poverty and social exclusion; dealing with the economic and social implications of an ageing society; limiting climate change and increasing the use of clean energy; addressing threats to public health; managing natural resources more responsibly; improving the transport system and land-use management.

Central Baltic Programme will strive towards excelling in the areas of sustainable development including especially maritime sustainable development, gender equality and anti-discrimination.

The Central Baltic Programme will also strive to support one of the Community's main sector policies, information society. Through this important EU sector policy the Community has been keen to ensure that citizens and businesses benefit from the achievements of information society. Several initiatives have been launched since 2000 to make high-speed broadband communications available to households, to expand e-business services for companies and to put public services online. The European Commission's new strategic framework in the field of information society (i2010: Information Society and the media working towards growth and jobs) has the objective of encouraging knowledge and innovation and is thus looking to boost growth and create more and better quality jobs. It forms a part of the revised Lisbon Strategy.

National Policy Frameworks

Besides taking into account EU strategic prioritised areas for cross-border programmes, it is important that the Central Baltic Programme complements national and regional framework and policy documents. The Programme will be implemented as a complementary instrument to the Convergence and Regional Competitiveness and Employment Objective programmes as well as to EAFRD, EFF and URBACT II. Also the need for coordination of the co-financing between co-financing mechanisms as defined in the Renewed EU sustainable development strategy will be taken into account. The Programme will contribute to the achievements of the national policy objectives but support only the activities with clear cross-border impact, utilising the added value of cross-border co-operation in the selected directions of support. In the Working Groups the objectives of these strategies have been considered and, where applicable, included in the Central Baltic Programme.³

In the Central Baltic countries and the participating regions these documents are strongly oriented towards competitiveness, growth and jobs. Similarly, the efficiency orientation of policy is increasing in all the Central Baltic countries. Greater emphasis is being placed on promoting economic growth and competitiveness, enhancing and developing human resources, highlighting the importance of infrastructure development, and stimulating innovation and R&D-related activities.

1.3.3 Coherence with other EU Programmes

The requirement of the Community is that cross-border co-operation programmes would not finance the same kind of actions than transnational programmes and that projects would not be financed from two or more programmes simultaneously. The different programmes should complete each other, not overlap. To achieve this, it is important to maintain active relations and co-ordination between programmes that coincide geographically.

³ See annex 2 for connection between Central Baltic and national/regional programme objectives.

Both the transnational Baltic Sea Region Programme 2007-2013 and the Estonia-Latvia cross-border co-operation programme cover partly the same area as the Central Baltic Programme. Active relations between the administrative bodies of these programmes and the Central Baltic Programme are foreseen. Through the guidance given to the applicants it is necessary to clearly define which projects should be financed from the Central Baltic Programme or the two other programmes. The same applies for the relation between the two cross-border cooperation programmes (Central Baltic and South Baltic) and the transnational Baltic Sea Region programme.

Project applicants will have to declare in their application to the Central Baltic Programme all other applications (to be) submitted for other community funding (Objective 2 and other Objective 3 programmes). It will then be part of the assessment process run by the JTS to secure that there will be no double financing and that synergies with various community financial instruments are striven for.

Special attention shall be given to the services provided by the INTERACT II programme. This EU-wide programme focuses on the good governance of territorial co-operation and provides needs-based support to stakeholders involved in implementing programmes under the European Territorial Co-operation objective. The target groups for INTERACT are primarily the authorities to be established according to Council Regulations 1083/2006 and 1080/2006 as well as other bodies involved in programme implementation. In order to ensure maximum benefit from the INTERACT programme for the implementing bodies of this programme, the use of INTERACT services and documentation as well as the participation in INTERACT seminars will be encouraged. Related costs are eligible under Technical Assistance.

The European Commission introduced in November 2006 plans to boost innovation by bringing European regions together into strong partnerships and to help them take advantage of experience and best practice. This new initiative was called "Regions for Economic Change" (RfEC).

The new initiative introduces, among others, new ways to motivate regional and urban networks to help them to have innovative ideas tested and rapidly disseminated into the mainstream programmes. It is dedicated to discovering best practice in economic modernisation, in particular in relation to projects clearly contributing to the Union's jobs and growth agenda, and spreading this to all regions in order to help stimulate their regional growth and reducing economic disparities.

Moreover, the Commission foresees an annual 'Regions for Economic Change' conference featuring innovation awards to coincide with the Spring European Council to further enhance communication and dissemination of best practice results in line with the EU agenda for growth and jobs.

If regions in the programme area are involved in the Regions for Economic Change initiative the Managing Authority commits itself to:

a) make the necessary arrangement to support innovative operations with cross-border/transnational impact that are related to the results of the networks;

- b) foresee a point in the agenda of the Monitoring Committee at least once a year to discuss relevant suggestions for the programme, and to invite representatives of the networks (as observers) to report on the progress of the networks' activities; and
- c) describe in the Annual Report actions included within the Regions for Economic Change initiative that have a cross-border nature and are relevant for the Central Baltic Programme.

In addressing the continuing problems of environmental degradation in the coastal zones the programme organisation will pay particular attention to the Commission Communication on Integrated Coastal Zone Management adopted on 7 June 2007 to ensure the coherence and synergies with the relevant EU policies and instruments that affect coastal zones.

1.3.4. Coherence with EU Competition policy

The Member States confirm that any state aid that might be provided under this programme will either be in conformity with the 'de minimis rule' or with aid schemes implemented under one of the block exemption regulations or other exemption regulations or will be notified to the Commission in accordance with notification rules.

1.4 The Process of Joint Programming

In February-April 2006 the Member States involved (incl. the Government of Åland) negotiated and agreed on a joint mandate for the preparation of the Central Baltic programme. The mandate letter was sent to the core partnership, consisting of relevant regional and national authorities in each participating country, in early May 2006. This mandate letter indicated what the upcoming Central Baltic Programme should look like and how the process of programming would be organized and would proceed. The process was lead by a Joint Programming Committee (JPC). It was assisted by three Working Groups (WG) for the preparation of programme contents: WG1 for preparing the Central Baltic Programme-level objectives and Directions of Support, WG2 for preparing Southern Finland – Estonia sub-programme and WG3 for preparing Archipelago and Islands sub-programme. A fourth Working Group (WG4) dealt with management issues.⁴

A programme-wide public hearing was carried out in all participating countries. The third draft of the programme document (dated 15th of December 2006) and the Strategic Environmental Assessment (SEA) draft (dated 23rd of December 2006) were introduced in the hearing. The scheduled time to organise the hearings was set in the third JPC meeting in Stockholm (4th and 5th of December 2006), and it was agreed to be simultaneously from 5th to 26th of January 2007. Comments received through the public hearing in all the Member States and Åland were considered and the needed adjustments were made to the Central Baltic programme document.

⁴ More detailed schedule of the programming work can be found in Annex 1.

1.5 Ex ante evaluation

In accordance with Article 47(2) of the General Regulation, an ex ante evaluation was carried out by Eurofutures AB, Vasavägen 36, Stockholm, Sweden.

The ex-ante evaluator was selected through an open call for tenders. Based on the selection criteria defined in the tender documents, the national contact-persons of the Joint Programming Committee in co-operation with the Managing Authority made the selection of the ex-ante evaluator.

The Ex-ante Evaluation Report is included as an annex the Operational Programme. The results of the evaluation will also be published on the programme website in the address <http://www.centralbaltic.eu>.

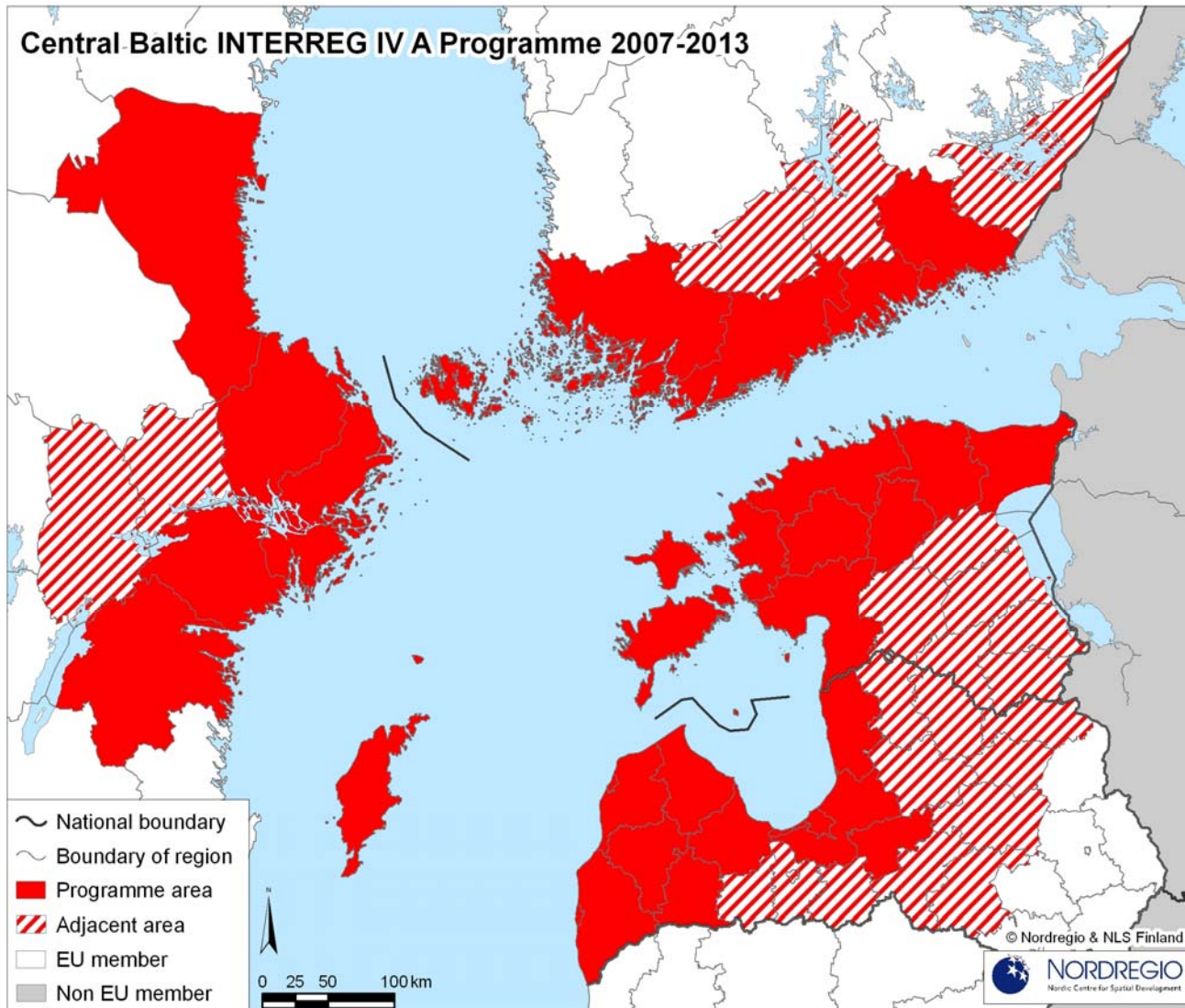
1.6 Strategic Environmental Assessment

The Strategic Environmental Assessment (SEA) under the Directive 2001/42/EC of the European Parliament and of the Council of 27 June 2001 on the assessment of the effects of certain plans and programmes on the environment (SEA Directive) was included as a part of the ex-ante evaluation and has, thus, been carried out by Eurofutures AB.

In the SEA procedure, each country and Åland nominated a national environmental contact person that acted as a link for the further consultation in their respective country. In accordance with the SEA Directive and as the first stage of the SEA procedure, the draft Scoping Report was prepared by the evaluator and sent out for consultation to the national environmental authorities via the national environmental contact persons. At the second stage of the environmental consultations, the draft Environmental Report was subject to a three week public consultation.

The final report on the Strategic Environmental Assessment including the SEA-statement is attached as an annex to the Operational Programme.

2. REGIONAL ANALYSIS



2.1 General description of the Central Baltic programme area

The Central Baltic programme area includes areas covered by the previous Interreg IIIA Southern Finland – Estonia and Interreg IIIA Skargarden programmes as well as parts of Latvia, many Baltic islands and several regions on the Swedish East coast. This has been made possible by the maritime 150 km rule. This quadrilateral programme will be a new and exciting experience in a cross-border context.

The Central Baltic programme area covers the following NUTS III regions eligible for cross-border co-operation under the "European Territorial Co-operation" objective and the adjacent areas.

The NUTS III regions:

| Estonia (EE) | Finland (FI) | | Latvia (LV) | Sweden (SE) |
|---|--|-----------------|--|---|
| | Mainland | Autonomy | | |
| 1. Kirde-Eesti 2. Kesk-Eesti 3. Põhja-Eesti 4. Lääne-Eesti | 5. Varsinais-Suomi 6. Uusimaa 7. Itä-Uusimaa 8. Kymenlaakso | 9. Åland | 10. Kurzeme 11. Riga 12. Pieriga | 13. Gävleborgs län 14. Uppsala län 15. Stockholms län 16. Södermanlands län 17. Östergötlands län 18. Gotlands län |

The adjacent areas:

| Estonia (EE) | Finland (FI) | Latvia (LV) | Sweden (SE) |
|---------------------|--|----------------------------|--|
| 19. Lõuna – Eesti | 20. Kanta-Häme 21. Päijät-Häme 22. Etelä-Karjala | 23. Vidzeme 24. Zemgale | 25. Västmanlands län 26. Örebro län |

The Estonian adjacent area Lõuna–Eesti was very active in many projects within the Interreg IIIA Southern Finland – Estonia programme.

The most important centre of education and research, Tartu University, is also situated in the region. It has had a valuable influence to many projects in the Interreg IIIA Southern Finland – Estonia programme. It is for example an important centre of gene- and environmental technology. The Estonian University of Life Sciences was also involved in the foregoing programme as it is known as a centre for i.a. nature protection, renewable natural resources and environmentally friendly technologies. Tartu Vocational Education Centre can also be relevant co-operation partner with respective institutions in other participating member states.

Many activities connected with Lake Peipsi and Võrtsjärv have an impact on the Baltic Sea and are thus linked to the activities in maritime issues in the Central Baltic Programme.

Two of the three Finnish adjacent areas (Kanta-Häme and Päijät Häme) were also included in the foregoing Interreg IIIA Southern Finland – Estonia programme. These regions contributed actively and fruitfully in many projects and are expected to do so in the frame of the Central Baltic Programme. The third Finnish adjacent area (Etelä-Karjala) has a long and prosperous co-operation history with Estonian regions and with the tools offered with this programme the objective is to develop this co-operation even further. Together with the four eligible regions these three adjacent regions make up the South Finland Regional Alliance (= South Finland NUTS II region). The Alliance aims at being a high-level business centre in the Baltic Sea Region.

The Latvian adjacent area of Vidzeme developed a good co-operation with Swedish and Finnish regions during the Phare Cross-Border co-operation programme, as well as within the SIDA programme and the Programme of Nordic Council of Ministers'. The local governments of Vidzeme are highly interested to promote common ideas and to realize the plans from previous co-operation in the frames of Central Baltic Programme.

The Zemgale municipalities have direct contacts with Estonian, Finnish and Swedish partners. Collaboration between the Zemgale region and Swedish Sodermanland has been active for example in developing entrepreneurial contacts, exchange of experiences between regional government politicians and other specialists and protection of environment. Co-operation with Finland has taken place in the form of experience exchange visits with the purpose to study Finland's and its regional governments' experiences in implementing partnership projects, territorial planning, building and developing scientific technological parks, and regional development questions. This co-operation could now proceed within joint projects.

Another important aspect is that the Latvia University of Agriculture is located in Zemgale. This institution is considered to be an important partner especially in the sphere of research. Zemgale Planning region entrepreneurs also express an interest to develop their co-operation with Central Baltic Sea Programme external partners.

The Swedish adjacent areas of Västmanland and Örebro are a part of the Stockholm – Mälardalen region together with several of the other Swedish counties in the Central Baltic Programme. The participation of these counties in the Central Baltic Programme would be beneficial to the whole of the Central Baltic Programme area in fields like education, culture, energy systems etc. Co-operation within these fields already exists between Västmanland and Örebro and the other regions in the Central Baltic Programme area. Furthermore, the implementation for the Stockholm – Mälardalen region would be less effective without these two regions participating.

Up to 20% of the total ERDF funding of the programme may be used to finance operations or parts of operations, where these adjacent areas are participating.

In accordance with art 21(3) of the ERDF Regulation, the partnership may also consider using up to 10% of the total ERDF funding of the programme to finance expenditure incurred in implementing operations and parts of operation outside the EU, where they are for the benefit of the regions of the Community. Member States shall ensure the legality and regularity of the expenditures for the funding used outside the EU. If this opportunity is seen as appropriate to use in the Central Baltic Programme, then it shall be done on a project-to-project basis.

2.1.1. Socio-Economic Analysis⁵

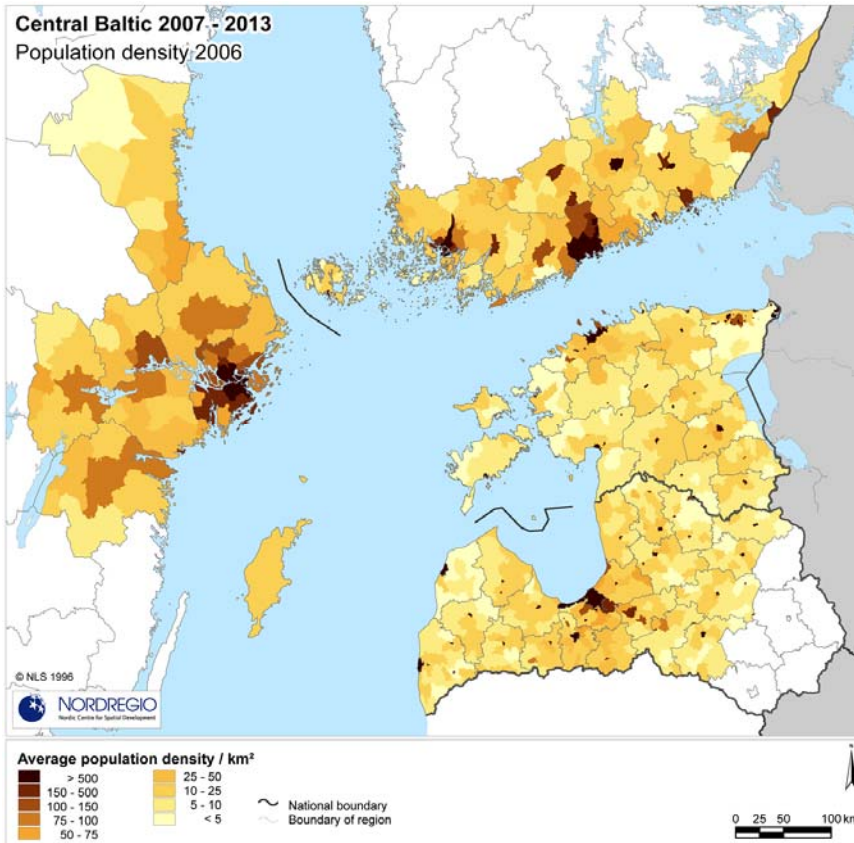
Population

The Central Baltic programme area covers 180 000 square kilometres, which is 5% of the total land area of the European Union. At the same time the 9 715 000 inhabitants of this area make up only about 2% of the population in the EU. The population density throughout the area is rather small, at an average of 50 inhabitants per square kilometre. There are, however, large differences in population density within the area. The capitals of all four participating countries and Åland, along with several of the largest towns, are situated in the Central Baltic programme area. The Swedish and Finnish regions are some of the most densely populated in the respective countries. In contrast, there are largely rural, very scarcely inhabited areas in Estonia, Latvia and in the Åland archipelago.

The population has, on an aggregated level, increased during the last years. Again, this growth has been uneven within the Central Baltic programme area. The distribution of population follows a global trend and is predominantly concentrated to the main towns and coastal areas. Population growth has been dominant in the regions in Finland, Sweden and Åland. On the other hand Estonia and Latvia as well as most of the islands have experienced a decrease in population. As for the islands and archipelagos, only those of Stockholm, Visby on Gotland and main Åland has a population that increases. A similar, unequal development can be seen in Estonia, where only the largest towns or their surrounding areas have been able to reverse the trend and increase their population.

The slow population growth in the area is due to relatively low birth-rates and a rapidly ageing population. The trends of migration have so far not provided a considerable change to the situation.

⁵ Nordregio has co-ordinated the production of the thematic maps for the Central Baltic Programme



Cities and urban areas are today without any doubt the main engines of economic development in any part of the world; this is also the case in the Central Baltic programme area. It is perhaps even more so in the Central Baltic programme area than in many other parts of Europe, as the countries in the programme area are small in population and scarce resources are concentrated in a few urban pockets. The fact that there are no less than four capital cities as well as many other important cities is an important asset for the Central Baltic Programme in aiming to reach the objectives of this programme. Although cities are driving economic growth, continuous urbanisation also gives rise to many common concerns such as social exclusion, congestion, crime and housing shortages. Rural areas, on the other hand, face challenges such as diminishing population and structural changes in agriculture and forestry, resulting in rural landscapes becoming more and more monotonous and deserted.

Social services and the health sector

The social sector and its services are well developed throughout the Central Baltic Programme area. When comparing the national total expenditure on social protection per head of population (including social benefits, administration costs and other expenses), Finland and Sweden are above the EU 25 average, while Latvia and Estonia spend considerably less. Nevertheless, there are no significant differences in for instance the number of practicing physicians or hospital beds per inhabitants. The ageing population puts stress on the health and social services throughout the Central Baltic Programme area.

Additional critical issues for the health and social sectors are the challenges brought along by alcohol use, and to some extent crime, drugs and HIV. The level of pure alcohol

consumption per capita (age 15+) was around 10 litres in 2002 in Estonia, Latvia and Finland. In Sweden the number was 7 litres. Crime and drugs are not significant concerns in this area when compared on a global scale. Nevertheless, the problems and future risks in these areas may be growing. Both issues are also related to the spreading of the HI-virus and AIDS. The AIDS incidence rate per 1 million inhabitants in 2003 was highest in Latvia (25), followed by Estonia (7,4), Sweden (5,8) and Finland (4,9). These are all issues that have high cross-border relevance.

Cultural life

The culture in the programme area is rich; the vibrant cultural life of today draws from a long cultural history and traditions. There are also many cultural interactions across the borders.

There are a number of possibilities to attend organised cultural events. In the Finnish programme area there are altogether 328 museums and 38 culture houses or cultural centres. In Sweden there were 178 museums and art centres in 2005. In Estonia there were some 200 museums in 2005 and 17 theatres in 2004. Latvia had 130 museums, 9 professional theatre companies and some 550 culture houses. It is also common for towns and municipalities in Estonia to have their own outdoors singing arena.

There are numerous man-made cultural environments and sites that are under protection in the Central Baltic programme area. These include sites such as museum roads, ships or station areas that are of cultural and historic importance. Many of these reflect a history that is shared by other countries or regions in the Central Baltic programme area and can therefore be important for the programme.

The fields of arts, culture and media are currently popular among students and education in these fields is given on many levels. This can be expected to promote a continuously vibrant cultural life throughout the Central Baltic programme area. Co-operation in the field of culture should both preserve traditional cultural values and be a dynamic, innovative force.

Economy, Employment and Unemployment

The Central Baltic Programme area is a fairly strong region economically. On an aggregated level the area has an approximate GDP per capita of 23 000 euros, which is around 6% above the EU average. Again, large differences can be found within the programme area. The region with the highest GDP per capita (Stockholm County, Sweden) has a GDP level seven times higher than region with the lowest GDP (Zemgale, Latvia). The GDP of Estonia and Latvia is, however, growing at a fast rate. Despite the fast growth, it will take time before the whole programme area is on the same economic level. These differences can impede further integration, but they can also provide potential for structural changes and high economic growth in the programme area.

The rate of economic activity is rather diverse within the programme area. Åland has the highest rate with just below 80% and Estonia, Latvia and South Finland share the lowest rate of just below 70%. The participating Swedish regions rate is at around 75%. The rate of economic activity has been rising throughout the programme area over the past years.

Due to different methods of measuring unemployment, these figures are difficult to compare. The lowest rate is found on Åland, whereas the rates in the other regions inside the programme area vary between 6-10%. Again, there are large differences within the regions in each country. The large towns provide a large share of the job opportunities. Commuting for long distances is a growing trend within the programme area. Methods for distance work are also developed in many parts. There is a risk of brain drain in the programme area and some parts already face a shortage of skilled labour force.

The Central Baltic programme area has a fairly similar labour market. In general it can be said, that manufacturing, trade, health, social services and other services are the most important sectors as regards employment. The exceptions are Latvia, where health and social services are not a significant sector and Åland, where manufacturing and other services are not predominant sectors. On the other hand, transport, storage and communications are very important sectors on Åland. At large, the primary sector is still more important in the archipelago and island regions than the national average in the Central Baltic programme area. Agriculture and forestry are important sectors in many parts of the programme area. On the islands and in the archipelagos, tourism is an important sector. Fishing is another branch strongly related to the islands and archipelagos.

Business development

The programme area is characterised by a well-developed business community with a large number of multinational firms, research and development centres, universities and a well educated and highly skilled workforce. In terms of headquarters of multinational companies, the Central Baltic Programme area continues to register slightly more companies than the programme areas share in world GDP suggests. The programme area registers nine companies in the Fortune 500 (Ericsson, Nokia, Skanska, Electrolux, Vattenfall, Stora Enso, Fortum, Nordea and SCA). The list of company headquarters in the Central Baltic Programme is clearly dominated by the Stockholm county, home to a number of multinational companies in industrial sectors but also services. All other countries within the Central Baltic Programme area have a much smaller presence of company headquarters, each focused on quite different sectors of the economy.

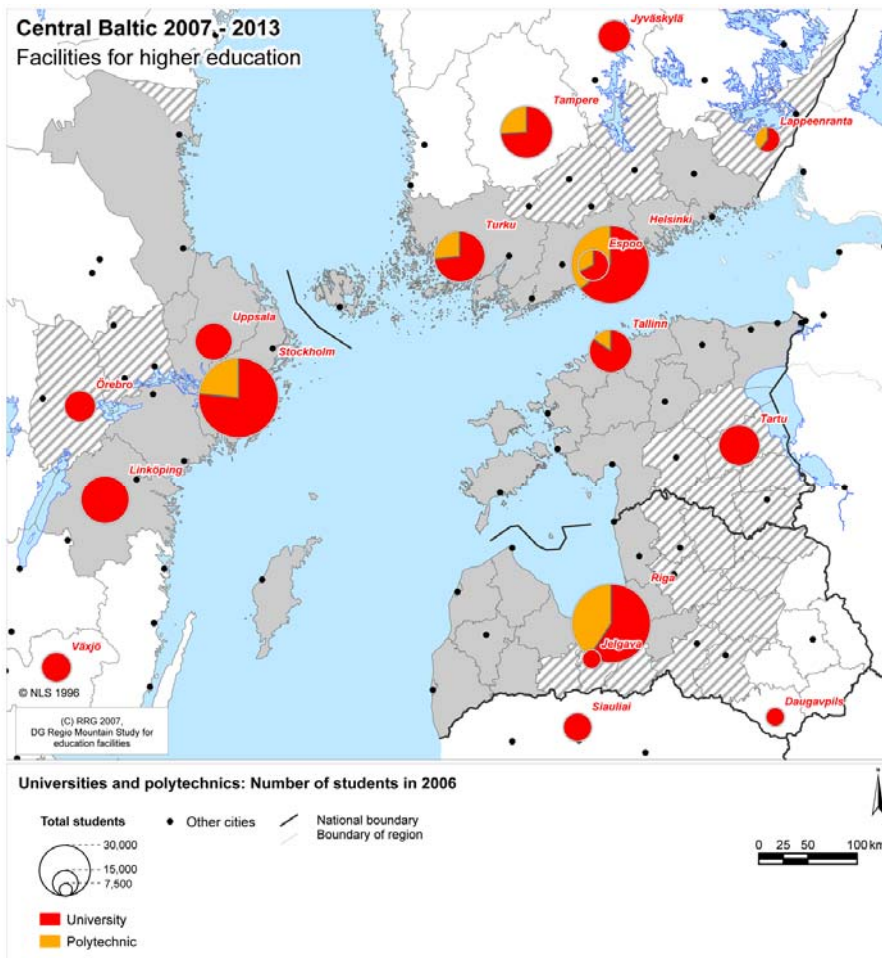
Although the processing and manufacturing industry is on the cutting edge, the innovative business community is dominated by high-tech world leading clusters in sectors such as telecommunications, pharmaceuticals, finance, service, environmental engineering and transports and logistics. These clusters form a strong base for the programme area's innovation system, which is considered to be one of the most sophisticated in the OECD. For the Central Baltic Programme area, the key to innovative strength lies in its strong human capital base, combined with the ability to diffuse knowledge among and between various stakeholder groups, and the presence of framework conditions, governance and skills, which facilitate turning ideas into economic growth. Innovation capacity and performance is generally measured as a compilation of various indicators: of macroeconomic stability and rule of law, of human resources and education, of the ability to share knowledge through ICT, and of the ability to co-operate and conduct work in an integrated innovation system. The Central Baltic Programme area maintains competitive strength in its human capital base and has a sophisticated system for developing new product and service ideas. However, the region needs to improve the delivery of these ideas into products and services and economic prosperity. Although the programme area continues to exhibit strong GDP growth and positive trends in tertiary enrolment and ICT investments, there is still a large performance gap in primary innovation input and output indicators.

Administrative barriers are often mentioned as one of the main factors for low entrepreneurship due to the fact that it hinders entrepreneurs and companies in their aims on setting up, growing, or restructuring a business. Evidence suggests that the importance of such barriers in the Central Baltic Programme area varies across different types of entrepreneurship. Incentives for starting up a company are considered to be a main factor behind low entrepreneurship, because low incentives relative to other occupations reduce the creation of new companies. Attitudes towards entrepreneurship and lack of knowledge seem to be other important factors for low entrepreneurship. There is evidence that entrepreneurship is, or at least has been, a less frequent topic in schools and universities in the programme area.

Education and Research and Development

The whole Central Baltic Programme area is relying on a knowledge-based economy. This requires a sound base in education, research and development and innovations.

Life-long learning starts with primary education. It is free throughout the programme area, thus providing for extensive and equal educational basis for the whole population. The greatest threat to primary education is the closing of small schools in rural areas and in the archipelagos. This leads to long journeys for the children. After elementary school the system in all countries is divided between secondary education and vocational training. There is, however, increasing co-operation between these two systems.



There are a large number of universities and polytechnics in the programme area⁶. All in all, there are around 40 universities and more than 20 polytechnics in the Central Baltic Programme area. These set a good basis for the programme area to benefit from a highly skilled labour force.

⁶ Data from Database of the Study Mountain Areas in Europe has been used in the preparation of the map on Facilities for higher education.

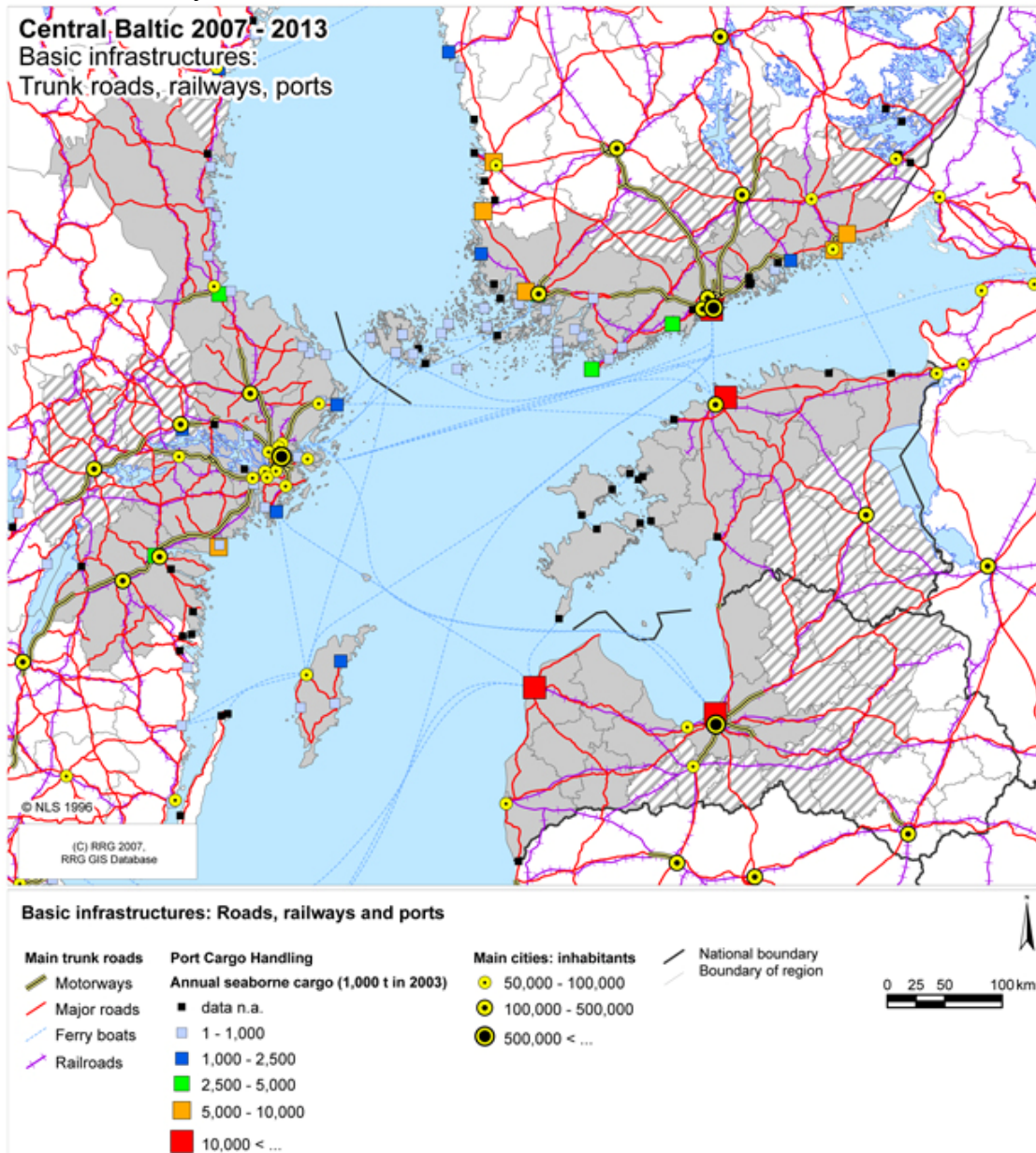
In addition to these, there are a number of other institutions that contribute to education and innovations in the programme area. There are more than 30 Technology Centres and an even larger number of incubators, industrial parks and similar.

The priority that research and education have in driving innovation and economic prosperity is highly recognized, in fact, combined national strengths in this area lift the Central Baltic Programme area to the top of the list of appealing locations to access skilled resources. The research intensity, levels of tertiary education, proportion of science and engineering students, and numbers of researchers in R&D is among the highest in the world. However, cross-border collaboration between individual researchers, research institutions and universities within the region could still be developed and intensified.

Each country places increasing focus on knowledge. So far, however, regional co-operation, which could play a critical role in further strengthening the supply and utilization of the programme area's human capital base, is limited. Given the limited national resources and the relatively small size of many of the countries in the programme area, it is difficult, if not impossible, for each of the countries to create globally recognized universities and research centres. Joint initiatives can play a critical role in putting the programme area's universities and research resources "on the map". Even though newly formed regional organizations and networks have made strides towards more integrated activities, levels of student exchanges, trans-national education programmes, intraregional publications and patents are increasing at a moderate pace.

Transport

The transport network in the Central Baltic Programme area is mainly in good condition and is both extensive and varied. There are road and railway networks (including European corridors), sea fairways, inland waterways and air routes that link the Central Baltic programme area tightly together but also provide links with the European Union, Russia and beyond.



Maritime transport is historically and currently an important unifying factor for the programme area. The most frequent passenger connections run between Finland and Estonia, where there are some 25 departures a day in the summer time. Most of these are so called express ferries, with a travel time of 1 hour and 40 minutes. In the spring of 2006 a connection started between Finnish Kotka and Estonian Sillamäe. Between Stockholm and Helsinki or Turku in Finland, Tallinn in Estonia and Riga in Latvia there are many daily ferry connections. There is also a ferry connection between Estonian Paldiski and Swedish Kapellskär; as well as Möntu (on Saaremaa in Estonia) and Ventspils (Latvia) and Åland

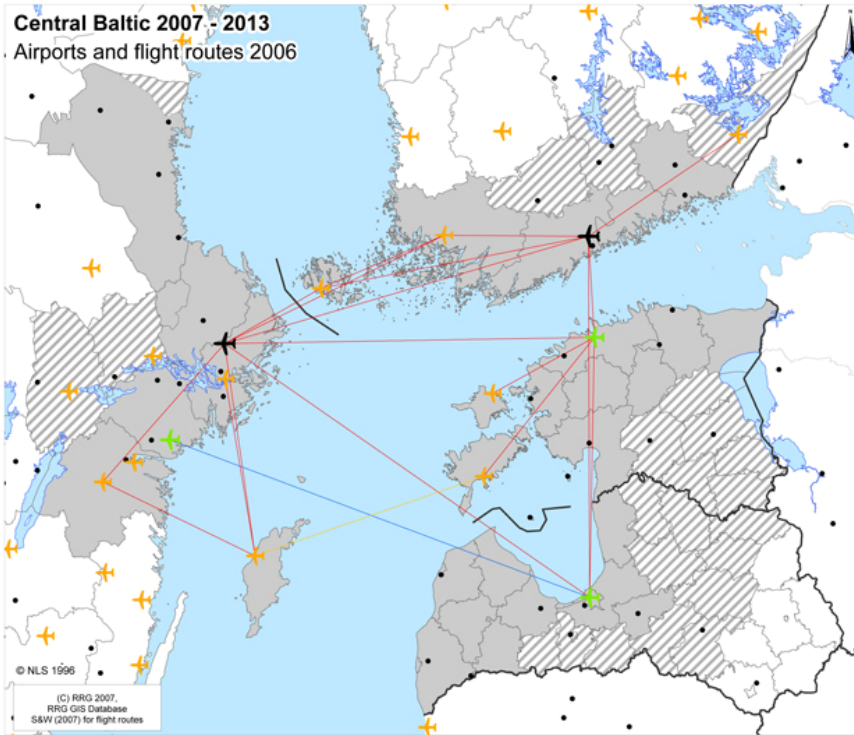
and Gotland. Additionally, all ferries between Finland and Sweden stop in Mariehamn on Åland. Apart from the commercial traffic, there is considerable small-scale leisure boating in the region. This form of tourism and its related services could be much developed.

Despite the active passenger traffic, bulk cargo in different forms is the main commodity transported by sea. Seaports form important gateways that connect the programme area to foreign countries and the national hinterlands. The Baltic Sea and the Gulf of Finland also see great cargo traffic to St Petersburg and Russia. The ports in the programme area generate a substantial amount of land transport. From a spatial planning perspective, the gateway function of the ports must be considered in order to eliminate traffic congestions around them.

The road network in the Central Baltic Programme area includes everything from highways to country roads. All major towns have road congestion problems in their town centres. Especially in Latvia and Estonia this is due to a sharp increase in private vehicles. Throughout the programme area there are efforts to increase bypass roads and find means to reduce the number of private vehicles in town centres. There are also important trans-national roads within the programme area: Via Baltica, Via Hanseatica, the King's Road and E18.

In Estonia and Latvia, railways account for the major part of international freight and transit. Slightly smaller, but nevertheless important, is the role of railways in freight in Finland and Sweden. Regional passenger railway development projects have helped reduce commuting by car in Finland and Sweden, though there is still much to be done. In Estonia and Latvia the needs of rail passenger transport have, however, remained secondary and passenger traffic by rail has not been developed adequately.

Air traffic plays a considerable role in both passenger and cargo transport in the programme area. There is at least one airport in each country in the programme area and there are several national airlines along with foreign ones that fly frequently to and from these airports.

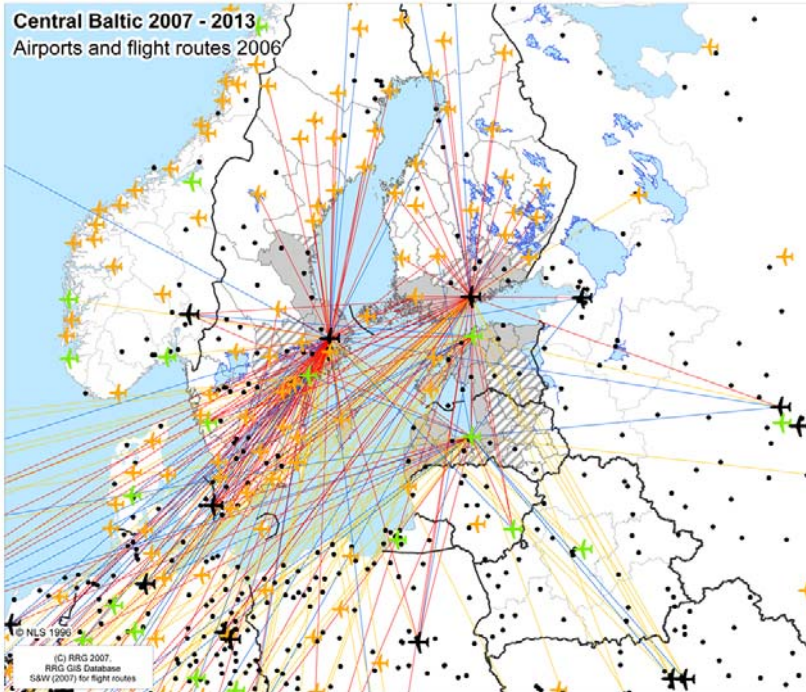


Airports and scheduled flights in 2006

- | | | |
|--------------------------------------|--------------------------|--------------------|
| Number of direct destinations | Scheduled flights | National boundary |
| 1 - 10 | Several daily flights | Boundary of region |
| 10 - 50 | Daily flights | |
| 50 < ... | Non-daily flights | |
| Other airport | | |

0 25 50 100km

Note:
Only scheduled flights shown between airports situated within the Central Baltic Programme Area.



Airports and scheduled flights departing from CB airports in 2006

- | | | |
|--------------------------------------|--------------------------|--------------------|
| Number of direct destinations | Scheduled flights | National boundary |
| 1 - 10 | Several daily flights | Boundary of region |
| 10 - 50 | Daily flights | |
| 50 < ... | Non-daily flights | |
| Other airport | | |

0 125 250km

Note:
Only scheduled flights shown departing from airports situated within the Central Baltic Programme Area.

Border passages between countries or interchange points such as seaports and airports represent critical passages, which may become bottlenecks because of capacity constraints. As the whole Central Baltic Programme area is now part of the EU, there are only internal customs and passport controls, which make passenger traffic more fluent. In this context, the foreseen accession of Estonia and Latvia to the Schengen Agreement will further ease the cross-border transport in the region, but of course also bring some new challenges.

Southern Finland, Estonia and Latvia are faced with the challenge of being situated at an EU border. Within the programme area, road and rail capacity, the quality of public transport and the location of economic activity pose the challenges for the traffic system.

ICT and telecommunications

The possibility to use digital services, i.e. the accessibility to broadband and connection to the Internet is increasing in the whole world. Broadband is available almost throughout programme area.

The density of mobile telephone and Internet connections are often used as measures for the development of the information society. Mobile phones are starting to dominate over traditional phones and the Internet is a major channel for personal and business connections and marketing throughout the programme area. Telecommunications play an important role for the business development and innovative environment of society. They also facilitate co-operation across borders and make it possible to develop methods for virtual meetings.

The level of households with Internet access is still much lower than 100 per cent. In Latvia and Estonia the number of households with Internet access is around 50 per cent. The challenge is to lower the availability gap both by using fixed, mobile and wireless infrastructure.

In Estonia the Tiger Leap has put a lot of emphasis on e-connections. There is wide wireless Internet coverage in large parts of the country. In public places Internet access is often free or for a low charge. In Estonia there are 967 mobile phones for each 1000 inhabitants. In Finland and Sweden there are more mobile phones than inhabitants. At the beginning of 2005 90% of the people lived in an area with broadband connections and 38% of the population had Internet connection at home. In Latvia 74% of enterprises and 15% of households had Internet access in 2004. Approximately every fourth household has both a mobile telephone and an Internet connection in Finland. In Sweden 78% of people have access to Internet.

Information technology has opened a new way for living and working in the archipelago and on the islands. The broadband system now covers most large islands in the sub-programme area of the Archipelago and Islands. However, there are many remote areas which still do not have access to a wire-based broadband connection due to the high costs. The people in the Central Baltic Programme area are, therefore, not on an equal standing when it comes to Internet access.

The programme area lacks robust and high performance digital roads with fibre infrastructure that can handle the increase of traffic, when digital television, Internet and phone services will travel together on digital roads. Thus, a challenge for the programme area is to build better nodes systems between the countries so that operators in all countries can interconnect and compete on equal terms. The programme area also lacks local networks that can connect to the global digital roads. By cross-border co-operation in these issues, the programme area has the opportunity to become one of the high performance ICT regions in the world.

2.1.2. The Environment

Diversity in Nature

The environment of the Central Baltic Programme area is very varied and rich. It encompasses inland water bodies, the sea, archipelagos and a variety of mainland habitats. The environment of the programme area ranges from untouched natural sites and valuable cultural environments to severely polluted problem areas.

Throughout the whole Central Baltic Programme area there is a large percentage of forest covered land. There are also plenty of lakes and marsh areas. The coastal areas of Finland and Sweden are distinctive for their archipelagos with numerous small islands. They differ from the coast of Estonia, where there are less but larger islands. Although there are no great height variations in the programme area, especially Estonia and Latvia have a very flat landscape.

The nature is relatively well protected. Despite the fact that there are densely populated areas in the Central Baltic Programme area, there are also well preserved nature areas. There are several National Parks in all countries in the programme area and in addition there numerous nature reserves, landscape reserves or protection areas for old forests, bird waters, beaches, marshes or other valuable natural features. These areas are of immense importance both for developing sustainable tourism and recreation in the programme area but they also have intrinsic value. The Natura 2000 Network was created in order to preserve sites of Community interest and to guarantee the maintenance of the extraordinary diversity of sites and species present within the boundaries of the EU. There are several Natura areas within the programme area.

Sea

The state of the Baltic Sea is a matter of serious concern. The Baltic is a pool of brackish water. There are both freshwater and seawater species living in the Baltic Sea and for many of them the conditions are extreme, close to the survival limit. The condition of the Sea affects all regions around it, but most directly the people who live on the islands or in the archipelagos.

The Baltic Sea is highly eutrophied, and the Gulf of Finland is in particularly bad condition. The sea is shallow, the average depth being only 58 meters, whereas that of the Mediterranean Sea, for example, is 1550 metres. The channel between the North Sea and the Baltic Sea is narrow and therefore the water changes slowly: it takes 30 years for the water of the Baltic Sea to fully change. Polluting substances therefore stay in the sea for a long time. The human burden for the sea is intensive as there are 85 million people from

18 countries living in the catchment area and the maritime transport is among the most intensive in the world. The pollutants to the Baltic Sea come mainly from agriculture, municipalities and industry. The drainage area of the Sea is vast, encompassing 18 countries. The largest river of the Baltic Sea – the River Neva flowing through the city of St Petersburg – is discharging into to easternmost part of the Gulf of Finland.

Of greatest concern are the major nutrient inputs, particularly those of nitrogen and phosphorus. Recent studies show an alarming tendency: large areas of the bottom of the sea contain no oxygen at all and are dead. The algal blooms have been but the most visible symptoms of eutrophication, bidding to raising awareness and concern for the sea. A problem that is increasingly mentioned is the risk of oil spills or accidents in the Baltic Sea. Not all countries are equipped for such events and in any case, the highly vulnerable environment of the Baltic Sea would be under serious threat. Off the Latvian coast there are recurrent cases of oil products being drained into the sea deliberately, hoping to save the money and time from delivering them to ports.

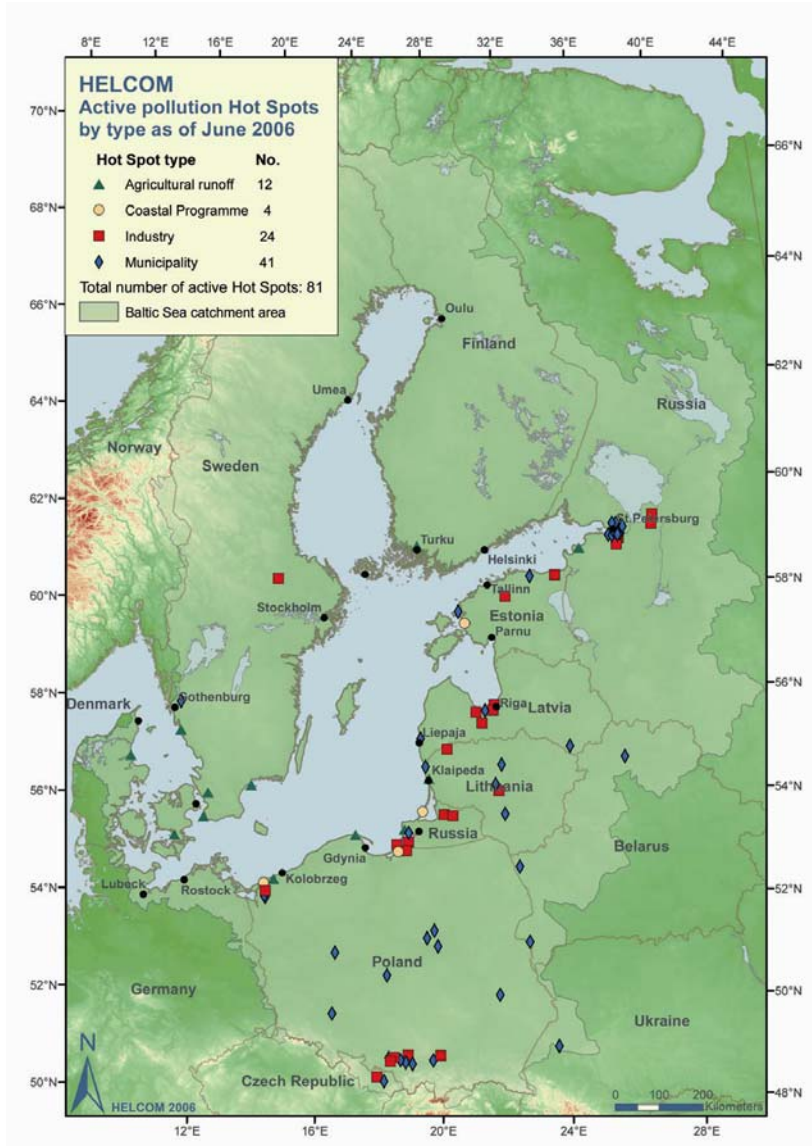
The problems of the Gulf of Finland or the Baltic Sea cannot be affected significantly by domestic measures alone. There is need for local and regional action. Thus the role of public awareness and shared responsibility and action for the situation is not to be underestimated when seeking solutions on the local, regional or international levels.

Diversity in Cultural Environment and Evolving Landscapes

The cultural heritage is visible throughout the rural landscapes and traditions, as well as in the valued sites of the built environment in the whole Central Baltic Programme area. The arable and pasture lands are the result of hundreds of years of human activities, and are now a feature that needs protection as society has changed. There are several historical wooden or hanseatic towns. The Suomenlinna fortress on an island outside Helsinki, the medieval town of Visby on Gotland island and the Old Towns of Tallinn and Riga are building complexes that are on the UNESCO world heritage list. In addition to these there are eight more UNESCO sites in the region.

The rural areas around the programme area face many challenges. Due to the diminishing population and structural changes in agriculture and forestry the rural landscapes risk becoming more monotonous and deserted.

Within the programme area there are highly polluted problem areas. In Estonia these include areas of oil-shale mining and energy production. Estonia and Latvia have to deal with the legacy of the Soviet occupation, including old nuclear submarine sites, uranium processing plants, army bases and out-dated industry. In Finland there are, too, areas with contaminated soil, old industrial and dumping areas and sensitive ecosystems. All in all, there are 14 hot spots as identified by HELCOM in June 2006. Within the Central Baltic programme area Finland and Sweden both have one hot spot, whereas Estonia has five and Latvia seven.



Waste Management

Waste management is a municipal responsibility, but there is wide range in how the issue is tackled within the Central Baltic Programme area. In Estonia and Latvia, waste management has gone through modernisation and in Finland and Sweden a large portion of the waste is incinerated and sorted/recycled in an international comparison.

Recycling is an important challenge everywhere. Sweden and Finland are leading in this sector, with Estonia and Latvia catching up. About two thirds of municipal waste in Finland is recycled or re-used in other ways. Burning waste for energy is one current trend, adopted throughout the programme area. In Estonia, 30% of the total waste production was recycled and 1,6% incinerated. In Estonia, only 3,5% of the waste comes from households. The vast majority is the result of the chemical and oil shale industries, including mining and energy production.

In Latvia today, municipal waste is mostly deposited in landfills that do not comply with the requirements of environmental protection. The collection, processing and storage of hazardous waste have not been resolved satisfactorily either.

The aims for the development of waste management throughout the programme area are mostly related to diminishing the amount of waste and increasing re-cycling. Action aimed at consumption and production patterns, as well as environmental awareness-raising, are important measures in reducing the waste load.

Air

Air pollution and deposition of airborne substances have a great impact on the environment of the Baltic Sea. Airborne substances can deposit directly on the surface water or on land and then be transported dissolved in water to the Baltic Sea. Global warming will probably cause more rain and therefore lower Baltic Sea salinity, at least in coastal areas. The effects of increased precipitation on the environment are of great interest to understand better. A changing environment caused by for instance global warming and diffuse discharges makes it necessary to establish common emission- and observation databases where information is available free of charge.

For air, a common emission database has been built up covering almost the whole area of Svealand i.e. most of the Swedish part of the Central Baltic Programme and the Archipelago and Islands sub-programme. To establish similar databases, both for air and water, covering the whole area are of great importance to analyse the effects of diffuse loading.

The intensification of industrial and agricultural production, as well as increasingly concentrated patterns of settlement and traffic has had a negative effect on water and air quality in the programme area. On a positive note, much improvement has taken place in the industrial plants especially in Estonia and Latvia and the air quality has improved locally in many places.

In Estonia the biggest problems are still caused by the oil-shale power plants, but also chemical plants and cement factories. Likewise, Latvia is affected by emissions from coal handling and oil refineries. Cross-border pollution transfers affect the whole programme area. Investments and improvements have been made, but continuous work needs to be done and co-operation is vital.

Environmental know-how and environmental education

As far as changing attitudes and motivating the general public to take responsibility for the common environment, the importance of education cannot be overstated. Nature schools and environmental education as an integral part of the schools curricula from primary levels onwards are necessary measures. Most of the Finnish Nature schools are located in the programme area and there are more than a dozen Nature schools in the Swedish region. In Estonia, there are more than 50 organisations that provide environmental education.

Education and training are also underlined by the fact that even though there are concentrations of high-level environmental know-how and technology in the programme area, these issues need to be disseminated to a far wider audience and more effectively.

For the support of schools and educators there are several programmes and NGO's. As an example, the Green Flag and the Blue Flag programmes can be mentioned. The Green

Flag programme, as an example, is active in all countries of the Central Baltic Programme. This programme supports the environmental work of schools along the principles of participation, continuous improvement and practical work. The Blue Flag, in turn, deals with the environmental work of ports and harbours.

Despite the scarce resources there are, in all countries, a number of dedicated people and organisations supporting the aims of awareness-raising and environmental education in all ages and all fields of life.

2.2 Specific characteristics in sub-programme level

2.2.1 Southern Finland – Estonia sub-programme area

Population

Characteristic of both Finland and Estonia is the increasing concentration of population in the capital areas. In most of the Finnish regions of the programme area, population growth is expected to continue for the foreseeable future. The general population trend in Estonia has been a falling one since 1991, mainly due to emigration and negative birth rates. Apart from areas around Tallinn and Tartu, the population is expected to decrease.

The percentage of the Swedish speaking population in Southern Finland is above the national average. There is, however, large variation within the region, ranging from the 33.9% Swedish speakers in Itä-Uusimaa to nearly non-existent in Etelä-Karjala. In Estonia the co-existence of two languages – that of Estonian and Russian – is of a wholly different character. The Russian speaking population is mainly concentrated in the capital area and the large cities on the northern coast, where Estonian speakers are often in a clear minority. For example, in the towns of Narva and Sillamäe the Russian share of the population is as high as 97%, the national average being 25.6%.

Transport

Traffic levels across the Gulf of Finland have shown a strong increase both in terms of passenger numbers and cargo tonnage since the 1990's. Passenger traffic mainly takes place on ships between Helsinki and Tallinn, with 6.1 million travellers per year in 2005. The level of accessibility between Helsinki and Tallinn, and the consequent passenger volumes, are thus a quite extraordinary characteristic of the programme area. In addition to the Helsinki-Tallinn connection, a new connection between Kotka in Finland and Sillamäe in Estonia started in the spring of 2006.

Inland water bodies

The inland water bodies in Finland and Estonia are shallow and therefore sensitive to pollution. As a result of human activity the nutrient input into the water bodies has increased considerably, leading to severe eutrophication. Agriculture is the main source of the nutrient flow into these water bodies. Despite recent investments, water management in Estonia is not on the same level as in Finland.

Sea

A current concern is the environmental risk presented by economic activities such as oil transports and planned gas pipes. Due to the great number and tonnages of oil transported from Russia, experts now fear that a major oil leakage is merely a matter of time. In early 2006 there were a couple of smaller leakages and accidents in the Estonian waters, unfortunately demonstrating the lack of resources to combat the problem.

2.2.2 Archipelago and Islands sub-programme area

The islands and the archipelagos in the Archipelago and Islands sub-programme are united by a strong maritime culture and a long common history. The sub-programme area is however very heterogeneous concerning the size and the number of islands, from regions with in practice one big island to archipelagos with tens of thousands of small islands. The variation in geography between the regions as well as different weather conditions during the year has been reasons for different solutions in communications, infrastructure and land use planning.

The total number of people living permanently in the Archipelago and Islands sub-programme area is approximately 170.000, but it varies considerably. The population is usually concentrated to smaller traditional archipelago villages and communities. Towns and urban settlements are situated only on bigger islands. In addition the population is very scattered with only some inhabitants on the islands. In contrast to the other regions in the programme, most part of the Archipelago and Islands sub-programme area is facing a continuous diminishing of population. The percentage of old people is also generally higher and the number of children in the age of 1-15 years is lower than the national averages. A special feature in the population structure of the area is the large number of leisure time residents in relation to the permanent settlement.

The GDP in the sub-programme area does not show dramatic variations from the average national levels. The employment by sectors and branches in entrepreneurship show some variation within the sub-programme area. Overall the economical structure on the islands, with some variations between the regions, can be seen as quite narrow and season dependent. Small-scale entrepreneurship with a weak economic base is common. Many companies situated in the sub-programme area have their main markets on the mainland. On some islands there are people working and making their income on the mainland. In general there is a weak tradition of co-operation between companies in the sub-programme area but there are some good examples from the tourism sector that has strengthened the participating companies.

Difficult and expensive physical communications are usually the number one limiting factor for development, especially for tourism but also for industrial production on the islands. All big islands and many of the small islands in the sub-programme area have organized communications by regular ferry or boat traffic. However there are no sea-born connections which would directly connect the regions within the Archipelago and Islands sub-programme area with each other. Some bigger islands also have a regular air connection to the capitals in the respective country. The technology for efficient distance work, mainly broadband connections, has been built out on most of the bigger islands in the sub-programme area.

The decreasing numbers of students are causing problems in the school system. Yet there are small primary schools in the sub-programme area but many of them are continually fighting for their existence. This problem concerns smaller islands with limited number of inhabitants. The quality of the secondary education in the sub-programme area is comparable with the mainland. However, after graduating from secondary school many young people move to the mainland to continue their studies. On the other hand universities and vocational schools on the big islands in the sub-programme area also attract people from the mainland.

In all the regions in the Archipelago and Islands sub-programme area maritime and island culture has a strong position and provides a solid basis for an individual regional identity. There are numerous cultural institutions, both regional and local, as well as many facilities for cultural activities. In all regions there are also many annual cultural events.

The bad condition of the Baltic Sea is the biggest common environmental problem for the Central Baltic programme area. The alarming condition of the sea affects the life and activities in the Archipelago and Islands sub-programme area most directly.

There are many national parks, Natura 2000 and nature protection areas in the sub-programme area. The cultural landscape, characteristic for the islands and strength for tourism, is though changing rapidly due to overgrowth. In some parts of the sub-programme area the built cultural landscape has high values, with for example Suomenlinna fortress in Uusimaa (Helsinki), Kihnu (Estonia) and the medieval city of Visby on Gotland chosen as UNESCO's World Heritage sites, and there are also biosphere reserves.

The supply of fresh water and economically reasonable solutions for waste water management are often problems on islands. In most regions there are organizations working for ecologically sustainable solutions. Sustainable small-scale energy supply (wind, solar panels etc) could provide suitable small-scale solutions on the islands.

3. SWOT ANALYSIS FOR THE CENTRAL BALTIC PROGRAMME

| Strengths | Weaknesses |
|--|--|
| Strong relation between regions and cities in the area due to common cultural background | Weak role of small and medium sized enterprises in the Central Baltic economy. Lack of new business creations and entrepreneurship. Difficult to access the market |
| Capitals and major cities in the area are attraction poles in various areas | Insufficient co-ordination and co-operation between the educational and business worlds |
| Strong presence of well managed and experienced global successful companies | Considerable area of the Central Baltic consists of small, peripheral areas which are difficult to reach. In some cases, these areas have lower economic and social development which limits the possibilities for co-operation. |
| High level of innovation capacity and a strong existing IT and R&D infrastructure | Communication within the Central Baltic, such as language issues, administrative and cultural capacity |
| Large number of good universities, centres of excellence and networks of excellence | Underdeveloped transport connections combined with large distances within the area and to the main European markets |
| Diverse and attractive nature | High threshold and low mobility on the labour markets for certain groups |
| Skilled and highly educated workforce | High unemployment for certain groups |

| Opportunities | Threats |
|--|--|
| Gateway to Russian and Asian markets. | Slow response of educational sector to market needs. |
| Further development and specialization of sectors in which the regions excels or has a strong potential to excel in | Increased risk for major environmental disasters within the region. |
| Internal market represents a considerable potential for growth with a potential access to large, stable and locally fast growing markets | Local environmental problems |
| Better connections and use of ICT opens up for new target groups and enables development of life-long learning, involvement of youth, e-learning, e-governance | Disability of public sector to keep up with the demands of an ever faster changing and globalizing society |
| Co-operation in policy-making, common welfare development, close positions at EU level (government, policies) and common interests in EU | Effects of an ever globalizing society and economy on Central Baltic programme area |
| Co-operation between universities and R&D units, including more investments in research, strengthening co-operation between universities, educational institutions and enterprises, business clusters and improving the exchange of knowledge and experience | High level of mobility of highly educated work force within and outside the Central Baltic programme area. |
| Potential to develop better sustainable transport and infrastructure links, with a focus on ports and maritime connections | Increasing disparities between sectors and regions with regards to availability of skilled workers |
| Co-operation between regions, cities and municipalities (urban and rural) to address common issues | |
| Common promotion and marketing of Central Baltic programme area | |

INTRODUCTION

The SWOT analysis has been set up using information and data from the different regions in the Central Baltic programme area. This table is the result of cross border co-operation between representatives of all partners creating an analysis of the Central Baltic Programme area.

The first section concentrates on the strengths, weaknesses, threats and opportunities the Central Baltic Programme area is facing in its current socio-economic situation.

This is followed by a section where some specific aspects with regard to each sub-programme are highlighted.

SWOT ANALYSIS

A number of important opportunities are present in the Central Baltic Programme area. Not only can the programme area build on past experiences and partnerships set up in previous programmes, but through the geographical expansion of the programme area numerous opportunities for cross-border co-operation are presented.

There are already numerous relations between these regions, due to a shared historical and cultural background. These existing relations can be considered a strength to build on, especially so when it comes to people-to-people co-operation. The actors in the region are already able to identify several common issues and needs. As cultural interaction adds to the understanding of common issues, it is an important tool for successful co-operation.

Despite there being a certain degree of togetherness in the programme region, there are also obstacles to co-operation. Differences in administrative culture and capacity or language can pose difficulties for the creation of co-operation projects.

The Central Baltic Programme is in the unique position of having four member states' capitals in the programme area. This creates an environment where the capitals and other major towns can play an important role as major attraction poles in various socio-economic areas. However the presence of capitals and other major towns and the continuing trend of migration toward towns, means that the programme will have to tackle socio-economic problems such as unemployment, pollution, traffic, crime etc.

The programme area has all elements present to be at the forefront of economical development in Europe. The innovative business community is dominated by world leading high-tech clusters in sectors such as telecommunications, pharmaceuticals, finance, service, environmental engineering, transport and logistics.

Furthermore, the programme area has around 40 universities, of which two are ranked among the best in the world, 20 polytechnics, 30 technology centres and an even larger number of incubators, industrial parks and similar.

The programme area is also renowned for its skilled and highly educated workforce and its strong human capital base. The research intensity, proportion of science and engineering students, and numbers of researchers in R&D are among the highest in the world.

However, the programme area continues to exhibit a relatively weak ability to turn its human capital assets into innovative outputs and economic prosperity, and there is still a large performance gap in primary innovation input and output indicators. Additionally, cross-border collaboration between individual researchers, research institutions and universities within the region is developing at a very moderate pace.

Each country in the region places increased focus on knowledge. So far, however, regional co-operation, which could play a critical role in further strengthening the supply and utilization of the programme area's human capital base, is limited. It is difficult for each country of the programme area to create globally recognized universities and research centres. Joint initiatives can play a critical role in putting the programme area's universities and research resources "on the map". Even though newly formed regional organizations and networks have made strides towards more integrated activities, levels of student exchanges, trans-national education programmes, and patents are increasing at a moderate pace.

The participation and role of small and medium sized enterprises in the Central Baltic Programme economy is weak. This is among others demonstrated by the lack of new business creation, the level of entrepreneurship and the difficulty to access the internal market and the ability to set up co-operation networks within the programme area.

The labour market in general presents several challenges to the Central Baltic programme. Co-operation, exchange of experiences, best practices and innovative approaches should be pursued in order to address these challenges, but at the same there is awareness of the fact that many of the challenges are caused by the globalization of the economy and that the responsible authorities and actors are often powerless and unable to respond in time to new challenges.

Linked to challenges in the labour market is the demographic change throughout the programme area. The population is growing rapidly older. At the same time, the population tends to concentrate to larger towns and leave the countryside empty or very sparsely populated. These changes also pose challenges to the health and social sectors. Innovations in these fields will be needed to provide for the security and wellbeing of the citizens.

The transport network in the Central Baltic Programme area is mainly in good condition and is both extensive and varied. However, sustainable transport solutions and better infrastructure links need to be developed. Ports and maritime connections need particular focus. Challenges will persist with regard to the large distances within the programme area, harsh weather conditions in winter and the distance to the main European markets. The positioning of the Central Baltic Programme area as a gateway to the Russian and Asian markets may create opportunities in this area.

Telecommunications play an important role for the business development and innovative environment of society. They also facilitate co-operation across borders and make it

possible to develop methods for virtual meetings. The programme area demonstrates a strong potential in the field of ICT and telecommunications. The challenge is to further increase the availability of fixed and wireless infrastructure. Information technology has opened up for new ways of living and working in the archipelago and on the islands.

The environment of the Central Baltic Programme area is very varied and rich. The environment ranges from untouched natural sites and valuable cultural environments to severely polluted problem areas. For the Central Baltic Programme this creates opportunities with a strong potential, but at the same time it presents different challenges on which the programme area does not always have a direct influence.

The natural parks and other protected areas, combined with the rich cultural heritage, offer immense opportunities both for developing sustainable tourism and recreation in the programme area.

Within the programme area there are highly polluted problem areas, such as the HELCOM hot spots. The containment of pollution sources and polluted areas is a regional and local challenge for the programme. Investments and improvements have been made, but continuous improvements need to be done and co-operation is vital. At the same time, opportunities present themselves in the coordinated approach in areas such as policy making, planning, innovative approaches, R&D etc.

Air pollution and especially the condition of the Baltic Sea are matters of serious concern. The problem with both topics is that they cannot be affected significantly by measures on Central Baltic Programme level alone. Nevertheless, immediate attention needs to be shown to risk prevention and damage control in the Baltic Sea area. Oil transports are one of the most imminent risks to the natural environment.

3.1 Special characteristics of the sub-programmes

3.1.1 Characteristics of the Southern Finland – Estonia sub-programme

In addition to the characteristics identified in the SWOT of the Central Baltic Programme, some factors specific for the Southern Finland – Estonia sub-programme need to be highlighted.

A particular strength of the Southern Finland – Estonia sub-programme area is the level of transport connections. The connections between Helsinki and Tallinn are good throughout the year and especially in the summertime. There is also a ferry connecting the eastern parts of the sub-programme area.

The opportunities for the traffic system and transport lie in developing traffic links further and in making them more diverse. This means especially the connections within the sub-programme area but also connections to the Central Europe. This would include new ports and using the position of the EU external border as an advantage. An additional opportunity is that both countries capitals are situated within the sub-programme area. This is believed to be beneficial for the economy and the creation of a dynamic region.

The relatively small size of the sub-programme area is seen as a strength. The people are also an asset, as there is good cultural understanding between the peoples. The people

are seen as flexible and pragmatic, thus making effective and fruitful co-operation possible.

A perceived weakness in the co-operation so far has been that many of the established co-operation networks have stagnated. Some networks have become an end in itself and do no longer produce new results or do not disseminate these results effectively to outsiders. The clear emphasis in this sub-programme will be to support real, vital co-operation, where the focus is on solving common problems in co-operation, not on the network itself.

There are also weaknesses in the social sector. The health and social services face many challenges as the population is ageing rapidly and there is wide-spread substance abuse. These problems are often intensified in small rural communities.

The Southern Finland – Estonia sub-programme area faces many opportunities. Its position on the Russian border and closeness to St Petersburg opens up possibilities that should be grasped. Migration within the sub-programme area and from other parts of the world is a future opportunity to develop the economy and other sectors of society. As there is wide-spread migration within the sub-programme area, the joint spirit of the sub-programme area is emphasized. In the field of new industry (including media, music, design etc.) and cultural exchange there are numerous opportunities for development and co-operation.

Challenges present themselves in differences in administrative capacity and in the strength of regional structures within the sub-programme area. The discrepancies in legislation and the bureaucratic culture are seen as problematic. Furthermore, different attitudes towards change can sometimes be difficult. Exchange of knowledge and experience between the countries in business and public administration should be stimulated. There are many opportunities in developing e-learning and e-governance and life long learning among others.

3.1.2 Characteristics of the Archipelago and Islands sub-programme

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.

A strength of the sub-programme area is that there is a strong tradition of inter-island co-operation especially between the parts of the population that is economically active.

One characteristic in these small communities is the small scale of potential actors.

These strengths create promising opportunities both in the further development of quality tourism (nature, culture, health and well being) and good living conditions and environments.

A large part of the sub-programme area also faces a **demographic** weakness. The population is decreasing at the same time as the average age of the inhabitants is increasing.

Furthermore the sub-programme area is also confronted with a limited labour market, dependant on a few branches and the public sector.

A major threat is the bad condition of the Baltic Sea, especially to the tourism and fishing sectors, but also to the attractiveness of the islands as living environments. Furthermore the exodus of mainly highly educated local inhabitants and the increasing difficulty to match the interest of different stakeholders in areas such as the protection of nature and the recreational use of the land is a threat.

4. VISION AND STRATEGY OF THE CENTRAL BALTIC PROGRAMME

4.1 Vision for the Central Baltic Programme

The vision of the Central Baltic Programme is to create a globally recognised, dynamic, sustainable and competitive region that is attractive for business and visitors and where people want to live, work and invest.

The programme shall contribute to the realisation of this vision by:

- Unlocking potentials for making the programme area a global centre for growth and innovation
- Working together for a better environment
- Optimising internal and external accessibility
- Investing in its resident's overall wellbeing, capacity and security
- Addressing new socio-economic challenges
- Facilitating cultural co-operation and strengthening the programme areas common identity

4.2 Strategy for the Central Baltic Programme

The Central Baltic Programme is a new cross-border co-operation programme. It builds on two past Interreg III A programmes (Interreg IIIA Southern Finland – Estonia programme and Interreg IIIA Skargarden programme) and partly on two past Baltic Sea Region trans-national programmes. A challenge for the Central Baltic Programme will be to further build on the experiences and best practices of the previous programmes and at the same time seize the opportunities offered by the new programme structure.

Next to the challenges created by the formation of the new programme, the Central Baltic Programme will have to demonstrate that this newly created area can play its role in addressing the challenges of the Lisbon and Gothenburg strategies of the European Union.

4.2.1 Cross-border added value

The Central Baltic Programme has the scope to make a distinctive contribution through the development of cross-border added value – by working together to produce new knowledge, a product or service that has a cross-border character. This will be achieved through:

- knowledge transfer - facilitating the transfer of environmental, economical and societal solutions and knowledge, and their practical application, from one country/region to another;
- innovation – working together to develop new or innovative development solutions that can be applied in practice in more than one country/region; and

- organisational learning – exchange of ideas, experience and good practice that improve the stock of organisational knowledge. The topics addressed should be of strategic interest for the daily work of all project partners. For the utilisation of the project results, the project needs to be fully integrated into the overall objectives of the organisation.

4.2.2 Thematic focus

In order to reach its objectives, the Central Baltic Programme will work with three priorities focusing on environment, competitiveness and good living conditions. These priorities are in line with the chosen strategic vision. In order to fully take advantage of the Central Baltic Programme, the priorities address topics where the common interest is greatest, expected outputs are the highest and where the chance of reaching the strategic vision is most likely. Small-scale investments are possible in all priorities when they support the programme's objectives and have a cross-border effect.

The first priority is a safe and healthy environment. The natural and cultural environment present great potential for the region and need to be preserved and promoted. In addition, the threats to the environment have intensified rapidly over the past years. This includes both the slow deterioration of the environment and the imminent risk posed by, for example, oil transportation. The protection of our common environment is of such importance, that a specific priority is needed to address it.

The SWOT analysis shows a strong emphasis on economic factors. As this is in line with EU policies such as the Lisbon strategy, the second priority of the programme is the creation of an economically competitive and innovative region. The aim is to support the realisation of the identified strengths and opportunities and to counterbalance the weaknesses and threats in the economic field.

The third priority, attractive and dynamic societies, links together the themes raised in the SWOT analysis. It puts the perspective on social inclusion and people as wellbeing and active participants of their local societies and the whole region. This priority also supports the generation of a joint identity and sense of togetherness in the programme area. As the programme is a new one with a unique programme area, this is of particular importance for the successful carrying out of the programme.

4.2.3 Geographical focus

Geographically, the Central Baltic programme creates new opportunities for co-operation in the programme area. The new geographical scale offers numerous opportunities, but the physical distance and lack of existing contacts can cause a delay in new partnerships being set up in the programme.

A geographical focus of the Central Baltic Programme is also demonstrated through the selection of the sub-programmes. The Southern Finland - Estonia and Archipelago and Islands sub-programmes focus on specific regions within the Central Baltic programme area. The Southern Finland - Estonia and Archipelago and Islands sub-programmes have already established strong links of co-operation through previous Interreg programmes. During the period 2007 - 2013 the Central Baltic Programme will continue to build on and develop existing co-operation in these areas.

5. PRIORITIES AND OBJECTIVES FOR THE CENTRAL BALTIC PROGRAMME

INTRODUCTION

The Central Baltic programme is divided into three common priorities for substance and one for the technical assistance (Priority 4). Priority 1: Safe and healthy environment; Priority 2: Economically competitive and innovative region; and Priority 3: Attractive and dynamic societies.

These common priorities and their general objectives are the same for the whole programme and its sub-programmes. They all do, however, have their specific focus which is derived from their geographical and thematic needs. The general description of the priority is followed by objectives and Directions of Support for the whole programme area and separate chapters for each sub-programme.

The objectives and directions of support of the programme are introduced on a general level in this programme document. More detailed objectives shall be presented in the programme manual intended directly for the applicants.

For the directions of support there can be found a list of possible activities. These should be read as examples that clarify the meaning of the direction of support, not an exclusive list. The priority descriptions end with output and result indicators. There are certain joint indicators for all the priorities that will be followed during the programme implementation period. In addition to the indicators defined in the programme document also other indicators may be used to monitor the programme. The programme monitoring system will provide all the information on indicators based on the data available in applications and reports

| Indicator | Comment | Baseline 2007 |
|---|--------------------|---------------|
| Number of projects respecting two of the following criteria: joint development, joint implementation, joint staffing, joint financing | Number of projects | 0 |
| Number of projects respecting three of the following criteria: joint development, joint implementation, joint staffing, joint financing | Number of projects | 0 |
| Number of projects respecting four of the following criteria: joint development, joint implementation, joint staffing, joint financing | Number of projects | 0 |

5.1 Priority 1: Safe and healthy environment

| | |
|---|---|
| Priority 1: Safe and healthy environment | This priority focuses on protecting and improving our common environment and puts a special focus on the Baltic Sea. The priority supports a sustainable environmental development of the programme area, making it attractive for both inhabitants and visitors. |
| Examples of beneficiaries | Municipalities, regions, authorities and other public organisations. Universities, research institutions, environmental organisations and NGO's. |

For the Central Baltic Programme, the environment encompasses both the natural and physical environment. As the programme area is linked by the Baltic Sea, the sea takes an important place in the common objectives of the Central Baltic Programme.

The environmental state of the Baltic Sea is a common concern that needs specific attention. The condition of the sea affects all regions around it, and most directly the people who visit or live in the coastal zones, on the islands or in the archipelagos. There is risk of conflict of interests as many actors want to use this common resource for different purposes, such as waste disposal, fishing, tourism and transportation.

The survival of the Baltic Sea requires international, national, regional and local level input in the search for workable solutions. It is crucial to jointly work for a sustainable environmental development of the whole programme area, making it attractive for inhabitants and visitors. This means, on one hand, improving the situation in problem areas, for example by assessments and investments to reduce the impact of growing traffic, eutrophication, hazardous substances and oil spill and taking care of the basic infrastructure for waste management and waste water treatment. Alleviating the 14 HELCOM hot spots in the region take precedence in the programme.

On the other hand, projects within this programme should also contribute to preventing future problems, for example through systems for environmental risk prevention and by raising environmental awareness and responsibility. Adoption of best practices in terms of environmental co-operation and know-how could in this way emerge as a future competitive edge for the programme area.

The Central Baltic Programme supports environmental education and awareness-raising. It is important that the people in the region have a real understanding of their environmental impact and the value of the environment of the Central Baltic Programme area, particularly the maritime environment. However, it must be pointed out, that awareness-raising should always be linked to practical action. The awareness should lead to individual and community accountability for the environment.

In this context, the Central Baltic Programme focuses on activities that lead to knowledge of and improvements in environmental impacts of legislation and policies as well as on co-operation in physical and environmental planning. The Central Baltic Programme also focuses on urban environmental aspects that lead to increased knowledge and effective methods for how to best reduce pollution and congestion and on how to improve the

greening of local and regional economies. Energy efficiency is another essential component of sustainable development.

All actions under this priority are foreseen to have both direct and indirect impacts on the state of the environment. All projects must demonstrate an understanding of the impacts on the environment and produce a balanced and realistic assessment of these. The effects on gender mainstreaming and combating discrimination are presumed to be indirect, but any strategic effects should be accounted for in the project proposal.

Overall objective

The actions taken under this priority should lead to increased environmental awareness and reduced risk of environmental disasters within the programme area, in order to create an increasingly attractive region for residents and visitors. The aim is to support sustainable development and to improve the condition of the natural and physical environment. Special attention will be given to projects targeting in alleviating HELCOM hotspots.

5.1.1 Central Baltic programme

The focus of the activities in the programme is on increasing responsibility for our common environment and in particular the Baltic Sea. Focus is put on the maritime environment and the coastal zones, urban environmental aspects, the greening of local and regional economies, energy efficiency and the improvement of environmental performance of businesses and the public sector.

Directions of support

ENVIRONMENTAL AWARENESS RAISING AND EXPERTISE

Specific objective

- Increased environmental awareness and exchange of environmental expertise

Indicative actions (examples)

- Environmental awareness raising activities/campaigns
- Development and exchange of environmental know-how and expertise
- Identification and assessment of environmental impacts of legislation, strategies and policies

| <i>ENVIRONMENTAL AWARENESS RAISING AND EXPERTISE</i> | | | |
|--|-------------------------------|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| Education or information activities on environmental awareness raising | Number of activities | 0 | 25 |
| Activities of development and exchange of expertise | Number of activities | 0 | 25 |
| Studies/assessments produced on environmental impacts of legislation, strategies and policies. | Number of studies/assessments | 0 | 20 |
| Result indicators | | | |
| Participation in education or information activities | Number of men/women | 0/0 | 125/125 |
| Involvement in exchange of expertise | Number of men/women | 0/0 | 60/60 |
| Involvement in exchange of expertise | Number of organisations | 0 | 15 |

SUPPORTING SUSTAINABLE SPATIAL PLANNING AND ENVIRONMENTAL MANAGEMENT

Specific objective

- Increased cross-border co-operation concerning sustainable spatial planning and environmental management

Indicative actions (examples)

- Co-operation in management of waste, water and risk prevention especially in and around the Baltic Sea
- Co-operation aiming at reducing the environmental loads and risks related to growing traffic, but also to eutrophication, hazardous substances and oil spill especially in and around the Baltic Sea
- Co-operation addressing urban environmental aspects (air, noise, congestion, regeneration, urban sprawl)
- Co-operation in energy efficiency and renewable energy sources
- Co-operation in spatial planning
- Development of better risk management/ increased readiness for maritime risks
- Co-operation in the field of ecological innovations and clean technologies

| SUPPORTING SUSTAINABLE SPATIAL PLANNING AND ENVIRONMENTAL MANAGEMENT | | | |
|--|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New environmental co-operations established | Number of co-operations | 0 | 2 |
| Further developed environmental co-operations | Number of co-operations | 0 | 3 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 15 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| New environmental actions performed by the co-operations | Number of new actions | 0 | 50 |

5.1.2 Southern Finland – Estonia sub-programme

The focus of the Southern Finland – Estonia sub-programme is on the maritime environment of the Gulf of Finland with its surroundings. The priority is divided into actions concerning the natural and physical environment. All actions should show a positive impact, direct or indirect, on the local environment of the Gulf of Finland.

Directions of support

MAINTAINING AND IMPROVING THE CONDITION OF THE NATURAL ENVIRONMENT

Specific objective

- Improved local environment of the Gulf of Finland
- Increased environmental awareness, transferred into individual and community accountability for the environment.

Indicative actions (examples)

- Co-operation in preventing and combating oil spills
- Co-operation in improving maritime safety
- Co-operation in order to reduce and manage environmental impact through waste management (incl. recycling and reduction) and supporting renewable energy sources
- Activities for achieving individual and community accountability for the environment through environmental education and awareness

| MAINTAINING AND IMPROVING THE CONDITION OF THE NATURAL ENVIRONMENT | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New environmental co-operations established | Number of co-operations | 0 | 5 |
| Further developed environmental co-operations | Number of co-operations | 0 | 5 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 25 |
| Education or information activities on environmental awareness raising | Number of activities | 0 | 10 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| Actions performed by the co-operations to reduce the risk or effects of accidents in the Gulf of Finland. | Number of actions | 0 | 5 |
| Participation in education or information activities | Number of men/women | 0/0 | 50/50 |

TAKING RESPONSIBILITY FOR OUR PHYSICAL ENVIRONMENT

Specific objective

Preserved values of the cultural landscapes in the region

Indicative actions (examples)

- Co-operation in spatial and strategic planning
- Actions in urban environmental initiatives
- Co-operation in the protection and preservation of our cultural heritage
- Co-operation in the preservation of valuable landscapes and historic sites

| <i>TAKING RESPONSIBILITY FOR OUR PHYSICAL ENVIRONMENT</i> | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations established | Number of co-operations | 0 | 7 |
| Further developed co-operations | Number of co-operations | 0 | 5 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 25 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| Preserving actions performed by the co-operations | Number of actions | 0 | 10 |

5.1.3 Archipelago and Islands sub-programme

The poor condition of the Baltic Sea is the most serious threat to the attractiveness of the archipelagos and islands as living environments. Activities on all levels are needed to stop the output of nutrients and pollutive substances in the Baltic Sea. In the Archipelago and Islands sub-programme this problem will be addressed by supporting local activities aiming to improve the condition of the marine environment. These activities will provide examples on how the recommendations of the HELCOM can be implemented on a local level.

In order to achieve good results in local environmental activities, training and good co-operation between different actors, for example municipalities, environmental NGOs, permanent residents and summer cottage owners is needed.

The island typical landscape has high natural values and it is also an important strength factor for the attractiveness of the islands as living environments and destinations for tourism.

Directions of support

SUSTAINABLE INFRASTRUCTURE

Specific objective

- Improved conditions of the archipelago and island environment in the Central Baltic area.

Indicative actions (examples)

- Promote archipelago and island adjusted water supply and waste water solutions
- Promote archipelago and island adjusted energy solutions
- Promote island adjusted waste management
- Support investments in sustainable infrastructure, pilot projects

| <i>SUSTAINABLE INFRASTRUCTURE</i> | | | |
|--|------------------------------|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| Promotion of environmental solutions | Number of solutions promoted | 0 | 20 |
| Pilot projects in sustainable infrastructure | Number of projects | 0 | 4 |
| Result indicators | | | |
| Population served by improved sustainable infrastructure | Number of people | 0 | 10 000 |

RAISING ENVIRONMENTAL AWARENESS (FINDING NEW WAYS)

Specific objective

- Increased environmental awareness and co-operation

Indicative actions (examples)

- Promote cooperation and common activities between different actors in environmental issues
- Promote the management of the island specific landscape

| <i>FINDING WAYS TO MANAGE ENVIRONMENTAL ISSUES</i> | | | |
|--|---|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New environmental co-operations established | Number of co-operations | 0 | 4 |
| Further developed environmental co-operations | Number of co-operations | 0 | 8 |
| Actors involved in co-operations | Number of actors (One actor can be counted several times, as long as there are different co-operations) | 0 | 60 |
| Education or information activities on environmental awareness raising | Number of activities (can be many in each project) | 0 | 36 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 12 |
| Participation in education or information activities | Number of men/women | 0/0 | 8000 (40/60) |
| Used environmental tools by the co-operations | Number of tools | 0 | 18 |

5.2 Priority 2: Economically competitive and innovative region

| | |
|--|--|
| <p>Priority 2: Economically competitive and innovative region</p> | <p>This priority focuses on enhancing the overall economic development and competitiveness of the programme area. It emphasises innovations and broad, qualitative co-operation. Moreover, the development of connections to facilitate cross-border co-operation and a better flow of goods and people is another focus, together with the utilisation of the labour force and the development of the tourism sector.</p> |
| <p>Examples of beneficiaries</p> | <p>Municipalities, regions, authorities and other public organisations. Universities, research institutions, special interest organisations, NGO's, transport operators and organisations within the tourism sector. Business and industry organisations and business incubators.</p> |

To become better equipped to face the challenges of globalisation, it is essential to find new ways of optimising the programme area's collective strength. The programme area is characterised by a well-developed business community with a large number of multinational firms, research and development centres, universities and a well educated and highly skilled workforce. The programme area's human capital base and other innovation input factors are its main assets. Nevertheless, a relatively weak ability to turn these assets into innovative outputs and economic prosperity continues to hold back the programme area's potential to emerge as a global centre for economic growth.

The Central Baltic Programme therefore supports the development of new business opportunities in the programme area. This is especially true for the islands and rural areas, where new initiatives are crucial for a good business climate and, ultimately, the survival of these regions. In some cases this means a transition from traditional solutions to meet the needs of the future market and an emphasis on innovations.

It is important to make use of potentials for better cross-border interaction in innovation, cluster development and joint marketing. Increased co-operation, for example in networks (either established networks or networks created during the programme period) or through other platforms is important to facilitate a better utilisation of the programme area's main assets in terms of strong clusters, research and innovation capacity and a matured ICT society. In this context, partnerships, common strategies and joint positioning are essential for a successful, sustainable economic development. There should also be an emphasis on material free and eco-efficient economic growth, and a preference on products that have been produced and used locally.

Closely interlinked with this is the increased importance of the knowledge-based economy which is particularly evident in the Central Baltic Programme area. The reliance on the knowledge-based economy requires a sound base in education and research. It depends for its growth on the production of new knowledge, its transmission through education and training, its dissemination through information and communication technologies, and on its use through new industrial processes or services. Universities and research institutes play a key role in all these three fields of research and exploitation of its results. The programme area is dependent on a healthy and flourishing higher education where excellence optimises the processes, which contribute to targets set out in the Lisbon

strategy and the call for European systems of education to become a world reference by 2010.

Currently there is a difference in the GDP and economic growth within the programme area. Estonia and Latvia show a high level of economic growth, whereas it is more moderate in Sweden and Finland. On the other hand, Finland and Sweden have more matured and stable economies with a very high level of innovation capacity. This can, at its best, be utilised in co-operation and for the benefit of the whole programme area.

The level of economic growth is also dependent on an increased level of entrepreneurship and on the ability to engage new actors in becoming entrepreneurs and starting up businesses. A low level of entrepreneurship compared to other countries characterizes the countries in the programme area and there is evidence showing that a general change in the attitude towards entrepreneurship and entrepreneurs is needed. Moreover, experience from other parts of the world has shown that e.g. entrepreneurship programmes for schools and universities lead to better knowledge on how to start and run businesses, and thereby a higher level of entrepreneurial activity. One branch where there is much growth potential in the programme area is sustainable and qualitative tourism.

A key challenge for cross border regions in this programme area is a better utilisation of the labour force. It is a precondition for the development of the programme area's capacity to face the challenges of globalisation, to support the human resources of the population and to alleviate negative impacts of demographic change. It is, therefore, important to support activities aiming at investigating obstacles for improved mobility of persons and propose relevant measures for improvements, developing innovative tools for effective job creation as well as minimising brain drain from the Central Baltic Programme area.

Accessibility through efficient transport and travel, as well as information and communication systems is a fundamental precondition for sustainable growth, competitiveness and job creation as well as cross-border contacts. Functioning transportation connections are needed in order to ensure the fluency of flow of goods and people. Facilitating transport and travel within the programme area is critically important as a way to interconnect and integrate the programme area. Accessibility of the programme area from other parts of the world is necessary as a way to integrate growth centres in the programme area into the global economy and to increase the number of external visitors. The programme focuses on eco-efficiency in existing networks and prioritises the development of railway, water and public transport.

Access to information and communication technologies is crucial for delivering lasting growth and more and better jobs, as identified in the Lisbon strategy. The programme area consists of regions that are in the forefront in the world when it comes to applying ICT. IT density and networks are larger and more advanced compared to many other European regions. By building on this asset the whole of Central Baltic Programme area can benefit from opportunities offered by ICT in a number of sectors.

This priority is likely to have both direct and indirect impacts on all the horizontal goals of the Central Baltic Programme. Environmental issues should be dealt with within this priority in an integrated way especially in all fields of education and economic activities.

Likewise the impact on gender equality and combating all sorts of discrimination needs to be taken into account in all activities.

Overall objective

The actions of this priority should lead to improved regional competitiveness. The programme area's competitiveness should build on sustainable growth, innovation and entrepreneurship, improved accessibility as well as a broad scale of economic activities. This stimulates the vitality of the programme area and the creation of new jobs.

5.2.1 Central Baltic programme

One focus under this priority is on activities that support innovation and improves competitiveness. Particular focus is on innovative methods for improvements and on building on areas in which the programme area excels.

The programme also puts emphasis on accessibility. Activities should focus on reducing cost and time effects of long travel and transportation distances (including both passenger and cargo traffic), on development of logistics and on creating joint services for travellers and visitors. An increased readiness for maritime risks through the development of better cross border risk management is another area that is in focus.

A better utilisation of the labour force is also emphasised. In this area projects should have a particular focus on the exchange of innovative methods and best practices as well as finding joint solutions to common problems.

Directions of support

SUPPORTING INNOVATION AND IMPROVING COMPETITIVENESS

Specific objective

- Increased competitiveness and economic performance of the programme area

Indicative actions (examples)

- Exchange of know-how concerning innovation systems, support to cluster networking, and technology transfer (KIBS⁷ and market creations)
- Development of business networks and platforms
- Marketing of the region in order to attract investments
- Common efforts to transform research into new commercialised products and services
- Co-operation in promotion of entrepreneurship
- Development of joint cross-border tourism, for example joint marketing
- Public sector co-operation in long-term planning, foresight studies and scenarios

| SUPPORTING INNOVATION AND IMPROVING COMPETITIVENESS | | | |
|--|------------------------------------|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New networks for business and research co-operation | Number of networks | 0 | 2 |
| Further developed networks for business and research co-operation | Number of networks | 0 | 3 |
| Public organisations involved in co-operations | Number of organisations | 0 | 50 |
| Studies on increased competitiveness and economic performance | Number of studies | 0 | 12 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| New joint actions performed by the networks | Number of actions | 0 | 75 |

⁷ Knowledge Intensive Business Services

IMPROVING INTERNAL AND EXTERNAL ACCESSIBILITY

Specific objective

- Facilitated transportation, travel and ICT within the programme area as well as accessibility to the programme area from other parts of the world

Indicative actions (examples)

- Development of joint services for travellers and visitors
- Logistics and small scale investments in reducing time and costs of travel and transportation
- Development of better risk management and increased readiness for maritime accidents and disasters
- Co-operation in transport/travellers safety
- Joint studies, strategies, assessments and prioritisations of major infrastructure investments and infrastructure corridors
- Promotion of use of ICT services and development of cross-border ICT networks

| <i>IMPROVING INTERNAL AND EXTERNAL ACCESSIBILITY</i> | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations concerning improved accessibility. | Number of co-operations | 0 | 7 |
| Further developed co-operations concerning improved accessibility. | Number of co-operations | 0 | 10 |
| Organisations involved in joint accessibility activities | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 50 |
| Studies on improved access to transport, ICT and services | Number of studies | 0 | 9 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 7 |
| Small scale investments in improving accessibility | Number of investments /investments in euro | 0/0 | 5 / 2 500 000 |
| New or further developed services for travellers | Number of services | 0 | 8 |

OPTIMISING THE POTENTIAL OF THE LABOUR MARKET

Specific objective

- Optimized utilisation of the labour force

Indicative actions (examples)

- Improving free mobility of the labour force
- Co-operation in innovative methods for job creation
- Innovative methods for inclusion of vulnerable groups into the labour market
- Co-operation to improve matching of labour market demands for skilled people and co-operation around vocational education programmes

| OPTIMISING THE POTENTIAL OF THE LABOUR MARKET | | | |
|--|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations established | Number of co-operations | 0 | 4 |
| Further developed co-operations | Number of co-operations | 0 | 4 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 27 |
| Studies on better utilization of the labour force | Number of studies | 0 | 4 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 8 |
| New or further developed methods on the labour market and creation of new jobs | Number of methods | 0 | 4 |

5.2.2 Southern Finland – Estonia sub-programme

Under this priority the Southern Finland – Estonia sub-programme focuses on strengthening the region's competitiveness. The priority puts an emphasis on life-long learning and innovations. The themes specifically suitable for Finnish-Estonian co-operation are education, and certain branches of the economy (such as technology industries, tourism and creative industries). All projects should contribute to a joint, economically strong region.

Directions of support

IMPROVING CONNECTIONS WITHIN THE PROGRAMME AREA

Specific objective

- Improved sustainable accessibility and movement of people and services within the region

Indicative actions (examples)

- Co-operation in developing accessibility
- Creation and marketing of common thematic tourist routes and products
- Co-operation between ports and harbours (especially small boat harbours)
- Actions to develop and improve e-solutions and e-services

| IMPROVING CONNECTIONS WITHIN THE PROGRAMME AREA | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations concerning improved connections. | Number of co-operations | 0 | 5 |
| Further developed co-operations concerning improved connections. | Number of co-operations | 0 | 5 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 25 |
| Activities on improved connections and products | Number of activities | 0 | 7 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| New or further developed products and services | Number of products and services | 0 | 5 |

CREATING AND SUPPORTING INNOVATIVE AND COMPETITIVE ENVIRONMENTS

Specific objective

- Increased competitiveness and economic performance in strategic branches of the economy

Indicative actions (examples)

- Actions for building an innovative environment with good conditions for enterprises
- Development and marketing of study programmes and products
- Cross-border cluster building
- Actions in research and development for finding innovative solutions
- Cross-border co-operation between research institutions, private and public bodies

| CREATING AND SUPPORTING AN INNOVATIVE AND COMPETITIVE ENVIRONMENT | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations for innovation and competitiveness | Number of co-operations | 0 | 5 |
| Further developed co-operations for innovation and competitiveness | Number of co-operations | 0 | 7 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 50 |
| Activities on increased competitiveness and economic performance | Number of activities | 0 | 10 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| Joint actions performed by the co-operations | Number of actions | 0 | 7 |
| Solutions, services or products developed | Number of solutions, services and products | 0 | 5 |

MEETING THE CHALLENGES OF THE LABOUR MARKET

Specific objective

- Improved outputs and effectiveness of the regional economy by better working conditions and a highly skilled workforce

Indicative actions (examples)

- Actions to improve the quality and status of vocational training
- Actions to develop possibilities for learning in the workplace
- Co-operation in improving working conditions and promoting equal opportunities
- Co-operation in tolerance and multicultural issues as well as in managing migration

| MEETING THE CHALLENGES OF THE LABOUR MARKET | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations established | Number of co-operations | 0 | 5 |
| Further developed co-operations | Number of co-operations | 0 | 7 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 50 |
| Activities on better utilization of the labour force | Number of activities | 0 | 5 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| Actions to improve learning and vocational training. | Number of actions | 0 | 5 |

5.2.3 Archipelago and Islands sub-programme

Specific objectives for the Archipelago and Islands sub-programme under this priority is to improve the regional competitiveness. By cross-border cooperation a broadened scale of economical activities can be stimulated and supported.

Tourism is seen as a common possibility for the economical development on the archipelagos and islands in the Archipelago and Islands sub-programme. The competition in the branch is however hard and demands on quality and more individual and special products are growing. By co-operation the tourism organisations and entrepreneurs within the Archipelago and Islands sub-programme area can effectively use the strengths of the Archipelago and Islands sub-programme area and provide high quality sustainable tourism products to meet the needs of the regional and international market.

The knowledge based branches represent a big potential for new types of work and economical activities in the archipelagos and on the islands and they also provide an important tool to overcome the limitations of the physical communications to the islands.

Fishing, farming, handicrafts and other traditional economical activities are still an important part of the life and the profile of the archipelagos and the islands. These traditional branches also support the tourism branch. The traditional branches however need to be adjusted to meet the needs of the future market. By supporting activities aiming to develop the traditional island economies, jobs in the small communities can be maintained and the variety of the economical structure can be promoted.

Improved physical and virtual connections give the basis for a positive economical development in the archipelagos and on the islands. The Archipelago and Islands sub-programme can support studies and small-scales investments which together with other development activities will improve the accessibility to the islands for different interest groups.

Directions of support
SUSTAINABLE TOURISM

Specific objective

- Broaden the economic activities on the islands and in the archipelagos by developing the tourism industry.
- Supply the regional and international market with high quality sustainable tourism products in the area

Indicative actions (examples)

- Common marketing activities and identification of new target groups
- Destination development activities to use the resources for tourism more efficiently, for ex. nature protection areas and cultural and historical heritage
- Promote co-operation between operators to strengthen client based supply
- Introduction and use of quality improvement systems
- Develop/invest in tourism infrastructure to meet needs from new target groups

| <i>SUSTAINABLE TOURISM</i> | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| Joint market and development activities | Number of activities | 0 | 24 |
| Organisations involved in market and development activities | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 48 |
| Result indicators | | | |
| Services or products promoted and in active use | Number of systems and products | 0 | 250 |

KNOWLEDGE BASED ECONOMY

Specific objective

- Broaden the economic activities on the islands and in the archipelagos, especially in knowledge based branches.

Indicative actions (examples)

- Competence centres – development of functional clusters, such as investments in technology centres
- Support interaction with surrounding areas and economies, tele working and networks for distance workers
- Supporting and developing accessibility to information and databases
- Increase the islands attractiveness for knowledge based companies, such as marketing campaigns
- Involve universities and other educational institutions in local development

| KNOWLEDGE BASED ECONOMY | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| Private companies involved in the projects | Number of private companies | 0 | 100 |
| Organisations involved in the projects | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 32 |
| Result indicators | | | |
| Joint market actions performed | Number of actions | 0 | 12 |
| Actions/solutions to overcome limited physical communications to the islands. | Number of actions/solutions | 0 | 50 |

DEVELOPING ARCHIPELAGO AND ISLAND SPECIFIC ECONOMIC ACTIVITIES – TRADITIONAL SMALL SCALE FARMING, FISHING, HANDICRAFTS, MARITIME HERITAGE ETC

Specific objective

- Broaden the economic activities on the islands and in the archipelagos, especially in traditional branches.

Indicative actions (examples)

- Common marketing/sales material and system/organisation
- Quality improvement, for example to develop eco efficient products
- Cross-border networks between producers/handcrafters/service and program entrepreneurs
- Incorporate culture and cultural products/activities in local economical activities, especially tourism.

| <i>DEVELOPING ARCHIPELAGO AND ISLAND SPECIFIC ECONOMIC ACTIVITIES</i> | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| Private companies involved in the projects | Number of private companies | 0 | 50 |
| Organisations involved in the projects | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 10 |
| New or further developed co-operations | Number of co-operations | 0 | 5 |
| Result indicators | | | |
| Joint market actions performed | Number of actions | 0 | 15 |
| Development of market adjusted products. | Number of products | 0 | 50 |

SUPPORTING ACCESSIBILITY TO AND INFORMATION ABOUT THE ARCHIPELAGO AND THE ISLANDS

Specific objective

- Improved physical and virtual connections in the archipelagos and on the islands

Indicative actions (examples)

- Making feasibility studies and common strategies for new connections
- Support investments for better accessibility (small harbours and air ports)
- Support community based info centres for better availability
- Support wireless broadband connections to small islands and remote areas.

| <i>SUPPORTING ACCESSIBILITY TO AND INFORMATION ABOUT THE ARCHIPELAGO AND THE ISLANDS</i> | | | |
|--|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| Actions performed to improve accessibility and information | Number of actions | 0 | 40 |
| Actors involved in accessibility activities | Number of actors | 0 | 90 |
| Studies on improved accessibility | Number of studies | 0 | 35 |
| Result indicators | | | |
| Additional population served by improved accessibility | Number of inhabitants and visitors | 0 | 50000 |
| Supported investments in improved accessibility | Number of investments /investments in euro | 0/0 | 25/100000€ |

5.3 Priority 3: Attractive and dynamic societies

| | |
|--|--|
| <p>Priority 3: Attractive and dynamic societies</p> | <p>This priority focuses on creating a better living environment for the programme area's inhabitants. Thus, it is important to address people's health, wellbeing and security as well as co-operation aiming at strengthening cultural exchange and the programme area's togetherness. Improving the quality of life for the citizen's is an important aspect of sustainable development.</p> <p>This priority deals with creating a region with equal opportunities for different groups of the population. It also supports their active participation in society. The Lisbon objective of building a more inclusive European Union is one element in achieving the strategic goal of sustainable economic growth, more and better jobs and greater social cohesion.</p> |
| <p>Examples of beneficiaries</p> | <p>Municipalities, regions, authorities and other public organisations. Universities, research institutions, special interest organisations and NGO's.</p> |

In a rapidly changing world it is important to address issues like people's wellbeing, health and security as well as culture. The challenges of globalisation also need to be counter-balanced with a sense of identity and local belonging. These are the building blocks of a vital, wellbeing and competitive region.

The challenges to be met here may vary from one sub-region to the next in the Central Baltic Programme area. Some parts have to solve problems caused by population growth, increase in property prices, lack of available land, traffic congestion, and overstretched public services. Other parts suffer from population loss, dereliction, too few jobs or low quality of life. Especially on islands and in rural areas the challenge is to improve the attractiveness of the region and to increase the quality of living to match the more well-off regions. There are thus a variety of prospects for co-operation in these different issues between the programme regions.

This programme focuses on security in the broad sense of the word. Social security encompasses health and social services as well as crime. The urban paradox is often mentioned as, although being the engines for growth and centres for business and cultural activity, urban areas also experiences great disparities between neighbourhoods. In deprived neighbourhoods, high unemployment is compounded by multiple deprivations in terms of poor housing, environment, health and education, few job opportunities and high crime rates. Addressing these concerns jointly, through exchange of experiences and best practices and through joint training schemes, common methods or institution building, leads to improved attractiveness and a better image of the whole Central Baltic programme area.

Common concerns in the health and social service sectors include, for example, access to modern, efficient and affordable services, inclusion of vulnerable groups in society. It is crucial to determine how to best tackle and improve the social situation in problem areas and for specific target groups. The use of innovative methods and know-how in health and care aimed at reducing the strain on public health services is important.

Organized crime is a concern that is a direct result of the cross-border nature of the programme area. It is an international problem that ignores national boundaries and has great negative effects on society and its inhabitants, and also poses a threat to the public

image of an area. There is a lot to be won, economically and socially, by working together in different ways to alleviate impacts of multi-faceted problems like cross-border criminal activity and help those that are affected by it.

Quality of life also encompasses increased cultural activity and people-to-people co-operation. This is the basis of all other kinds of co-operation. When people know each other they can also identify common problems and seek to solve them jointly. Through this priority the Central Baltic Programme also wishes to strengthen existing cultural and historical ties within the programme area. As a result the image and identity of the programme area will deepen. The Central Baltic Programme, therefore, promotes a vibrant cultural life in the programme area. There should be increased availability to facilities such as cultural and scientific centres, historic quarters, museums, libraries and architectural and cultural heritage sites. These, along with cultural events with a Central Baltic Programme cross-border dimension, make the programme area more attractive to citizens, businesses, workers and visitors and outline the characteristics of the programme area.

This priority deals directly with questions of equality, both between genders and other groups in society. An account of the perceived impacts on gender mainstreaming and combating discrimination must be given in the project application. The actions within this priority are expected to have only an indirect impact on the environment. Project applicants should, however, keep the horizontal goal of sustainable development in mind. Where the environmental impact is of importance, it needs to be accounted for.

Overall objective

The actions taken under this priority should lead to an increase in equal opportunities, a more attractive living environment and the active participation of citizens in society. Actions should also lead to culturally vibrant region where the inhabitants have a sense of togetherness.

5.3.1 Central Baltic programme

Under this priority issues concerning people's health, wellbeing and security are addressed. Particular topics of concern are population growth, common concerns in the social service sector and organized crime. A particular focus is placed on urban concerns like inclusion of vulnerable groups in society and the improved social situation in problem areas and for specific target groups.

Lasting cross-border cultural co-operation that establishes foundations on which a cross-border region can be built is also emphasised. Activities in this field should lead to cross-border integration which enables neighbours to preserve their "otherness" whilst giving them the opportunity to develop a cross-border region.

Directions of support

IMPROVING LIVING CONDITIONS AND SOCIAL INCLUSION

Specific objective

- Improved living conditions and increased social inclusion

Indicative actions (examples)

- Co-operation that aims to increase active participation in society of socially marginalised groups
- Co-operation in urban specific concerns (e.g. integration of minorities, drug prevention, rehabilitation of drug addicts and their integration into society, migration of rural populations to cities and prevention of organized crime)
- Co-operation in innovative methods in health and care sectors

| <i>IMPROVING LIVING CONDITIONS AND SOCIAL INCLUSION</i> | | | |
|--|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations established | Number of co-operations | 0 | 4 |
| Further developed co-operations | Number of co-operations | 0 | 5 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 25 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 9 |
| New or further developed social methods performed by the co-operations | Number of new methods | 0 | 3 |

INCREASING CULTURAL EXCHANGE

Specific objective

- Increased cultural exchange and togetherness in the programme area

Indicative actions (examples)

- Cultural co-operation aiming at strengthening cultural exchange and the area's togetherness
- Cross border cultural events, activities and people-to-people co-operation.
- Co-operation in the field of handicraft
- Co-operation in the protection and preservation of culture and historical heritage

| <i>INCREASING CULTURAL EXCHANGE</i> | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations established | Number of co-operations | 0 | 8 |
| Further developed co-operations | Number of co-operations | 0 | 7 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 40 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 15 |
| New or further developed cross-border cultural actions | Number of actions | 0 | 23 |

5.3.2 Southern Finland – Estonia sub-programme

There are close contacts between Southern Finland and Estonia in all walks of life. Cultural co-operation and people-to-people contacts have a long history. Today, the number of people moving or travelling between the countries is high and still increasing. This leads to a need for increased administrative understanding and coherency. It is necessary to understand the differences and similarities of the neighbour in order to achieve real co-operation.

The sub-programme also wants to re-enforce the region's identity and support the local culture and heritage. Culture is seen both to preserve historic values and to create a vital and dynamic society. An emphasis in all activities is put on life-long learning.

Directions of support

SOCIAL SECURITY AND WELLBEING OF DIFFERENT GROUPS IN SOCIETY

Specific objective

- Better social security and wellbeing of different groups in society.
- Increased participation of inhabitants in their local communities

Indicative actions (examples)

- Co-operation in developing health care and social services
- Co-operation to increase active participation in society
- Actions to promote equal opportunities (for elderly, drug/alcohol abusers, disabled people, marginalised groups etc.)

| SOCIAL SECURITY AND WELLBEING OF DIFFERENT GROUPS IN SOCIETY | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations established | Number of co-operations | 0 | 7 |
| Further developed co-operations | Number of co-operations | 0 | 5 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 25 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| Actions performed by the new or further developed co-operations | Number of new actions | 0 | 7 |
| New methods developed and used in the social and health sector | Number of methods | 0 | 4 |

STIMULATING AND PRESERVING OUR HERITAGE AND CULTURE

Specific objective

- Strengthened regional identity through co-operation in the cultural field, both preserving historical values and creating new cultural activities
- Increased cultural exchange and togetherness in the programme area

Indicative actions (examples)

- Co-operation in the fields of traditional culture and crafts
- Co-operation in cultural interaction

| INCREASING CULTURAL EXCHANGE | | | |
|---|--|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| New co-operations established | Number of co-operations | 0 | 5 |
| Further developed co-operations | Number of co-operations | 0 | 3 |
| Organisations involved in co-operations | Number of organisations. (One organisation can be counted several times, as long as there are different co-operations) | 0 | 25 |
| Result indicators | | | |
| Co-operations and networks sustainable when ERDF funding ends | Number of co-operations / networks | 0 | 5 |
| Joint cultural events performed | Number of events | 0 | 10 |

5.3.3 Archipelago and Islands sub-programme

The overall objective for this priority is to improve the attractiveness of the small, local communities on the islands. The structure of the projects should make it possible to effectively involve also the local actors in projects. The priority is also aimed to meet the needs on small islands, where a more holistic approach to development issues is needed. By cross-border activities the local communities can evolve joint solutions in social issues and build up networks in education, culture and leisure activities considering especially the needs of young people. Equal opportunities for both genders as well as for different age groups are stressed. The attractiveness of the island communities as living environments can be improved through better co-operation between different stakeholders. In the longer run these actions aim to increase the population on the islands and in the archipelago.

Archipelagos and islands in the Baltic Sea Region could benefit from all together three INTERREG programmes, the South Baltic and the Central Baltic Programme for cross-border cooperation and the Baltic Sea Region Programme for transnational co-operation. To avoid any overlapping and to discuss and create possible synergies between the programmes (e.g. by joint calls), the Central Baltic INTERREG IV A Programme and its JTS are seeking for close cooperation and coordination with the JTS of both the South Baltic and the Baltic Sea Region Programme.

Directions of support

SOCIAL AND DEMOGRAPHIC ISSUES, ESPECIALLY YOUNG PEOPLE

Specific objective

- Increased social and cultural vitality of the archipelago and island communities, with special focus on young people.

Indicative actions (examples)

- Supporting the building of relations and promoting the common identity
- Supporting activities in education, culture, hobbies, sport and institutions
- Promote diversity of leisure activities to meet the needs of both genders and different age groups
- To make use of potentials and knowledge of different age groups
- To exchange experiences of new methods for cooperation between different archipelago and island stakeholders, for example islanders, mainlanders, the public sector, NGO-s and empowering communities

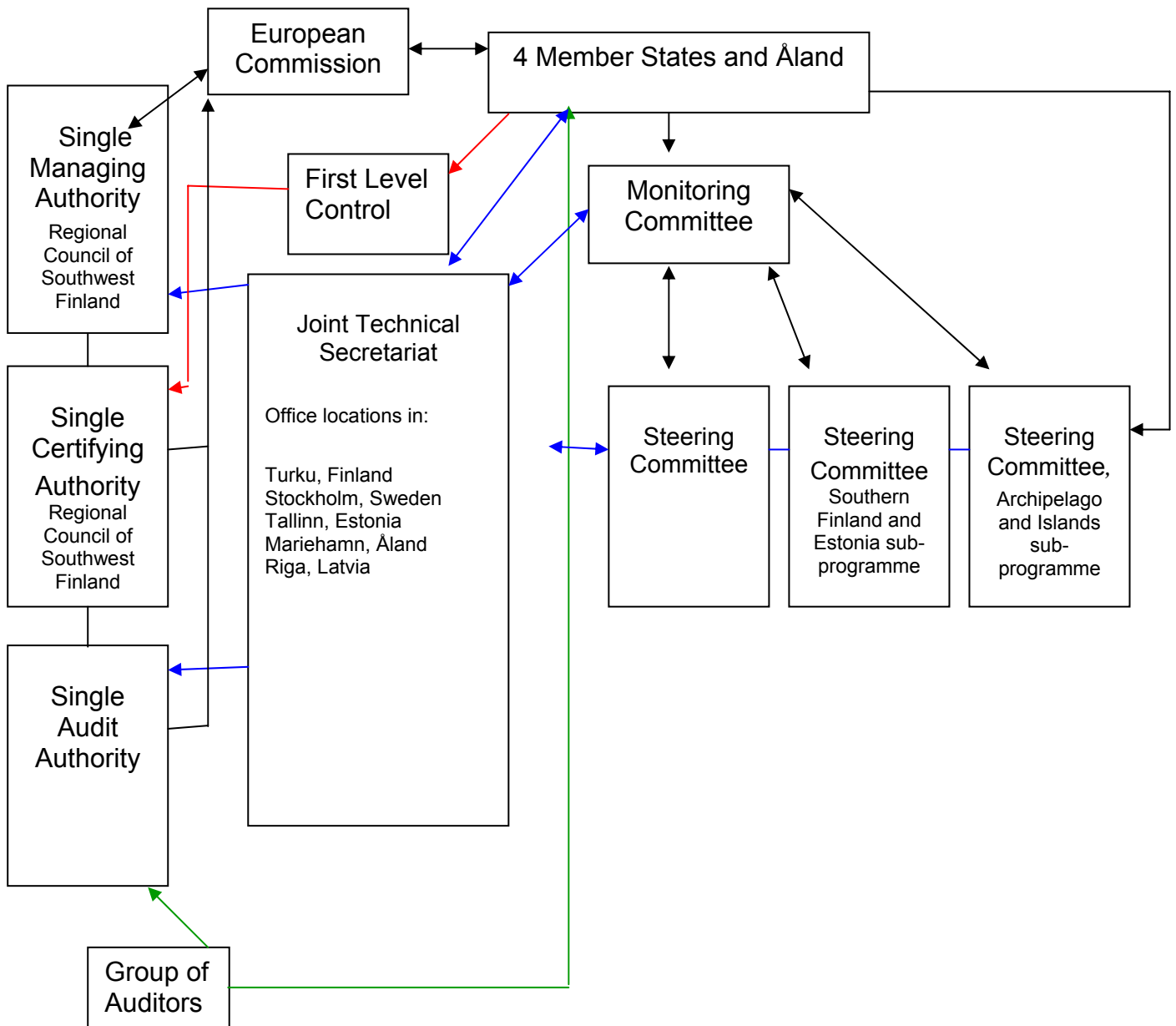
| IMPROVING LIVING CONDITIONS AND SOCIAL INCLUSION | | | |
|--|------------------------|---------------|----------------------|
| Indicator | Comment | Baseline 2007 | Expected result 2015 |
| Output indicators | | | |
| Actions to promote local living conditions | Number of actions | 0 | 30 |
| Actions in developing education and social services | Number of actions | 0 | 12 |
| Local actors involved in the projects | Number of local actors | 0 | 150 |
| Result indicators | | | |
| Additional population served by improved living conditions | Number of people | 0 | 5000 |
| New or further developed social methods performed by the co-operations | Number of people | 0 | 5000 |

5.4 Priority 4: Technical Assistance

In accordance with Article 46 of the Council Regulation (EC) No 1083/2006, the limit for Technical Assistance (TA) is set at 6% of the total ERDF amount allocated to this programme. The ERDF co-financing rate for TA is 50% and the average national co-financing rate from Member States is 50%. The total TA is 12,3 million Euro.

6. IMPLEMENTATION OF THE PROGRAMME

Programme Organisation Structure



6.1 Monitoring Committee

In accordance with Article 63 of the General Regulation, the Member States/Åland participating in the programme will set up a joint Monitoring Committee, in agreement with the Managing Authority, within three months starting from the date of the notification of the Commission's decision approving the programme to the Member States/Åland.

6.1.1 Tasks of the Monitoring Committee

In accordance with article 65 of the General Regulation, the Monitoring Committee shall satisfy itself as to the effectiveness and quality of the implementation of the operational programme, in accordance with the following provisions:

(a) it shall consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;

(b) it shall periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the Managing Authority;

(c) it shall examine the results of implementation, particularly the achievement of the targets set for each priority axis and the evaluations referred to in Article 48(3) of the General Regulation;

(d) it shall consider and approve the annual and final reports on implementation referred to in Article 67 of the General Regulation;

(e) it shall be informed of the annual control report, (or of the part of the report referring to the operational programme concerned,) and of any relevant comments the Commission may make after examining that report (or relating to that part of the report);

(f) it may propose to the Managing Authority any revision or examination of the operational programme likely to make possible the attainment of the Fund's objectives referred to in Article 3 of the General Regulation or to improve its management, including its financial management;

(g) it shall consider and approve any proposal to amend the content of the Commission decision on the contribution from the Fund.

Furthermore the Monitoring Committee shall

- decide on the execution of evaluations as referred to in Article 48(3) of the General Regulation to be financed from the budget for technical assistance (Article 47(4) of the General Regulation);
- approve the communication plan as defined in Article 2(2) of Commission Regulation (EC) No 1828/2006 of 27.12. setting out rules for the implementation of the General Regulation (hereinafter referred to as "Implementation Regulation") and

- drawn up by the Managing Authority before they are sent to the Commission; the same applies in case of major amendments to the communication plan
- approve the Programme Manual and major amendments to it;
 - approve the use of Technical Assistance and the work plan of the Joint Technical Secretariat;
 - confirm the description of the management and control systems of the programme as required by Article 71(1) of the General Regulation and Article 21 of the Implementation Regulation before it is submitted to the European Commission. MA updates the description once a year and sends it after the Monitoring Committee confirmation to the Commission;
 - decide to set up task forces in order to support the implementation of the programme. Detailed rules on the establishment of task forces shall be laid down in the Committee's rules of procedure;
 - defines the composition(s) of the Steering Committees for the organization meetings of the Steering Committees in accordance with the stipulations on composition in section 6.2.
 - adopt the rules of procedure for Steering Committees on their proposal

6.1.2 Composition of the Monitoring Committee, chairmanship, decision making

In accordance with Article 14(3) of the ERDF Regulation, each Member State/Åland participating in the programme shall appoint representatives to sit on the Monitoring Committee.

The Monitoring Committee shall have a limited number of representatives from both national and regional level of the Member States/Åland participating in the programme, to ensure efficiency and broad representation.

The Committee composition:

- Maximum 8 representatives of each Member State participating in the programme of national and regional level and representatives of economic and social partners, including, as a minimum requirement, a representative of the national authority responsible for the Programme;
- Maximum two representatives of Åland;
- A balanced representation of men and women should be strived for.

At its own initiative or at the request of the Monitoring Committee, a representative of the Commission shall participate in the work of the Monitoring Committee in an advisory capacity (Article 64(2) of the General Regulation). Representatives of the Managing Authority, the Certifying Authority, and, where appropriate, the Audit Authority, shall participate in the work of the Monitoring Committee in an advisory capacity. The Joint Technical Secretariat shall assist the work of the Monitoring Committee.

The Monitoring Committee shall be chaired by representatives of the Member States participating in the programme. Applying a rotation principle, chairmanship and co-chairmanship shall change annually. Finland as the host state of Managing Authority, will

chair the first year. The order of chairmanship and co-chairmanship will be determined in the Committee's rules of procedure.

Decisions by the Monitoring Committee shall be made by consensus among the national delegations of the Member States/Åland participating in the programme (one vote per delegation). Meetings of the Monitoring Committee shall be held at least twice a year. Decisions may be taken via written procedure.

Details on composition, chairmanship and decision making in the Monitoring Committee will be determined in the rules of procedure of the Committee.

6.1.3 Rules of procedure of the Monitoring Committee

At its first meeting after the Commission's approval of the programme, the Monitoring Committee shall draw up its rules of procedure and adopt them in agreement with the Managing Authority in order to exercise its missions in accordance to the General Regulation and the ERDF Regulation.

6.2 Steering Committees

The Central Baltic Programme as well as each of the two sub-programmes have their own Steering Committee, which shall

- approve the application package before the first call for applications is launched by the Joint Technical Secretariat and major amendments to the application package;
- select operations for funding and (Article 19(3) of the ERDF Regulation);
- report to the Monitoring committee on programme implementation;

The composition of the Committees:

All three Steering Committees are open for participation by representatives of participating national, regional and local level authorities. A representative of the Commission may attend the meetings as an observer. Environmental authorities are represented in the Committee. A balanced representation of men and women should be strived for.

In the Central Baltic Programme Steering Committee, Estonian and Latvian representatives could be the same as their representatives in the Monitoring Committee. Furthermore, Finnish and Swedish regional level representatives of the Steering Committee could also be the same as their regional level representatives in the Monitoring Committee.

The chairpersons of the Steering Committees of the two sub-programmes shall participate in the work of the Central Baltic Programme Steering Committee.

The Central Baltic Programme Monitoring and Steering Committees shall strive for meeting venues and times that take into account the double representation in the two

committees by the same members and enable the participation of the chairpersons of the sub-programme Steering Committees.

The members of the Steering Committees shall be appointed as soon as possible after the members of the Monitoring committee have been nominated and the Monitoring Committee has defined the composition of the Steering Committees.

At its first meeting after the Commission's approval of the programme, each Steering Committee shall draw up a proposal for its rules of procedure in agreement with the Managing Authority. The composition of the Committees, decision making procedures and voting rights i.a. are defined in those rules. The Monitoring Committee makes the decision on the adoption of the rules.

6.3 Managing Authority

6.3.1 Functions of the Managing Authority

In accordance with Article 60 of the General Regulation and Articles 14(1), 15 of the ERDF Regulation, a single Managing Authority shall be responsible for managing and implementing the operational programme in accordance with the principle of sound financial management and in particular for:

(a) ensuring that operations are selected for funding in accordance with the criteria applicable to the operational programme and that they comply with applicable Community and national rules for the whole of their implementation period; For the purpose of the selection and approval of operations under Article 60(a) of the General Regulation, the Managing Authority shall ensure that beneficiaries are informed of the specific conditions concerning the products or services to be delivered under the operation, the financing plan, the time limit for execution, and the financial and other information to be kept and communicated. It shall satisfy itself that the beneficiary has the capacity to fulfil these conditions before the approval decision is taken by the Steering Committee (Article 13(1) of the Implementation Regulation);

(b) satisfying itself that the expenditure of each beneficiary participating in an operation has been validated by the controller referred to in Article 16(1) of the ERDF Regulation (Article 15(1) of the ERDF Regulation);

(c) ensuring that there is a system for recording and storing in computerised form accounting records for each operation under the operational programme and that the data on implementation necessary for financial management, monitoring, verifications, audits and evaluation are collected; the accounting records of operations and the data on implementation shall include the information set out in Annex III to the Implementation Regulation. The Managing Authority, the Certifying Authority and the Audit Authority shall have access to this information (Article 14(1) of the Implementation Regulation);

(d) ensuring that beneficiaries and other bodies involved in the implementation of operations maintain either a separate accounting system or an adequate accounting code for all transactions relating to the operation without prejudice to national accounting rules;

(e) ensuring that the evaluations of operational programmes referred to in Article 48(3) of the General Regulation are carried out in accordance with Article 47 of the General Regulation;

(f) setting up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90 of the General Regulation;

(g) ensuring that the Certifying Authority receives all necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification;

(h) guiding the work of the Monitoring Committee and providing it with the documents required to permit the quality of the implementation of the operational programme to be monitored in the light of its specific goals;

(i) drawing up and, after approval by the Monitoring Committee, submitting to the Commission the annual and final reports on implementation in accordance with Article 67 of the General Regulation and Article 11 (2) of the Implementation Regulation;

(j) ensuring compliance with the information and publicity requirements laid down in Article 69 of the General Regulation;

Furthermore the Managing Authority shall:

- set up a Joint Technical Secretariat (Art. 14(1) of the ERDF Regulation);
- conclude a subsidy contract with the Lead Partner
- lay down the implementing arrangements for each operation in agreement with the Lead Partner (Article 15(2) of the ERDF Regulation);
- in collaboration with the Monitoring and Steering Committees, carry out monitoring by reference to financial indicators and the indicators referred to in Article 12(4) of the ERDF Regulation specified in the programme (Article 66(2) of the General Regulation);
- in collaboration with the Commission, annually examine the progress made in implementing the programme, the principle results achieved over the previous year, the financial implementation and other factors with a view to improving implementation (Article 68(1) of the General Regulation);
- inform the Monitoring Committee of the comments made by the Commission after the annual examination of the programme as defined in Article 68 of the General Regulation (Article 68(2) of the General Regulation);
- confirm the selection of operations outside the eligible area as referred to in Articles 21(1) and 21(3) of the ERDF Regulation (Article 21(4) of the ERDF Regulation);
- in collaboration with the Audit Authority, draft the description of the management and control systems of the programme as required by Article 71(1) of the General Regulation and Articles 21 - 24 of the Implementation Regulation.

In accordance with Article 59(3) of the General Regulation, the Managing Authority shall carry out its tasks in full accordance with the institutional, legal and financial systems of the Republic of Finland.

6.3.2 Designation of the Managing Authority

The Member States/Åland participating in the programme decided to designate the

Regional Council of Southwest Finland (Programme Department)
P.O. Box 273
20101 Turku
Finland
<http://www.varsinais-suomi.fi/>

to fulfil the functions of the Managing Authority.

In accordance with Article 59(3) of the General Regulation, the Member States/Åland participating in the programme will lay down rules governing their relations with the Managing Authority and its relations with the European Commission. For this purpose, each Member State and Åland participating in the programme will make an agreement with the Managing Authority of identical type and wording.

6.4 Certifying Authority

6.4.1 Functions of the Certifying Authority

In accordance with Article 61 of the General Regulation and Articles 14(1), 17(2) of the ERDF Regulation, a single Certifying Authority of the programme shall be responsible in particular for:

(a) drawing up and submitting to the Commission certified statements of expenditure and applications for payment in accordance with Articles 78, 79(2), 81(1) of the General Regulation and Article 20 of the Implementation Regulation;

(b) certifying that:

(i) the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;

(ii) the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules;

(c) ensuring for the purposes of certification that it has received adequate information from the Managing Authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure;

(d) taking account for certification purposes of the results of all audits carried out by or under the responsibility of the audit authority;

(e) maintaining accounting records in computerised form of expenditure declared to the Commission;

(f) keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the European Union prior to the closure of the operational programme by deducting them from the next statement of expenditure.

Furthermore the Certifying Authority shall be responsible for

- receiving the payments made by the Commission (pre-financing, interim payments and the payment of the final balance as defined in Article 76(2) of the General Regulation) and making payments to the Lead Partner (Article 14(1) of the ERDF Regulation);
- at the latest by 30 April each year, sending the Commission a provisional forecast of its likely payment applications for payment for the current financial year and the subsequent financial year (Article 76(3) of the General Regulation);
- posting any interest generated by the pre-financing (Article 82(1) of the General Regulation) to the programme, being regarded as resource for the Member States participating in the programme in the form of a national public contribution. It shall be declared to the Commission at the time of the final closure of the programme (Article 83 of the General Regulation);
- sending requests for interim payments, as far as possible, on three separate occasions a year. For a payment to be made by the Commission in the current year, the latest date on which an application for payment shall be submitted is 31 October (Article 87(1) of the General Regulation);
- ensuring that the Lead Partner receive the total amount of the public contribution as quickly as possible and in full. No amount shall be deducted or withheld, and no specific charge or other charge with equivalent effect shall be levied that would reduce these amounts for the Lead Partner (Article 80 of the General Regulation);
- without prejudice to the Member States' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid, ensuring that any amount paid as a result of an irregularity is recovered from the Lead Partner (Article 17(2) of the ERDF Regulation).
- by 31 March each year as from 2008, sending to the Commission a statement on withdrawn and recovered amounts as well as pending recoveries as defined in Article 20 (2) of the Implementing Regulation.

The ERDF contribution to the programme shall be paid to a single account (Article 17(1) of the ERDF Regulation) of the Regional Council of Southwest Finland.

In accordance with Article 59(3) of the General Regulation, the Certifying Authority shall carry out its tasks in full accordance with the institutional, legal and financial systems of the Republic of Finland.

6.4.2 Designation of the Certifying Authority

The Member States participating in the programme, decided to designate the

Regional Council of Southwest Finland (Administration Department)
P.O. Box 273
20101 Turku
Suomi
www.varsinais-suomi.fi

to fulfil the functions of the Certifying Authority.

In accordance with Article 59(3) of the General Regulation, the Member States and Åland participating in the programme will lay down rules governing their relations with the Certifying Authority and its relations with the European Commission. For this purpose, each Member State and Åland participating in the programme will make an agreement with the Certifying Authority of identical type and wording.

6.5 Audit Authority

6.5.1 Functions of the Audit Authority

In accordance with Article 62 of the General Regulation, a single Audit Authority of the programme shall be responsible in particular for:

- (a) ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme;
- (b) ensuring that audits are carried out on operations on the basis of an appropriate sample to verify expenditure declared; the audits shall be carried out in accordance with Articles 16 and 17 of the Implementation Regulation;
- (c) presenting to the Commission within nine months of the approval of the operational programme an audit strategy covering the bodies which will perform the audits referred to under points (a) and (b), the method to be used, the sampling method for audits on operations and the indicative planning of audits to ensure that the main bodies are audited and that audits are spread evenly throughout the programming period, the audit strategy shall be established in accordance with Article 18(1) of the Implementation Regulation;
- (d) by 31 December each year from 2008 to 2015:

(i) submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 month-period ending on 30 June of the year concerned in accordance with the audit strategy of the operational programme and reporting any shortcomings found in the systems for the management and control of the programme. The first report to be submitted by 31 December 2008 shall cover the period from 1 January 2007 to 30 June 2008. The information concerning the audits carried out after 1 July 2015 shall be included in the final control report supporting the closure declaration referred to in point (e);

(ii) issuing an opinion, on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control system functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular.

The annual control report and the opinion referred to in i) and ii) shall be drawn up in accordance with Article 18(2), 18(4) of the Implementation Regulation.

(iii) submitting, where applicable under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned; the declaration referred to in Article 88 of the General Regulation shall be drawn up in accordance with Article 18(5) of the Implementation Regulation and submitted with the opinion referred to in point d) ii).

(e) submitting to the Commission at the latest by 31 March 2017 a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report. The closure declaration and the final control report shall be drawn up in accordance with Article 18(3), 18(4) of the Implementation Regulation.

The Audit Authority shall ensure that the audit work takes account of internationally accepted audit standards.

Where the audits and controls referred to in points (a) and (b) are carried out by a body other than the Audit Authority, the Audit Authority shall ensure that such bodies have the necessary functional independence.

Furthermore the Audit Authority shall:

- draw up the report and the opinion referred to in Article 71(2) of the General Regulation. To fulfil this task, the Audit Authority may contract a public or private body functionally independent of the Managing Authority and Certifying Authority; this body shall carry out its work taking account of internationally accepted audit standards (Article 71(3) of the General Regulation). The report and the opinion referred to in Article 71(2) of the General Regulation shall be drawn up in accordance with Article 25 of the Implementation Regulation;
- chair the Group of Auditors (Article 14(2) of the ERDF Regulation); i.a., chairmanship shall include convening the Group of Auditors to meetings at regular intervals, setting up the respective agenda, etc.

In accordance with Article 59(3) of the General Regulation, the Audit Authority shall carry out its tasks in full accordance with the institutional, legal and financial systems of the Republic of Finland.

6.5.2 Designation of the Audit Authority

According to Article 14(1) of the ERDF Regulation, the single Audit Authority shall be situated in the Member State of the Managing Authority, i.e. in Finland. Furthermore, according to the Finnish national Structural Funds Act, in the European territorial cooperation objective programmes the Audit Authority shall be situated in the same organisation as the Managing Authority. Therefore the Regional Council of Southwest Finland is designated to act also as Audit Authority of the programme:

Regional Council of Southwest Finland
P.O. Box 273
20101 Turku
Suomi
www.varsinais-suomi.fi

Under Article 58 of the General Regulation the management and control systems of the operational programmes shall provide for the definition of the functions of the bodies concerned on management and control and the allocation within each body. The Finnish national Structural Funds Act also strictly requires that the Audit Authority shall be functionally independent from the Managing Authority and the Certifying Authority. The Audit Authority is not liable of receiving any orders from other departments or from the executive director of the Regional Council according to the modified internal administrative rule of the Regional Council. All the legally binding documents on AA-matters are signed by the Audit Authority (holder of the office) only.

The Audit Authority will co-operate with the Audit Authority of the Finnish national competitiveness and employment objective programmes

The Audit Authority may contract a public or private body functionally independent of the Managing Authority and the Certifying Authority to carry out duties referred to in art 62 of the General Regulation (1083/2006) and shall ensure such bodies have the necessary functional independence. The Audit Authority of the Finnish national competitiveness and employment objective programmes will help to select this body.

The official within the Audit Authority will be highly qualified and experienced in wide range of public auditing, reporting and assessing with relevant degrees in accounting, finance or law.

In accordance with Article 59(3) of the General Regulation, the Member States/Åland participating in the programme will lay down rules governing their relations with the Audit Authority and its relations with the European Commission. For this purpose, each Member State/Åland participating in the programme will make an agreement with the Audit Authority of identical type and wording.

6.6 Principle of Separation of Functions

According to the Article 59(4) of the General Regulation, some or all authorities referred to in Article 58(1) of the General Regulation may be located within the same body.

To provide for the respect of the principle of separation of functions between the Managing Authority, the Certifying Authority and Auditing Authority (Article 58(b) of the General Regulation), Regional Council of Southwest Finland ensures within its organisational framework that the functions mentioned above are fulfilled by three separate departments, each of them allocated to only one of the managing directors of Regional Council of Southwest Finland. By issuing a modified internal administrative rule on the separation of functions the Regional Council of Southwest Finland assures the genuine independence of the respective units (MA, AA, CA). All legally binding documents on MA, CA and AA issues are to be signed by the holders of the respective offices excluding the executive director from the decision making of the MA, CA and AA units.

Separation of tasks and functions is described in Annex 6.

6.7 Group of auditors

The Audit Authority for the programme shall be assisted by a group of auditors comprising of a representative of each Member State/Åland participating in the programme carrying out the duties provided for in Article 62 of the General Regulation. Each member state shall designate an auditor within 2 months of the decision approving of the programme. The group of auditors shall be set up at the latest within three months of the decision approving the programme. It shall draw up its own rules of procedure. It shall be chaired by the Audit Authority for the programme (Article 14(2) of the ERDF Regulation).

The auditors shall be independent of the control system referred to in Article 16(1) of the ERDF Regulation.

6.8 Joint Technical Secretariat

6.8.1 Set-up and operation

In accordance with Article 14(1) of the ERDF Regulation, the Managing Authority shall set up a Joint Technical Secretariat (hereinafter referred to as JTS).

The main office of the JTS shall be located in Turku, Finland. Its actions are taken in the name of

Regional Council of Southwest Finland
P.O. Box 273
20101 Turku Finland
Tel +358 2 2100900

In addition, there will be sub-secretariats or info points in Stockholm, Tallinn, Mariehamn and in Riga. These will have different roles and responsibilities in the implementation of the programme.

The JTS Main Office in Turku has the overall coordination responsibility for the Central Baltic INTERREG IV A Programme 2007-2013 including publicity and information activities and the secretarial support for the Monitoring Committee. In addition, the JTS Main Office in Turku is responsible for the Central Baltic Programme and the secretarial support for its Steering Committee. Tasks also include project generation as well as assistance and guidance to potential applicants in the Central Baltic programme area and everyday project implementation helpdesk for programme beneficiaries (lead partners and partners).

The sub-secretariats in Mariehamn and Tallinn have the responsibility for the Archipelago and Islands Sub-programme (Mariehamn) and the Southern Finland – Estonia Sub-programme (Tallinn) and for the secretarial support for the respective two Steering Committees. Both sub-secretariats are also responsible for project generation as well as for assisting and advising potential project applicants and programme beneficiaries in their respective sub-programme areas and for information and publicity activities with a special focus on these areas.

The Info Points in Stockholm and Riga have information and publicity responsibilities, with a special focus on the Central Baltic Programme area. In addition, the Info Points support the project generation by advising and assisting potential project applicants and programme beneficiaries.

Even though the different offices focus on different parts of the programme, all offices are able to give basic advice to applicants and interested parties on all parts of the programme. The details of the tasks of the JTS, sub-secretariats and info points will be laid down in the rules of procedure for the JTS.

The JTS shall have international staff. The recruitment for all locations shall be carried out in co-operation with the Regional Council of Southwest Finland and Member States/Åland. The JTS shall be led by a Head of the Joint Technical Secretariat responsible for the main JTS, the sub-secretariats and the info points.

More detailed rules on the operation of the JTS shall be included in Rules of Procedure of JTS annexed to the agreements between the Member States/Åland participating in the programme and the Managing Authority.

6.8.2 Tasks of the Joint Technical Secretariat

The JTS shall be the central contact point both for the public interested in the programme, potential partners and selected/running operations. It shall be in charge of the day-to-day implementation of the programme. The JTS shall assist the Managing Authority, the Monitoring, Steering Committees and the Audit Authority in carrying out their respective duties.

Before and during the calls for proposal the JTS will organise project generation and information activities, including information seminars, project preparation meetings etc. The calls of proposals can be open or targeted and limited. This is up to the Steering Committees to decide.

Advisory tasks will take place in all offices, registration of project applications though only in Turku.

The technical check of the funding applications will take place in Turku, in the main Secretariat. This check is carried out with help of a checklist. The purpose of the checklist is to guarantee that all documents needed are properly prepared.

The Head of the Joint Technical Secretariat decides together with the staff who will have the main responsibility of the preparations of a proposal. Plans of the time table are made together.

The JTS offices shall have daily working contacts. The preparation of the proposals and financing decisions will be carried out in an interactive manner between the offices according to the above mentioned general division of tasks between the JTS Main Office, sub-secretariats and info points. The main Secretariat in Turku will be the coordinator also in developing the daily working routines, networking systems and team work abilities among the offices.

The JTS offices according to the above mentioned general division of tasks between the JTS Main Office, sub-secretariats and info points shall work to get the national statements and assessments needed for the decision making of the funding. They have an active role in spreading information on a national level, giving advice to the applicants and being part of the project evaluation and selection routines before decision making.

The Head of Secretariat will carry the main responsibility of all the Steering Committees and Monitoring Committee meetings. All offices will assist these meeting preparations.

The final cross-check of the financial tables will be carried out in Turku before the final approval of the MA.

Moreover the JTS shall:

- present a work plan to the Monitoring Committee once a year for approval
- distribute information about the programme;
- organise activities to promote the programme and to support generation, development and implementation of operations;
- advise (potential) partners and Lead Partners on the programme;
- receive, register and assess applications for operations;
- act as secretariat of the Monitoring Committee and Steering Committees, i.a. organise their meetings, draft the minutes, prepare, implement and follow up its decisions, etc.; the same shall apply with regard to task forces set up by the Monitoring Committee;
- monitor progress, including financial progress, made by selected operations by checking reports;
- co-operate with organisations, institutions and networks relevant for the objectives of the programme. In doing so, the JTS should focus on the Central Baltic Region.

The tasks of the entire JTS will be carried out under the responsibility of the Managing Authority.

7. LEAD PARTNERS AND PARTNERS

7.1. Definition of Lead Partners and other Partners

Taking into account Article 2(4) of the General Regulation, whereby the term “beneficiary” is defined as “an operator, body or firm, whether public or private, responsible for initiating or initiating and implementing operations”, the following legal entities may be funded by the Programme as beneficiaries of an operation:

- (a) local and regional authorities
- (b) state organisations
- (c) organisations established for general interest needs as defined in the programme manual
- (d) non-governmental organisations as defined in the programme manual
- (e) private enterprises (only in the Southern Finland – Estonia sub-programme)

In the Southern Finland – Estonia sub-programme private enterprises may in Finland be funded according to the State aid rules applicable at the point of time when the public support is granted. In Estonia private enterprises may be funded according to the “de minimis rule”.

Legal entities not falling in one of the above categories are welcome to participate in operations additionally (“Additional Partner”). Additional Partners have to finance their activities from own resources and are not entitled to receive ERDF funding from the Programme.

The term “Lead Partner” used in this Programme shall be a synonym for the term “lead beneficiary” as defined in Article 20(1) of the ERDF Regulation, and the term “Project Partner” shall be a synonym for the term “other beneficiary” as defined in Article 20(2) of the ERDF Regulation.

7.2 Location of Lead Partners and other Partners to receive ERDF funding from the programme

As a general rule, partners of selected projects have to come from regions in at least two Member States including the adjacent areas (cf. overview in chapter 2, point 2.1).

The (Lead) Partner/s of projects within Central Baltic Programme shall be located in any country within the programme area including the adjacent areas. The (Lead) Partner/s of projects within the Southern Finland – Estonia sub-programme (SFE) shall be located in the participating regions in Finland and Estonia, excluding the Åland Islands. The (Lead) Partner/s of projects within the Archipelago and Islands sub-programme (AI) shall be located in Estonia, Finland (including Åland Islands) or Sweden including the adjacent regions. The general principle in defining the eligible areas is that all regions having islands should be eligible.

These partners shall cooperate in at least two of the following ways for each operation: joint development, joint implementation, joint staffing and joint financing. Selected operations fulfilling these conditions may be implemented in a single country provided that they have been presented by entities belonging to at least two Member States (Article 19(1) ERDF Regulation).

7.2.1 Adjacent areas according to the Article 21(1) of the ERDF Regulation

The Monitoring Committee may give guidance on the use of ERDF funding according to Article 21(1) for expenditure incurred in implementing operations or parts of operations in above (cf. chapter 2, point 2.1) mentioned adjacent areas, up to a limit of 20 % of the amount of ERDF contribution to the Central Baltic Programme.

7.2.2 Expenditure incurred in operations outside the European Community

In accordance with Article 21(3) of the ERDF Regulation and subject to the confirmation of the Managing Authority, expenditure incurred by the aforementioned (section 7.1) Lead Partners or other partners in implementing operations or parts of operations on the territory of countries outside the European Community may be financed up to the limit of 10 % of the amount of the ERDF contribution to the Central Baltic Programme, where such expenditure is for the benefit of the regions of the programme area. All the costs generated using this option must be paid by partners located in the Central Baltic Programme area.

The Monitoring Committee may give guidance on the use of ERDF funding according to Article 21(3) on expenditure incurred in implementing operations on the territory of countries outside the European Community.

7.3 Responsibilities of Lead Partners and other Partners

For each operation as defined by Article 2(3) of the General Regulation, a Lead Partner shall be appointed by the partners among themselves. The Lead Partner shall assume the following responsibilities (Article 20(1) of the ERDF Regulation):

It shall lay down the arrangements for its relations with the partners:

- participating in the operation in an agreement comprising, *inter alia*, provisions guaranteeing the sound financial management of the funds allocated to the operation, including the arrangements for recovering amounts unduly paid;
- it shall be responsible for ensuring the implementation of the entire operation;
- it shall ensure that the expenditure presented by the partners participating in the operation has been paid for the purpose of implementing the operation and corresponds to the activities agreed between the partners participating in the operation;
it shall verify that the expenditure presented by the partners participating in the operation has been validated by the controllers;

- it shall be responsible for transferring the ERDF contribution to the partners participating in the operation.

Each partner participating in the operation shall:

- assume responsibility in the event of any irregularity in the expenditure which it has declared (Article 20(2)(a) of the ERDF Regulation);
- repay the Lead partner the amounts unduly paid in accordance with the existing agreement between them (Article 17(2) of the ERDF Regulation);
- be responsible for information and communication measures for the public as laid down in Article 8 of the Implementation Regulation;
- keep available all its documents related to the operation in accordance with requirements of Article 90 of the General Regulation.

8. GENERATION, APPLICATION AND SELECTION OF OPERATIONS

8.1. Support for generation and implementation of operations

The Joint Technical Secretariat (JTS) will proactively support Lead Partners and Project Partners throughout the life cycle of operations, i.e. during preparation starting from stimulation of project ideas, development and implementation until finalisation of the respective operation.

Below potential pro-active measures are listed. Their implementation by the JTS is subject to the availability of staff and material resources. Details will be laid down in the Programme Manual.

8.1.1. Measures to support generation of operations

- (a) Everyday contact of JTS with applicants to answer technical questions, such as eligibility of ideas, partner composition, selection criteria, budgetary aspects, application conditions etc. In the case of targeted calls or tendering for specific operations, the JTS will be actively involved in the development of operations, possibly supported by specific external experts.
- (b) Operation of a programme website, including a section on frequently asked questions (FAQ) and a project idea database. Lead applicant seminars;
- (c) Thematic seminars – focusing on one or several priorities;
- (d) Financial support of certain preparation costs for operations.

8.1.2. Measures to support implementation of operations

- (a) Series of Lead Partner seminars with management focus (e.g. project management, financial management/auditing, communication) to provide the Lead Partners with knowledge on how to implement operations;
- (b) Ad-hoc meetings with JTS project/financial managers to discuss the progress of implementation of a respective operation;
- (c) Quality workshops with content related training for on-going operations to steer the operations towards the results expected at the Programme level, to accumulate the expertise of the operations for the Programme needs, and to allow for exchange of ideas among owners of operations;
- (d) Individual consultations of operations when needed, e.g. based on the issues arisen during monitoring of the progress reports of the operations or in self-evaluations made by the operations;
- (e) Database of approved projects;
- (f) Intensive use of various mailings lists and feed-back channels.

8.2 Submission and assessment of applications

The applications for ERDF-funding shall be submitted to the JTS in English according to the procedures defined in the Programme Manual.

The assessment procedure consists of a technical eligibility check carried out by the JTS on behalf of the MA, quality evaluation and assessment of strategic relevance.

The JTS will be responsible for the evaluation of technical aspects of the quality evaluation, such as eligibility of the topic, number and consistency of the partners, the Lead Partner's capacity to manage the project implementation, the eligibility and consistency of the proposed budget plan etc. The quality evaluation process will be based on predefined quality assessment criteria.

The technical eligibility and quality assessment criteria will be determined in the Programme Manual.

The final assessment of the strategic relevance of project applications will be undertaken by the Steering Committees.

8.3 Selection of operations

Operations will be selected for funding by the Steering Committee of the Central Baltic Programme or one of its sub-programmes. Detailed rules on decision making will be included in the common rules of procedure of the Steering Committees.

8.4 Contract between the Managing Authority and the Lead Partner

Following the decision of the Steering Committees to approve an application for funding, the Managing Authority will prepare a subsidy contract to be made with the Lead Partner of the approved operation.

9. MANAGEMENT AND CONTROL OF THE PROGRAMME

General provisions with regard to the Member States' responsibilities for the management and control of operational programmes under the "European territorial cooperation" objective have been laid down in Articles 70 and 71 of the General Regulation and in Chapter 3, Section 3 of the ERDF Regulation, in particular Articles 16 and 17(3) thereof.

This section of the programme is intended to define how these provisions shall apply to the Central Baltic Programme.

9.1 Validation of expenditure (first level control)

Article 16(1) of the ERDF Regulation stipulates that in order to validate the expenditure, each Member State/Åland shall set up a control system making it possible to verify the delivery of the products and services co-financed, the soundness of the expenditure declared for operations or parts of operations implemented on its territory, and the compliance of such expenditure and of related operations, or parts of those operations, with Community and its national rules.

For this purpose each Member State /Åland participating in the programme shall designate controllers responsible for verifying the legality and regularity of the expenditure declared by each partner (Lead Partner or other partners) participating in the operation.

Considering Articles 21 – 24 of the Implementation Regulation, in particular Article 22(d) and Article 24(a), each Member State/Åland participating in the programme shall draw up a description of the control system set up in accordance with Article 16(1) of the ERDF Regulation. These descriptions shall be submitted to the Audit Authority and the Managing Authority at the latest within three months after the Commission's decision approving the Central Baltic Programme. They shall be incorporated in the description of the management and control systems referred to in Article 71(1) of the General Regulation.

The Lead Partner shall verify that the expenditure presented by the partners participating in the operation has been validated by the controllers. Each Member State/Åland participating in the programme shall ensure that the expenditure can be validated by the controllers within a period of three months (Article 16(2) of the ERDF Regulation).

In order to enable the Managing Authority to satisfy itself that the expenditure of each partner participating in an operation has been validated by the controller referred to in Article 16(1) of the ERDF Regulation, the Member States/Åland participating in the Programme shall without delay inform the Joint Technical Secretariat once the controllers have been designated. Information shall continuously be updated in case of any changes.

The certification costs are included within the project budget in accordance with the control system of Member States/Åland. The costs are eligible.

Sample checks will be carried out by CA in order to certify the quality of first level control.

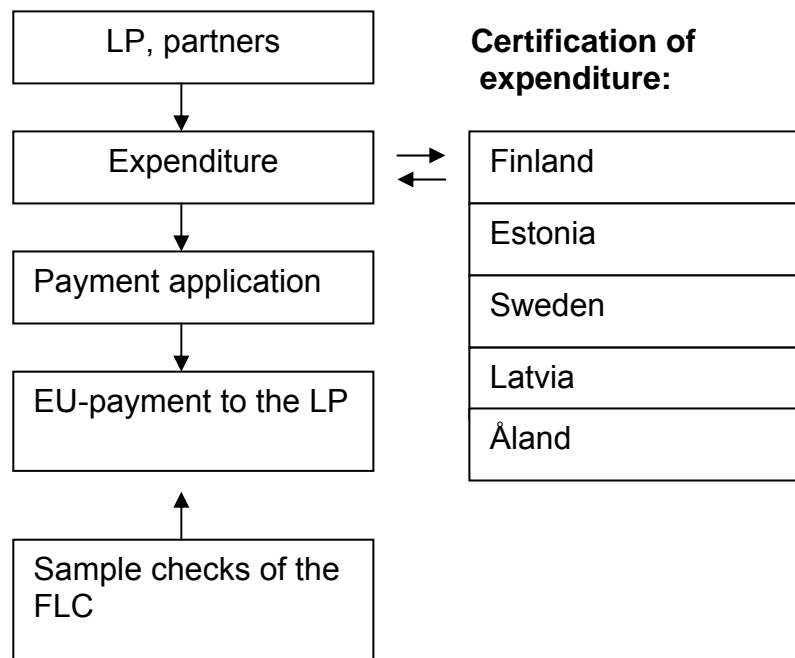


Figure: Certification system

9.2 Recovery of ERDF funding

The Member States/Åland shall, in accordance with Articles 70 and 98 of the General Regulation, detect and correct irregularities, notify these to the Commission and keep the Commission informed of the progress concerning administrative and legal proceedings. The Member State/Åland in which the expenditure was paid carries the responsibility to report irregularities to the Commission and the Managing, Certifying and Audit Authority.

Without prejudice to the Member States' responsibility for detecting and correcting irregularities and for recovering amounts unduly paid (Article 70(1)(b) of the General Regulation), the Certifying Authority shall ensure that any amount paid as a result of an irregularity is recovered from the Lead Partner. The partners shall repay the Lead Partner the amounts unduly paid in accordance with the agreement existing between them (Article 17(2) of the ERDF Regulation).

If the Regional Council of Southwest Finland gains knowledge of irregularities, it shall without delay inform the Monitoring Committee and those Member States/Åland who would be liable in case of a right of recourse.

If the Lead Partner does not succeed in securing repayment from a partner, the Member State/Åland on whose territory the relevant partner is located shall reimburse the Certifying Authority the amount unduly paid to that partner (Article 17(3) of the ERDF Regulation).

9.3. Closure of assistance

In order to receive final payment, Certifying Authority shall send a payment application to the European Commission by 31 March 2017. The application shall be followed with information in accordance with Article 89 of the General Regulation.

The Auditing Authority shall draw up the declaration of closure referred to in Article 62(e) and of partial closure referred to in Article 62 (diii)

10. MONITORING SYSTEM AND EVALUATION REQUIREMENTS

The monitoring system is a database for programme implementation and management. The monitoring system will provide support for the applicants and for the JTS offering e.g. a platform for uploading the applications and payment claims, a joint database and related services for the management and decision making and for the monitoring, reporting and control.

Monitoring system is to be used in an international context by persons from different countries user language being **English** (data fields, instructions, headlines etc).

In order to support the various functions of the managing authority and JTS in managing the whole Central Baltic Interreg IV A Programme, a software called Central Baltic Monitoring System (CBMS2007) is to be developed as a further development of an existing database. The exact IT-system of the monitoring system will be established after the final selection of the system supplier. The previous experience of potential suppliers in providing monitoring systems especially for cross-border and transnational programmes will be included in the set of criteria to be used when selecting the final supplier.

This data base system will meet special requirements. The database is prepared for:

- the input and the processing of the data at operation level as well as of the main data at the Project Partner level,
- the input and processing of information received from the Lead Partner activity and financial reports;
- providing for the monitoring and reporting of the Joint Technical Secretariat with various data report sheets.

The monitoring system is divided to different components:

- A. Component for the applicant
- B. Component for the management and decision making
- C. Component for monitoring, reporting and control

Data exchange between the Commission and the Member States for the purpose as defined in Article 66 of the General Regulation will be carried out electronically in accordance with Articles 39 - 42 of the Implementation Regulation (Article 66(3) of the General Regulation). The database provides the form and content of accounting information as requested in the Regulation.

In order to transfer computer files to the European Commission, the administration system of the database will have the ability to generate data required by the Structural Funds Common (SFC) Database.

The indicators selected during the programming phase were chosen for the programme monitoring, evaluation and verification of objectives. EU indicators were adapted to the programme underlining the measurability and accessibility.

The JTS on behalf of the Managing Authority will provide all relevant information to the Monitoring Committee to ensure proper implementation of the programme. For monitoring of progress, the JTS will regularly provide a report on the progress of the operations. Furthermore the JTS will regularly report on commitments and payments. The Programme Committees will have the possibility to follow the monitoring documents through Internet access and the JTS offices will operate with the system daily. The project partners may receive information in a form that provides ground for comparison to project objectives.

The target with the monitoring system is to analyse programme progress and scope of impact through qualitative and quantitative indicators in order to evaluate the programme implementation. The well chosen indicators synchronised with the monitoring system will provide the Managing Authority good possibilities to optimize the implementation and in time make changes if needed.

11. EVALUATIONS DURING THE PROGRAMME PERIOD

During the programme period, and in accordance with Article 48(3) of the General Regulation, Member States participating in the programme will carry out evaluations linked to the monitoring of the programme, in particular where that monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of this programme, as referred to in Article 33 of the General Regulation.

During the implementation of the programme, 1 – 2 evaluations will be made. The scope of the evaluations will be targeted to specific needs of the programme identified in the monitoring, e.g. to impacts of the finalised operations and the programme.

The Monitoring Committee shall decide on the execution of such evaluations. The evaluations will be carried out by external experts. The results of the evaluations will be sent to the Commission.

12. INFORMATION AND PUBLICITY

According to Article 69(1) of the General Regulation, the Member States participating in the programme and the Managing Authority will provide information on and publicise operations co-financed by this programme. The information will be addressed to European Union citizens and beneficiaries/partners with the aim of highlighting the role of the Community and will ensure that assistance from the Fund is transparent.

The Managing Authority will designate the contact persons to be responsible for information and publicity and inform the Commission accordingly (Article 10(1) of the Implementation Regulation).

12.1 Communication plan

A communication plan as defined in Article 2(2) of the Implementation Regulation, as well as any major amendments to it, will be drawn up by the Managing Authority in consultation with the Monitoring Committee. The Managing Authority will submit the communication plan to the Commission within four months of the date of adoption of the programme.

The content of major amendments to the communication plan will be set out in the annual and the final implementation report (Article 4(2)(c) of the Implementation Regulation).

The overall aim of the communication plan is to provide European Union citizens, partners and stakeholders with information about the programme and its operations. An efficient implementation of the plan should:

- increase the public awareness about the programme,
- provide the partners and stakeholders with accurate and reliable information on the programme and operations
- attract a wide number of potential partners and increase the number of new applications
- highlight the role of the Community and ensure that assistance from the Fund is transparent.

The communication plan defines various information and marketing activities to be carried out throughout the programme period 2007-2013.

The target group of the programme is compound and manifold:

- general public in the programme area
- project partners,
- final beneficiaries,
- stakeholders, including relevant national authorities
- pan-Baltic organisations,
- other Objective 3 programmes,
- European Commission.

12.2 Information and publicity measures

In accordance with the communication plan, the Managing Authority will implement information measures for potential partners, information measures for partners, and information and publicity measures for the public in accordance with the provisions laid down in chapter II, section 1, of the Implementation Regulation.

Information about the programme will be spread through a variety of channels in order to reach the different target groups. A number of traditional sources of information as well as best-practice-mix of events serve as a basis for a broad dissemination of programme-related information.

The official start of the programme will be marked with a launch event to be held within 2 months after the approval of the programme and before the first call for proposals will be opened. It is intended to have an overall launch event at the location of the MA/JTS in Turku and afterwards during the following weeks individual smaller launch events in the different participating countries especially focusing on the (sub-)programmes relevant for possible project applicants from the respective country.

13. FINANCING OF ACTIONS

13.1 Financing from Member States

The total eligible budget for the Programme is 136,0 million Euro, of which 102,2 million Euro (in current prices) is EU-financing from the European Regional Development Fund (ERDF).

The average ERDF co-financing rate is 78% for the Priorities 1 -3 and 50 % for the Priority 4 (Technical Assistance). The average ERDF co-financing rate for all Priorities is 75,1 %.

For eligible Lead Partners and other partners from Finland and Sweden the ERDF co-financing rate might be granted up to 75% of eligible expenditure. For eligible Lead Partners and other partners from Estonia and Latvia the ERDF co-financing rate might be granted up to 85% of eligible expenditure.

13.2 Technical Assistance

In accordance with Article 46 of the Council Regulation (EC) No 1083/2006, the limit for Technical Assistance (TA) is set at 6% of the total ERDF amount allocated to this programme. The ERDF co-financing rate for TA is 50% and the national co-financing rate from Member States is 50%. The total TA is approximately 12,3 million Euro.

13.3 Eligibility of expenditure

In accordance with Article 56 (1) of the General Regulation, expenditure shall be eligible for a contribution from the ERDF if it has actually been paid between 1st January 2007 and 31 December 2015. Operations co-financed by ERDF must not have been started before the 1st January 2007.

In accordance with Article 56 (3) of the General Regulation, expenditure shall be eligible for funding only where incurred for operations selected by the Steering committees of the operational programme based on selection criteria fixed by this committee.

Detailed rules on the eligibility of expenditure financed by this programme will be provided in the Programme Manual. These eligibility rules will be applicable in the entire programme area. Eligibility rules applicable to the programme are based on the provisions laid down in Article 56 of the General Regulation, Articles 7 and 13 or the ERDF Regulation and Articles 48-52 of the Implementation Regulation. In the Programme Manual stricter rules than foreseen by the EU regulations or national legislation may be designed.

13.4 Procedures for the mobilisation and circulation of financial flows in order to ensure their transparency

The partners will receive their funding from the Lead partner who is responsible for drawing up an activity and financial report according to a schedule provided by the Managing Authority. The Lead Partner is responsible for verifying that the expenditure presented by the partnership has been validated by the controllers. The reports and invoices verified and confirmed by the responsible national authorities or auditing bodies will be submitted to the Joint Secretariat. After a careful check of the reported expenditure by the Joint Technical Secretariat the payment request is forwarded to the Certifying Authority. After having completed the necessary certification and other tasks enlisted in section 6.4.1. the Certifying Authority will initiate the payment to the Lead Partner.

The EU Member States/Åland will transfer the national co-financing of the Technical Assistance to the trust account of the Programme.

The Managing Authority will submit regular reports to the Member States/Åland about the use of the Technical Assistance.

Managing authority is responsible of submitting the annual implementation reports to Monitoring Committee. The annual implementation report will include a section with summary information relating to the use of Technical Assistance. The same information is available and provided for the participating countries.

14. ANNEXES TO THE OPERATIONAL PROGRAMME

- Annex 1 Programming schedule.
- Annex 2 Connection between Central Baltic and national/regional programmes
- Annex 3 Public consultation summarising statement in accordance with Article 9
 Directive 2001/42/EC
- Annex 4 Financial plan of the Programme giving the annual commitment of
 ERDF in the programme
- Annex 5 Financial plan for the operational programme
- Annex 6 Description of separation of the functions of MA, CA and AA in the Regional
 Council of Southwest Finland
- Annex 7 Reference documents

Annex 1: Programming schedule

| Event | Dates | Location | Comments |
|--|----------------------|-------------------|--|
| First meetings of the JPC and WG's | 13-14 June 2006 | Turku, Finland | |
| Public tender Ex-Ante Evaluation & SEA | June 2006 | | Four bids were received and among these the offer made by Eurofutures AB was selected. |
| WG1 meeting | 16-17 August 2006 | Mariehamn, Åland | |
| WG2 meeting | 23 August 2006 | Tallinn, Estonia | |
| WG4 meeting | 25 August 2006 | | |
| WG3 meeting | 5-6 September 2006 | Helsinki, Finland | |
| Joint meeting of the MA and WG's | 13-14 September 2006 | Turku, Finland | An INTERACT consultant participated into the meeting as a swot expert. |
| WG2 meeting | 19 September 2006 | Tallinn, Estonia | |
| Draft OP version 1 | 20 September 2006 | | |
| Second meeting of the JPC | 4 October 2006 | Tallinn, Estonia | In connection Joint meeting of the MA and WG's. |
| WG1 meeting | 5 October 2006 | Tallinn, Estonia | |
| WG2 meeting | 10 October 2006 | Helsinki, Finland | |
| WG3 meeting | 10-11 October 2006 | Tallinn, Estonia | |
| Joint meeting of the MA and WG's | 17-18 October 2006 | Helsinki, Finland | An INTERACT consultant participated into the meeting as an indicator expert. |
| Meeting with the representatives of the Commission | 27 October 2006 | Brussels, Belgium | In connection Joint meeting of the MA and WG's. |
| WG1 meeting | 1 November 2006 | Helsinki, Finland | |
| WG4 meeting | 2 November 2006 | Helsinki, Finland | |
| Joint meeting of the MA and WG's | 7 November 2006 | Stockholm, Sweden | An INTERACT consultant participated into the meeting as a swot expert. |
| WG3 meeting | 8 November 2006 | Stockholm, Sweden | |
| Meeting of the Member States | 14 November 2006 | Helsinki, Finland | Programme structure to be changed to have three common priorities for the whole programme. |
| WG2 meeting | 15 November | Porvoo, Finland | |
| Joint meeting of the MA and WG's | 21 November 2006 | Helsinki, Finland | Headlines for the new priorities were formulated |
| Draft OP version 2 | 30 November | | |
| WG4 meeting | 30 November | Helsinki, Finland | |
| Third meeting of the JPC | 4-5 December 2006 | Stockholm, Sweden | In connection Joint meeting of the MA and WG's. |
| WG2 meeting | 8 December 2006 | Tallinn, Estonia | |

Central Baltic INTERREG IV A Programme 2007-2013

| | | | |
|--|----------------------|-----------------------------|---|
| Draft OP version 3 | 15 December 2006 | | |
| Public hearings of the OP draft and Environmental Report (SEA) | 5-26 January 2007 | | |
| WG1 meeting | 11 January 2007 | Stockholm, Sweden | |
| Meeting with the representatives of the Commission | 17 January 2007 | Brussels, Belgium | In connection Joint meeting of the MA and WG's, where an INTERACT consultant participated as an indicator expert. |
| Joint meeting of the MA and WG's | 30 January 2007 | Helsinki, Finland | |
| WG4 meeting | 6 February 2007 | Helsinki, Finland | |
| WG 1 and WG 2 meetings | 13 February 2007 | Helsinki and Lahti, Finland | Results from the Public hearings were considered. |
| WG 3 meeting | 14 February 2007 | Mariehamn, Åland | Results from the Public hearings were considered. |
| Joint meeting of the MA and WG's | 15 February 2007 | Helsinki, Finland | Results from the Public hearings were considered. |
| Fourth meeting of the JPC | 1-2 March 2007 | Riga, Latvia | |
| Meeting with the representatives of the Commission | 6 March 2007 | Brussels, Belgium | In connection Joint meeting of the MA and WG's |
| Meeting of Implementation Task Force | 19-20 March 2007 | Helsinki, Finland | |
| Meeting of Implementation Task Force | 25-26 April 2007 | Helsinki, Finland | |
| Written Procedure of JPC | 2-9 May 2007 | | |
| Meeting of Implementation Task Force | 14 June 2007 | Helsinki, Finland | |
| Submission of the programme proposal to the Commission via SFC2007 | 19 June 2007 | | |
| Meeting of Implementation Task Force | 29 August 2007 | Helsinki, Finland | |
| Written procedure of the Implementation Task Force | 14-20 September 2007 | | |
| Written procedure of the Implementation Task Force | 21-25 September 2007 | | |
| Meeting with the representatives of the Commission | 26 October 2007 | Brussels, Belgium | Discussion between COM, MA and Finland on AA function and FLC. |
| Written procedure of the Implementation Task Force | 12-14 November 2007 | | |

Annex 2: Connection between Central Baltic and national/regional programmes.

Participating regions in the Central Baltic Programme in Estonia and Latvia are eligible for Structural Funds aid under Objective 1 (Convergence) and regions in Finland and Sweden are eligible for Structural Funds aid under the Objective 2 (Regional competitiveness and employment).

| | Priorities for the Central Baltic and their connection to the national/regional objectives/priorities | | |
|---|--|--|---|
| National/regional objectives | Safe and healthy environment | Economically competitive and innovative region | Attractive and dynamic societies |
| Estonia national/regional programme objectives | <ul style="list-style-type: none"> - Environmental protection - Energy | <ul style="list-style-type: none"> - Supporting the development and productivity of growth enterprises - Development of research and development (R&D) capability, tourism and creative industries - Development of the transport infrastructure of domestic as well as international routes and development of information society | <ul style="list-style-type: none"> - Accomplishment of the knowledge based economy and society through support to education, R&D, youth work, labour market and enterprises |
| Finland national/regional programme objectives | | <ul style="list-style-type: none"> - Promotion of business - Promotion of innovation and networking and strengthening of knowledge structures - Improvement of the accessibility of areas and the operating environment | <ul style="list-style-type: none"> - Development of large urban areas - Development of working environments - Promotion of job creation and prevention of social exclusion |
| Åland regional programme objectives | <ul style="list-style-type: none"> - Energy efficiency and renewable energy sources | <ul style="list-style-type: none"> - Promotion of entrepreneurship - Promotion of innovations in small and medium sized enterprises - Promotion of applicable R&D solutions - Efficient use of ICT in companies | <ul style="list-style-type: none"> - Development of and investment in the human capital |

| | | | |
|---|---|--|---|
| <p>Latvia national/regional programme objectives</p> | <ul style="list-style-type: none"> - Improvement of large-scale environmental infrastructure - Improvement of energy efficiency and production, and use of renewable energy | <ul style="list-style-type: none"> - Fostering of employment, social integration and health of labour force - Strengthening of administrative capacity - Encouraging co-operation between researchers and businesses - Support to emerging merchants and improvement the competitiveness of existing companies - Support the development of the Trans-European transport network in Latvia - Development of sustainable transport, establishment supporting the development of transport networks of regional significance - Development of information and communication technologies and services - Promotion of tourism development | <ul style="list-style-type: none"> - Development of the capacity of science and research sector - Maintenance and improvement of the cultural environment |
| <p>Sweden national/regional programme objectives</p> | | <ul style="list-style-type: none"> - Developing the urban innovative environment - Accessibility - Innovative environments in general - The structure and dynamics of business and industry | |

**Annex 3: Public consultation summarising statement in accordance with Article 9
Directive 2001/42/EC**

THE CENTRAL BALTIC INTERREG IVA PROGRAMME 2007-13

PUBLIC CONSULTATION SUMMARISING STATEMENT
IN ACCORDANCE WITH ARTICLE 9 DIRECTIVE 2001/42/EC

23.10.2007

Managing Authority of the Central Baltic IVA Programme

Regional Council of Southwest Finland
P.O. Box 273
20101 Turku
Finland

PURPOSE OF THE SUMMARISING STATEMENT

This summarising statement has been prepared as part of the Strategic Environment Assessment which was carried out on the Central Baltic INTERREG IVA Programme. This statement should be read in conjunction with the Operational Programme and the Environmental Report (all available under [www](#).).

According to Directive 2001/42.EC, the SEA process is designed to ensure that the *'likely significant (positive or negative) effects on the environment of implementing the plan or programme, and of reasonable alternatives, are identified, described, evaluated and taken into account before the programme is adopted.'*

To reflect this process, the SEA Directive (Article 9) requires that an **summarising statement** is produced at the end of the process to explain:

1. How the environmental considerations have been integrated into the programme
2. How the recommendations of the Environmental Report have been taken into account
3. How the opinions of the Environmental Authorities and the General Public received during the consultation period have been taken into account
4. The reasons for choosing the programme as adopted, in light of the other reasonable alternatives considered and
5. The measures that are to be taken to monitor the significant environmental effects of the implementation of the programme.

1. Environmental considerations

The Environmental Report produced on the basis of the fourth programme draft concluded the following:

- The implementation of the Central Baltic programme is *not* likely to have any significantly negative impacts on the environment.
- Environmental aspects are integrated throughout the programme. The first of the programme priorities relates to the promotion of a safe and healthy environment
- Due to the general character of the programme the potential environmental impacts could only be described very generally. The exact locations, nature and impacts of actions cannot be identified in programme level. Consequently the question on how environmental considerations were integrated in the programme will become relevant mainly on the phase when projects will be approved and monitored.

2. Recommendations of the Environmental Report

The following table lists the findings/recommendations of the ER and summarises the Management Authority's decisions as regards their integration into the final Operational Programme.

| Findings from the Environmental Report | How findings were integrated/reason for not taking into account |
|---|---|
| PRIORITY A MITIGATION MEASURES | |
| Projects should be able to demonstrate that they are achieving sustainable management either through certification or mentoring, for example, co-ordinated through a forum that transfers best practice and experience. | This comment will be taken into account. The JTS and other programme bodies look for high quality projects and support projects throughout their implementation period. This is done through thematic seminars, spreading good practices and experiences and informing the projects on the Programme standards, including environmental standards. More detailed information will be included in the secondary documentation (Programme Manuals). |
| Projects linked to climate change should be monitored to prevent approval of lower quality proposals presented as essential or deserving priority treatment. | Projects linked to climate change, as all projects, will be selected and monitored using a strict set of criteria. All projects with an ERDF level of more than 200 000 euros will also have an external evaluation of their performance. |

| | |
|---|---|
| <p>To establish good project selection procedures the monitoring routines are of paramount importance here.</p> | <p>This comment will be taken into account as the JTS, MA, and SC will lay down details of the monitoring system and project evaluation and these will have high quality expectations.</p> <p>The evaluation criteria will also be included in the secondary documentation (Programme Manuals) for project applicants to be used as guidelines in their project planning.</p> |
| <p>PRIORITY B MITIGATION MEASURES</p> | |
| <p>There is the risk that competitiveness is interpreted as a basis to cut environmental costs, potentially by delaying legislative obligations or by seeking minimum compliance in environmental standards. Accordingly, this priority of the programme should convey a clear message that positive environmental impact is a key element of the priority's strategy.</p> | <p>Sustainable development is a horizontal objective in the CBP and it is taken very seriously. No project with a negative environment impact will be allowed.</p> |
| <p>The risk remains that this could represent a missed opportunity with no useful/positive environmental impact, particularly if innovation is directed primarily at sectors other than environmental ones or the new branches, clusters and networks fail to include environmental actors and stakeholders.</p> <p>Again, the establishment of good criteria for project selection is the most important measure that can be taken here in the programme implementation process.</p> | <p>This comment will be taken into account as the JTS, MA, SC and MC will set up a set of criteria for project selection. The criteria will demand high quality throughout and will include environmental criteria. As a horizontal objective of the CBP sustainable development is included in all project assessment and selection and taken very seriously in the programme. No project with a negative environment impact will be allowed.</p> <p>Projects with a neutral environmental impact can be allowed.</p> <p>Nevertheless, taking into account sustainable development is positive for projects in all Priorities and such projects will be strived for. Possibilities to prioritise projects with strong positive environmental impacts are explored.</p> |

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| <p>PRIORITY C - MITIGATION MEASURES</p> | |
| <p>Since this Priority does not seem to be comprised of significant negative environmental effects no measures for mitigation are discussed.</p> | <p>Sustainable development is a horizontal objective in the CBP and it is taken very seriously. No project with a negative environment impact will be allowed.</p> |
| <p>GUIDELINES FOR PROJECT SELECTION</p> | |
| <p>For a systematic, practical application of the assessment procedure required by the SEA Directive, the following structure is proposed:</p> <ol style="list-style-type: none"> 1. The application form should include a part where the applicant is asked to assess possible environmentally significant aspects of the project (e.g. "in which way may the environment be impacted by the proposed project?"). This part of the application form should be developed on the basis of the specific challenges of the region and the foreseen content of the programme. 2. In cases where there might be environmental impacts, the applicant and the programme secretariat should assess the possibilities to strengthen positive impacts or to mitigate the negative impacts of the proposed project. 3. The environmental assessment of project proposals should be one of the elements when applications are prioritised. 4. In a situation where several similar (and eligible) projects are competing for resources, the project with the most positive environmental impacts shall be preferred. 5. The programme monitoring system should include environmental impacts and project owners should be asked to report continuously on positive as well as negative impacts. The indicators that will be requested for monitoring should already be described in the application form. | <p>The Managing Authority agrees to introduce further environmental safeguards when preparing the implementation documents for the OP, in particular with reference to the project application guidelines + project selection criteria.</p> <p>In the application form the applicants are asked to clarify the possible environmental impacts of the project idea as well as the need for different permits or Environmental Impact Assessment that might be needed according to the national legislations.</p> <p>The estimated environmental impacts are critically analysed by the JTS during project selection process taking into account the national expertise available. Environmental assessment analysis is included in the JTS assessment reports provided for the Steering Committees to be utilised in final decision making on the project proposals. The national environmental authorities are also represented in the Steering Committees.</p> <p>Sustainable development is a horizontal objective in the CBP and it is taken very seriously. No project with a negative environment impact will be allowed.</p> |

3.1. Organisation of Consultation with Environmental Authorities/General Public

A programme wide public hearing of the Central Baltic programme- and environmental report draft (SEA) was carried out in all participating countries. The third draft of the programme document (dated 15th of December 2006) and draft SEA report (dated 23rd of December 2006) was introduced in the hearings. This programme draft included already new structure of the programme with common priorities for all of the sub-programmes.

The scheduled time to organise the event was set in the third JPC meeting in Stockholm (4th and 5th of December 2006), and it was agreed to be simultaneously from 5th to 26th of January 2007. Actual hearings were organized in different member states as follows:

Estonia → 5-26 January

Finland including Åland → 5-26 January

Latvia → 12 January to 2 February (due to delayed translation process)

Sweden → 5-26 January

Announcements concerning the public hearings were made in several newspapers across the programme area before the hearing period started. Also targeted letters were sent to particular interest groups and organisations to guarantee as wide as possible participation. The Secretariat also invited comments on the distributed programme document and the SEA report by e-mail to the relevant international organisations.

During the hearings the draft programme and SEA report were made available in all participating member states through internet by all respective national authorities as well as core partnership. In addition to this there were also special hearing events organized throughout the programme area.

Estonia organized two events:

- public hearing event for line ministers 12 January 2007
- open public hearing event for wider audience 7 February 2007

Finland organized two events:

- open public hearing event for wider audience in Turku organized by Regional Council of Southwest Finland 10 January 2007
- open public hearing event for wider audience in Helsinki by Finnish Ministry of Interior 23 January 2007

Latvia:

- During the time of Wide hearing there was a meeting of Latvia's National Sub-committee. One of the points of discussions in the meeting was the Central Baltic Programme document. The representatives of national Sub-committee were informed about the wide hearing and invited to comment the PD. The Ministry of Regional Development and Local Governments also replied to the Sub-committee member's questions concerning the Programme document

Sweden organized three events:

- open public hearing event for wider audience in Gävleborg/Uppsala 18 January 2007

- open public hearing event for wider audience in Västmanland 19 January 2007
- open public hearing event for wider audience in Stockholm 23 January 2007

In Åland no special events were organized.

Comments received through the public hearings were summarised by the national contact persons. The deadline to submit the summaries to the MA Secretariat and Working Groups 1-3 was set to be on 9th of February 2007.

Consideration of the results in the Working Groups 1-3

On the week seven Working Groups 1-3 had meetings to consider the comments acquired through the hearings and agree on possible changes into the programme content.

Working Group 1 had its meeting on 13th of February in Helsinki. In the meeting comments received through the public hearing in all the Member States and Åland were considered and needed adjustments made to the chapter five into the parts concerning CBT sub-programme.

Working Group 2 had its meeting on 13th of February in Lahti. In the meeting comments received through the public hearing in Estonia and Finland were considered and needed adjustments made to the chapter five into the parts concerning SFE sub-programme.

Working Group 3 had its meeting on 14th of February in Mariehamn. In the meeting comments received through the public hearing in Estonia, Finland, Sweden and Åland were considered and needed adjustments made to the chapter five into the parts concerning AI sub-programme.

A joint meeting between MA and the three Working Groups was organised on 15th of February in Helsinki. In the meeting the comments received through the public hearings were considered and needed adjustments decided concerning the chapters 1-5.

3.2. Results of Consultation with Environmental Authorities/General Public

| COMMENTS ON THE SEA REPORT | |
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| <p>To be a useful tool, it should be translated to all languages of the programme area <i>Southwest Finland Regional Environment Centre</i></p> | <p>The comment was not taken into account. The official language of the CBP is English.</p> |
| <p>The SEA report has been drawn up in a sufficiently thorough and careful way. It is especially important that it will be used in the further development of the programme document as well as in drawing up programme implementation guidelines and in making individual project decisions. To be a useful tool, it should be translated to all languages of the programme area <i>Southwest Finland Regional Environment Centre</i></p> | <p>The comment was not taken into account. The official language of the CBP is English.</p> |
| <p>The description of the main actions in the program, what kind of environmental impacts the program has and how the environmental issues are dealt with in the priorities is quite general by nature. <i>Häme Regional Environment Centre</i></p> | <p>The comment did not lead to changes. The OP states on p. 46 that "The objectives and directions of support of the programme are introduced on a general level in this programme document. More detailed objectives shall be presented in the programme manual intended directly for the applicants." The relatively general description of potential environmental impacts also reflects the different status of environmental and regional information of the respective programme countries.</p> |
| <p>Increased environmental awareness is one of the goals of the program. It's important, but still more important is to emphasize the responsibility for our environment in all aspects of life. <i>Häme Regional Environment Centre</i></p> | <p>The comment has been dealt with. The OP's view of environmental awareness includes not only knowing, but putting knowledge into action. To emphasize this, it was added in Priority 1, that "awareness should lead to individual and community accountability for the environment" – meaning, that it covers all aspects of life. (p. 47 and p. 51)</p> |

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| <p>SEA should have been better coped with the program process. Otherwise the results of the SEA do not benefit to steer the program to environmental friendly and sustainable direction and to avoid contradictions between objectives and environmental priorities. <i>Häme Regional Environment Centre</i></p> | <p>The comment did not lead to changes. The SEA report and the OP were written simultaneously and the writers co-operated.</p> |
| <p>The text in SEA concerning the monitoring of the program doesn't set concrete tasks and timetable to the monitoring. There should also be some consideration about the situation if the program wouldn't be carried out. <i>Häme Regional Environment Centre</i></p> | <p>The monitoring concerns the implementation process of the programme. Thus such a timetable depends primarily on the procedures and regulations of the project implementation process. That level was not part of the SEA.</p> <p>The quality of the environment and its situation in context of no programme activities is integral part of the discussion of the environmental issues and indicators. Where helpful explicit comment have been made at the end of the respective paragraphs of the regarded environmental issues and indicators</p> |
| <p>The ex Ante SEA needs to be completed with indicators. In a satisfactory ex ante SEA systematic criteria for project selection that takes environmental impacts into consideration must be included. As well indicators that monitor in this program how the environmental priorities and sustainable development are coming true are essential tools in a satisfactory ex ante SEA. <i>Häme Regional Environment Centre</i></p> | <p>The SEA considers environmental issues and indicators as required by the SEA directive. At the project level, the member countries have established environmental impact assessment procedures. These procedures need to be aligned with the SEA requirements. In the SEA for the Central Baltic Programme this has been commented and contextual suggestions have been made for the project level.</p> |
| <p>The Strategic Environment Assessment has now been made as a separate document. The assessment should be thoroughly integrated into the programme document and into the objectives of the programme. Otherwise the results of the assessment will not steer and improve the programme as intended. <i>Uusimaa Regional Environment Centre</i></p> | <p>An overview of the SEA report is included in the OP, p. 14. The writers of the OP and SEA report co-operated throughout the process to ensure an integration of the relevant themes.</p> |

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| <p>The impacts on soil, water, flora, fauna etc could have been itemized in the assessment more clearly with own sub-titles. <i>Uusimaa Regional Environment Centre</i></p> | <p>The selection of the indicators reflects the requirements of the SEA directive and environmental situation in the programme countries. In the end the main points have to be brought out and that is always depending on the respective context. The SEA for the CBP contains separate discussion of the environmental issues mentioned by the Uusimaa Regional Environment Centre.</p> |
| <p>The environment concept as defined in the directive should be given more emphasis and the foreseen environmental impacts could be grouped under the headings of water, air, and earth to improve clarity.</p> | <p>The grouping of the environmental issues and their discussion is done in the way here suggested.</p> |

| COMMENTS ON THE PROGRAMME DOCUMENT CONCERNING ENVIRONMENT | |
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| COMMENT | RESPONSE |
| ESTONIA | |
| <p>Currently the environmental activities under the sub-programmes are basically the same (wording slightly different but the content and aim of listed activities is with same nature). Thus the objectives could be justified according to the nature of the listed activities and if the fields of activities are similar (protection and sustainable use of nature resources, development of waste management facilities) then the objectives could have same wording under different sub-programmes.</p> | <p>It must be noted, that the given list of eligible activities is only an example. Thus the objectives of the sub-programmes give the real information on the content.</p> <p>The JTS may further focus the priorities in the calls for proposals if this is needed.</p> <p>The sub-programme specific objectives vary between them and have also been developed and focused further.</p> |
| <p>It is recommended to implement a set of measures to specifically encourage and support participation of economically and geographically less favoured regions in the programme activities. This would serve better the idea of sustainable development.</p> | <p>The comment did not lead to any changes in the OP.</p> |

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| <p>Specific comments on the Priority A (Safe and healthy environment): Very wide scope of eligible activities. Basically all environmental areas are covered and there is no clear difference between sub-programmes. The defined objectives under each sub-programme are different if to look at the wording but the activities under the objectives are basically all overlapping. Objectives should clearly show the aim of planned activities. Specific needs under each sub-programme should be clearly defined (i.e. if there are some specific problems which will be solved under one sub-programme then it should be clearly defined).</p> | <p>It must be noted, that the given list of eligible activities is only an example. Thus the objectives of the sub-programmes give the real information on the content.</p> <p>The JTS may further focus the priorities in the calls for proposals if this is needed.</p> <p>The sub-programme specific objectives have also been developed and focused further.</p> |
| <p>Thematic sub-programme Priority A Supporting Sustainable Physical Planning and Management: Since physical planning cannot be carried out in cross-border co-operation, the direction of support should be formulated so that it is clear for the beneficiaries that no planning documents can be compiled. It is possible to change experiences, know-how, to develop methodologies, etc. The phrasing of the direction support should not confuse and mislead beneficiaries, it should be very clear. From the current phrasing it can be understood that it is possible to compile planning documents.</p> | <p>There was no need to change the formulation of the direction of support. The examples of actions are only indicative.</p> <p>The indicator system has been developed further and an indicator measuring new environmental actions performed by the co-operation has been added (p.50). All these actions must have a (positive) impact on the environment.</p> |
| <p><i>Development of better cross border risk management/ increased readiness for maritime risks.</i> The same direction of support is also under priority B. The difference between these directions is not clear. If there is a difference, then these directions of support should be more clearly phrased.</p> | <p>The comment did not lead to changes as the phrase is only an example of indicative actions, NOT a Direction of support.</p> |
| <p>5.2.3. Archipelago and Islands sub-programme. Sustainable Tourism page 43.</p> | <p>The change was not seen to give any added value and was not taken into</p> |

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| <p>Substitute the section – <i>Develop/invest in tourism infrastructure to meet needs from new target groups</i> - for the section: - Develop/invest in coastal tourism infrastructure and logistics to meet needs from new target group.</p> | <p>account.</p> |
| <p>Chapter 3. Supporting Accessibility to and Information about the Archipelago and The Islands page 34; Add the sections: - Making studies for interaction transportation and logistics system - Develop reliable environmental and socio-economics statistics that reflect social wellbeing</p> | <p>The comment did not lead to changes as the indicative actions are examples only. The list is not conclusive. As the themes mentioned in the comment fit the sub-programme objectives for this Priority, they are eligible without additions to the list of indicative actions.</p> |
| <p>FINLAND</p> | |
| <p>Title and contents of Priority A should be sharpened; most important (for us) are the environmental risks in the Gulf of Finland; also environmental awareness; possible title “Environmental safety (or responsibility) and risk management” (<i>Cursor</i>)</p> | <p>The comment did not lead to changes. The names of the Priorities were jointly developed and the current name covers the issues mentioned in the comment.</p> |
| <p>The general vision for the programme should definitely include creating a good and safe environment. The objectives in priority B should also include an objective to promote sustainable development among the objectives mentioned. The priority D should make it possible to use resources in the regional environment centres for implementation of the programme (for support, guidance and control of projects). The indicators should include at least one relevant indicator assessing the impact on the environment of projects. (<i>Uusimaa Regional Environment Centre</i>)</p> | <p>The comment did not lead to changes as the aspect of sustainability in the general vision, p. 43, covers this. The comment on Priority 2 did not lead to changes as the issue is covered through the horizontal objectives. The comment on TA use will be settled with the MA. The comment on indicators has been taken into account. The indicators for Priority 1, p. 49-54 cover this issue.</p> |
| <p>One of the most important tasks in this program should be restraining climate change by changing energy economy in the area by cutting down energy use and using renewable energy. A functioning waste management is also very important. These actions also help protecting the Baltic Sea</p> | <p>The comment has not led to any changes as these issues have been widely covered in all priorities and sub-programmes.</p> |

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| <p><i>(Häme Regional Environment Centre)</i></p> <p>There is a lot of knowledge concerning the state of the environment and the Baltic Sea, that's why the main emphasis of the priority A: Safe and healthy environment should be in concrete actions and investments in reducing negative environmental impacts and risks in the area. <i>(Häme Regional Environment Centre)</i></p> | <p>The comment has not led to any changes as these issues have already been covered. The OP, and especially the sub-programmes for Southern Finland and Estonia and Archipelago and Islands clearly state that the emphasis is on concrete actions. (for example p. 41)</p> |
| <p>The sustainable development is recognized as one of the main principles of the program. However there are conflict objectives in this program, on one hand it wants to reduce for example the impacts of growing traffic and on the other hand it wants to create better flow of goods and people and accessibility through efficient transport and travel. The program should concentrate on eco efficiency of existing traffic networks and focus on developing railway, water and public transportation. <i>(Häme Regional Environment Centre)</i></p> | <p>The comment was very relevant and reflected the spirit of the OP. Clarifications was made in Chapter 5.2. Priority 2 to emphasise sustainable development in all actions.</p> |
| <p>In priority B the program should put the emphasis on material free economic growth, develop eco efficient products and prefer products that has been produced and used locally (less transport, more work for example in rural areas). <i>(Häme Regional Environment Centre)</i></p> | <p>The comment was very relevant and reflected the spirit of the OP. Clarifications was made in Chapter 5.2. Priority B to emphasise sustainable development in all actions.</p> |
| <p>in order to ensure that environmental objectives are reached, at least 30 % of the funding of each sub-programme (particularly SFE and AI) should be allocated to Pr A. <i>(Southwest Finland Regional Environment Centre)</i></p> | <p>The comment was taken into account when dividing money between the priorities. Priority 1 is the second largest priority. The funding for Priority 1 is more than 27% of the total ERDF funding (28M€).</p> |
| <p>In order to realize the vision and environmental priorities of this program there should be at least 30 % share of funding in priority A in each sub-program to the projects and measures that improve</p> | <p>The comment was taken into account when dividing money between the priorities. Priority 1 is the second largest priority. The funding for Priority 1 is more than 27% of the total ERDF funding (28M€).</p> |

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| <p>and protect environment in order to meet the challenges mentioned in regional analysis. This can be seen as weakness of the CB-program. (<i>Häme Regional Environment Centre</i>)</p> | |
| <p>All Steering Committees should include a representative of environmental administrations. (<i>Southwest Finland Regional Environment Centre</i>)</p> | <p>The comment has been taken into account and the OP states, that “environmental authorities are represented in the Committee” (Chap 6.2.).</p> |
| <p>The Finnish Environment Administration should be represented in the Steering Committee of each sub-programme. The financing of actions in environmental projects should be directed through the regional environmental centres. If this should not be possible, it has to be possible for the environment administration to participate in developing and selecting environmental projects. Experiences from the national groups supporting the steering committees during the previous programme have been very good and the same organization is suggested in this programme (<i>Uusimaa Regional Environment Centre</i>).</p> | <p>The comment has been taken into account and dealt with in Chapter 6.2. The matter will be settled by the Member States when nominating members for the SC.</p> |
| <p>The expertise of the regional environment centres should be used in selecting most efficient projects to respond the regional environmental challenges in their region. In order to avoid negative environmental impacts of all projects of the program, a systematic environmental assessment procedure must be carried out and documented. (<i>Häme Regional Environment Centre</i>)</p> | <p>The details of project selection criteria will be laid down in the secondary documentation (Programme Manuals for the JTS and the applicant). The use of external experts is foreseen.</p> |
| <p>Investments foreseen mainly in AI sub-programme, should be allowed more widely, at least in environmental risk management (Cursor)</p> | <p>The comment reflects the spirit of the OP and AI sub-programme. The matter will be settled in the secondary documentation (Programme Manuals for the JTS and the applicant).</p> |

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| <p>Possibility to fund in environmental investments and infrastructure help to realize the environmental objectives of the program. (<i>Häme Regional Environment Centre</i>) Funding for environmental investments is welcome (<i>Southwest Finland Regional Environment Centre</i>)</p> | <p>The comment has not led to any changes as these issues have already been covered in the OP (p.44). More detailed information will be given in the secondary documentation (Programme Manuals).</p> |
| <p>The foremost objective and selection criteria for development and selection of all types of projects should be sustainable use of natural resources and safe-guarding ecosystem-services (<i>Helsinki Region Recycle Centre</i>)</p> | <p>The comment has not led to any changes as these issues have already been covered in the OP and will be clarified in the secondary documentation (Programme Manuals). No project with a negative impact on the environment / sustainable development will receive funding.</p> |
| <p>The programme should aim more at concrete actions instead of setting up networks. In general, the environmental thinking is moving away from only rising awareness to more committed, responsible role of the actors. (Hearing event/Helsinki)</p> | <p>The comment has not led to any changes as these issues have already been covered. The OP, and especially the sub-programmes for Southern Finland and Estonia and Archipelago and Islands clearly state that the emphasis is on concrete actions. The emphasis is on environmental awareness as a means to individual and community accountability for the environment (p. 47)</p> |
| <p>The environmental issues needs to be better integrated as a crosscutting theme in the programme. This could be achieved e.g. by assessing and linking the potential impact of the non-environmental activities on the environment. (Hearing event/Helsinki)</p> | <p>The comment has not led to any changes as these issues have already been extensively covered. Sustainable development is a horizontal objective that has been dealt with on every level of the OP. No project with a negative impact on the environment / sustainable development will receive funding, regardless of which priority they belong to.</p> |
| <p>The idea of developing the name of the priority 1 to direction of the risk prevention was welcomed and supported. One possible name could be for instance "Decreasing environmental burden and environmental risks" (Hearing</p> | <p>The change was not seen to give any added value and was not taken into account.</p> |

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| <p>event/Helsinki).</p> | |
| <p>Concerning the Gulf of Finland, the analysis of the programme mentioned eutrophication as problem but it was missing from the list of activities. (Hearing event/Helsinki)</p> | <p>The comment has not led to any changes as there is no need to expand the list of examples of actions. The list of activities is only indicative and should not be considered conclusive. The text and objectives of the priorities define the content.</p> |
| <p>There seemed to be confusion between the waste reduction and prevention in the Finnish and English versions under the priority 1. English version seemed correct. (Hearing event/Helsinki)</p> | <p>The comment has not led to any changes as it has no relevance: the CBP only operates in English and the Finnish version was only unofficial.</p> |
| <p>How monitoring of the programme including the SEA law will be organised to guarantee transparency. (Hearing event/Helsinki)</p> | <p>The monitoring system will be described in more detail in the secondary documentation (Programme Manuals).</p> |
| <p>The draft SEA constituted a separate document from the programme draft; the documents should be more integrated. The analysis needed to be deepened and the potential environmental impacts be presented in a more visible way. The findings of SEA should be better linked to the programme. (Hearing event/Helsinki)</p> | <p>The comment has been taken into account. Clarifications in the OP (p.14, summary) and the SEA report have been made to better show the clear link between them.</p> |
| <p>It was reminded that concerning tourism in the archipelago, logistics and its possible impact on the environment was not mentioned(Hearing event/Helsinki)</p> | <p>The comment has not led to any changes as these issues have already been covered. Sustainable development is a horizontal objective that has been dealt with on every level of the OP. No project with a negative impact on the environment / sustainable development will receive funding, regardless of which priority they belong to.</p> |
| <p>The meaning of the concept landscape should be seen more widely, in the spirit of the directive, in the draft. (Hearing event/Helsinki)</p> | <p>The comment has not led to any changes as these issues have already been covered. As stated in Chapter 5.1. The environment (meaning also landscape) “encompasses both the natural and physical environment”.</p> |

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| <p>The question was raised how the environmental impact is assessed in the project selection process. It was stated that in the programming period 2000 - 2006 the projects have caused hardly any negative environmental impact. The projects that have shown more environmental friendliness has been preferred and selected. (Hearing event/Helsinki)</p> | <p>The comment has been taken into account and the matter will be settled in the secondary documentation (Programme Manuals). No project with a negative impact on the environment / sustainable development will receive funding.</p> |
| <p>Innovativeness could be seen more widely (e.g. not only considering technology) and applied to the environment as well. (Hearing event/Helsinki)</p> | <p>The comment has not led to changes as the issues have already been covered in the OP. Innovation has been considered in its wide sense in the OP.</p> |
| <p>In general, the indicators should be linked to the programme level targets. Material efficiency could be considered as one option for a project level indicator especially in the business sector. (Hearing event/Helsinki)</p> | <p>The indicators are linked to the Priorities on a sub-programme level. There are also Programme-level indicators.</p> |
| <p>It was asked if the environmental projects could gain a preferable status (more co-financing or preference) in the programme. (Hearing event/Helsinki)</p> | <p>The matter will be settled in the secondary documentation (Programme Manuals). No project with a negative impact on the environment /sustainable development will receive funding.</p> |
| <p>Chapter 3. pp. 29-30 The SWOT analysis should be completed with following remarks: - in weaknesses should be mentioned the state of the Baltic Sea and especially the state of the Gulf of Finland - in opportunities should be mentioned the use of sustainable archipelago environment as a development factor - in threats should be mentioned the Baltic Sea environment is vulnerable to climate change and unplanned land use changes. <i>(Uusimaa Regional Environment Centre)</i></p> | <p>The comment did not lead to any changes in the OP as these are covered under the threats of “local environmental problems” and “increased risk for major environmental disasters within the region” and also to some extent “effects of an ever globalizing society and economy on Central Baltic programme area”. The threats are also well covered in the text of Chapter 3. and Chapter 3.1. (3.1.1. and 3.1.2.).</p> |

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| <p>Section 3.1.3 p 33 In the characterization of the Archipelago should be included a remark that the archipelago environment is very vulnerable. (Uusimaa Regional Environment Centre)</p> | <p>The comment did not lead to any changes as the issue is already covered in (what is now) Chapter 3.1.2. p. 41</p> |
| <p>LATVIA</p> | |
| <p>no comments on the programme document concerning environment</p> | |
| <p>SWEDEN</p> | |
| <p>to mainstream sustainable development is not reflected or articulated in the vision</p> | <p>The comment did not lead to any changes as the issue is already covered throughout the OP.</p> |
| <p>Priority B (CBT), proposals on modified/new directions of support: <ul style="list-style-type: none"> ▪ Promote sustainable innovation and the transfers of environmental sound technologies </p> | <p>The comment did not lead to any changes as the themes mentioned were already covered by the existing directions of support.</p> |
| <p>The Baltic Sea must be given much more attention in the programme in general and in the regional description (ch 2.1) in particular. In the regional description the presentation of the Baltic Sea must be appointed as the primary presentation and be the first part of this chapter. The presentation of the Baltic Sea should include its historical as well as its present value, its importance when it comes to transport possibilities and its environmental situation.</p> | <p>The comment was taken into account and the sub-chapter on the Baltic Sea was moved up in the Chapter 2.1.2. of the Regional Analysis.</p> |
| <p>Water supply, wastewater-treatment, waste handling, contamination and sustainable energy are not described adequately and there are some errors in the document (as well as in the SEA). For example: The groundwater in this part of Sweden is not extracted from moraine ridges (p. 23). The main supply in the Stockholm and Helsinki is taken from lakes. Many cities in Sweden get drinking water as groundwater from eskers or constructed groundwater by</p> | <p>The comment was taken into account and the chapter on inland water bodies was removed from the OP when the continuum between the Priorities/directions of support and the Regional Analysis was considered. As the inland water bodies and groundwater issues weren't dealt with in the Priorities, they didn't need to be mentioned in the Regional Analysis.</p> |

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| <p>infiltration from surface water bodies. In the programme area outside the cities the supply of water is often based on private extraction of groundwater. In short: The document does not show awareness of the quantitative and qualitative drinking water problems.</p> | |
| <p>ÅLAND</p> | |
| <p>as within the chapter concerning horizontal objectives in p.11 mentions sustainable development –it is asked a definition for it</p> | <p>The comment did not lead to any changes in the OP.</p> |
| <p>Considering that at least tourism and fishery in the coastal areas are dependent of good water quality in the sea more forceful actions have to be taken to reduce chemicals and discharge from land, shipping and air traffic.</p> | <p>Priority 1 Safe and healthy environment Section 5.1.3. Archipelago and Islands sub-programme includes the specific objective Improved conditions of the archipelago and island environment in the Central Baltic area. This objective is further defined through the implementation of the selection criteria of the Monitoring Committee. Taking into account the scale of resources available by the programme, this problem will be addressed by supporting local activities aiming to improve the condition of the marine environment.</p> <p>Priority 2 Economically competitive and innovative region – in p. 58 it is added that “The programme focuses on eco-efficiency in existing networks and prioritises the development of railway, water and public transport.”</p> |
| <p>Include that education and research should also promote sustainable development in line with the four system conditions and that cross-border collaboration could be developed and intensified for example within education in shipping, agriculture, aquaculture and between technology centres to find functioning solutions for the worsened marine environment.</p> | <p>The comment did not lead to changes. Under Priority 1, Direction of support Raising environmental awareness, it states that cooperation and common activities between different actors in environmental issues shall be promoted. Sustainable development is also a horizontal objective and shall therefore be included in all actions.</p> |

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| <p>The possibilities for the ports to take care of oil spillage and toilet waste water are not used as much as they could.</p> | <p>The comment did not lead to changes. Oil spills are recognized as a problem area in the regional analysis as mentioned in p. 33. Priority one of CB programme Priority one of AI sub-programme includes indicative actions such as promotion of waste water solutions and adjusted waste management in p. 55. In p. 27 on Transport is added "Apart from the commercial traffic, there is considerable small-scale leisure boating in the region. This form of tourism and its related services could be much developed".</p> |
| <p>The land nature is relatively well protected while the sea is unprotected outside national borders. Discharges are done without consequences for polluters.</p> | <p>The comment was taken into account but did not lead to any changes. The issues have been mentioned in the OP in several places, for instance p. 30 and p.31.</p> |
| <p>Waste water from toilets on ships is disposed into the sea.</p> | <p>The comment was taken into account but did not lead to any changes. The issue has been mentioned in the OP in the Regional Analysis, p.31.</p> |
| <p>INTERNATIONAL ORGANISATIONS</p> | |
| <p>The programme could address also climate change issues e.g. in terms of transport and its influence on environment and climate. (Refer to <i>EU Climate change policy - Second European Climate Change Programme</i> (ECCP II))</p> | <p>The comment did not lead to any changes as the horizontal objective of sustainable development covers these issues.</p> |
| <p>Aspects of integrated sustainable management systems as a way towards sustainable physical planning and management could be added to the Thematic Sub-Programme.</p> | <p>The comment did not lead to any changes as the indicative actions are only examples and the proposed theme fits under the existing Priority1 and its Directions of support.</p> |
| <p>Besides the Archipelago and Islands sub-programme, aspects of sustainable tourism could be also added to the Thematic Sub-Programme, under Priority B.</p> | <p>The comment did not lead to any changes as the themes of transportation, travel and accessibility are already extensively covered in Priority 2 of the Central Baltic Programme, Direction of support "Improving</p> |

| | |
|--|--|
| | <p>internal and external accessibility” and “Supporting innovation and improving competitiveness”. The aspect of sustainability runs through the Priority explicitly and implicitly as a horizontal objective.</p> |
|--|--|

4. Consideration of Alternatives

The appraisal of alternatives is a useful method and powerful tool with which to present the comparative environmental effects when programmes have fixed local actions (usually in the context of its projects). However, at this abstract level of programming, as in the case of the Central Baltic Programme, meaningful other alternatives would mean in the end developing an alternative programme. Therefore the main focus in the environmental report has been placed on the level of actions, which can be considered in this context as “micro” alternatives and which will become tangible only on the phase when projects will be approved and monitored. Some suggestions for action are made in the sections on mitigating measures of SEA report.

Nevertheless, taking into account the conclusion of the environmental report that the programme is not likely to have significant negative impacts and that environmental aspects are integrated throughout the programme with its first priority focusing in the promotion of a safe and healthy environment, we can draw the conclusion that the programme is likely to lead to more and stronger positive direct and indirect effect than a zero-alternative of not implementing the programme.

5. The measures to be taken to monitor environmental effects during implementation of the programme

During the programme implementation - including the first call for proposals - the environmental issues specifically emphasised in Central Baltic Programme will be brought up in different information events and seminars available for the applicants.

In the application form the applicants are asked to clarify the possible environmental impacts of the project idea as well as the need for different permits or Environmental Impact Assessment that might be needed according to the national legislations.

The estimated environmental impacts are critically analysed by the JTS during project selection process taking into account the national expertise available. Environmental assessment analysis is included in the JTS assessment reports provided for the Steering Committees to be utilised in final decision making on the project proposals. The national environmental authorities are also represented in the Steering Committees.

The environmental impacts will be followed during the project implementation phase and information on these impacts collected to the programme monitoring system for reporting purposes.

The Progress Report format will contain a section devoted to the environmental issues parallel to the application format. The data to be monitored consists of information on both the quality and quantity indicators. The monitored information is also specified priority/sub-programme-wise in report formats and in annual reports stressing the issues (e.g. condition of the Baltic Sea) especially relevant for the programme area.

The standard annual implementation report will include an analysis section concerning environmental impacts on the programme area generated by the projects. This

analysis is based on both quantity (indicators) and quality oriented information provided by the monitoring system.

This section in implementation report also includes a description of a general environmental development in the programme area and this dual approach serves to create a realistic analysis of total impact made by the programme.

The environmental impacts will be analysed also on priority and sub-programme level.

Annex 4: Financial plan of the Programme giving the annual commitment of ERDF in the programme

Year by the source for the programme

| | ERDF |
|------------------------------|--------------------|
| 2007 | 14 756 879 |
| 2008 | 13 795 484 |
| 2009 | 13 965 625 |
| 2010 | 14 342 283 |
| 2011 | 14 758 760 |
| 2012 | 15 115 708 |
| 2013 | 15 444 272 |
| Grand Total 2007-2013 | 102 179 011 |

Annex 5: Financial plan for the operational programme

FINANCIAL PLAN OF THE OPERATIONAL PROGRAMME GIVING, FOR THE WHOLE PROGRAMMING PERIOD, THE AMOUNT OF THE TOTAL FINANCIAL ALLOCATION OF EACH FUND IN THE OPERATIONAL PROGRAMME, THE NATIONAL COUNTERPART AND THE RATE OF REIMBURSEMENT BY PRIORITY AXIS.

Operational programme reference (CCI number): CCI No. 2007CB163PO066

Priority axes by source of funding (in EUR)

| | Community Funding (a) | National counterpart (b) (= (c) + (d)) | Indicative breakdown of the national counterpart | | Total funding (e) = (a)+(b) | Co-financing rate (f) ¹ = (a)/(e) | For information | |
|---|--------------------------|---|--|--|--------------------------------|---|-------------------|----------------------------|
| | | | National Public funding (c) | National private funding ¹ (d) | | | EIB contributions | Other funding ² |
| Priority Axis 1 Safe and Healthy Environment | 28 073 434 | 8 039 557 | 7 939 557 | 100 000 | 36 112 991 | 0,78 | | |
| Priority Axis 2 Economically competitive and innovative region | 42 418 602 | 12 279 031 | 12 069 031 | 210 000 | 54 697 633 | 0,78 | | |
| Priority Axis 3 Attractive and dynamic societies | 25 556 234 | 7 380 576 | 7 210 576 | 170 000 | 32 936 810 | 0,78 | | |
| Priority Axis 4 Technical assistance | 6 130 741 | 6 130 741 | 6 130 741 | 0 | 12 261 482 | 0,50 | | |
| Total | 102 179 011 | 33 829 905 | 33 349 905 | 480 000 | 136 008 916 | 0,7513 | | |

¹ This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).

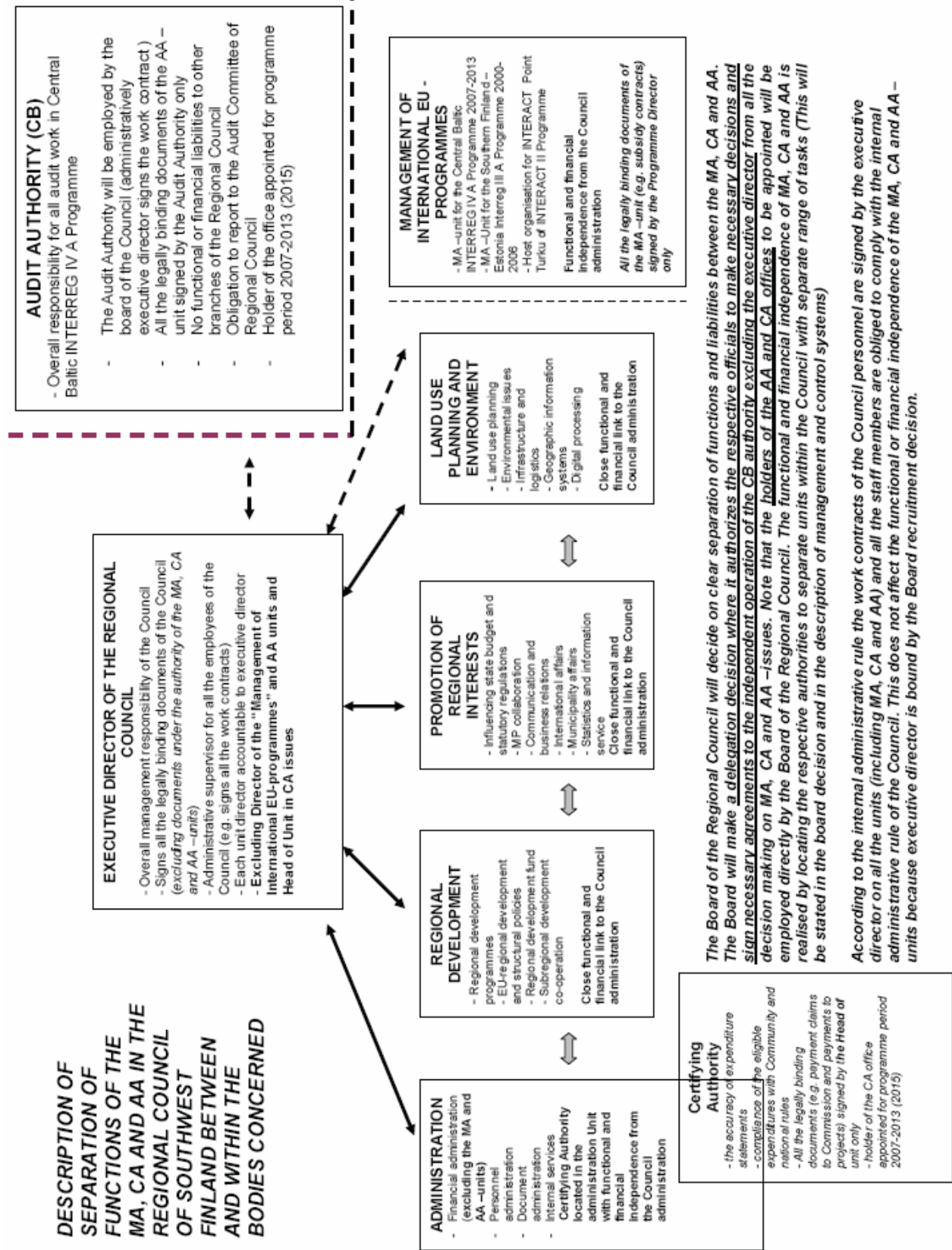
1

To be completed only when priority axes are expressed in total costs.

2

Including national private funding when priority axes are expressed in public costs.

Annex 6: Description of separation of the functions of MA, CA and AA in the Regional Council of Southwest Finland

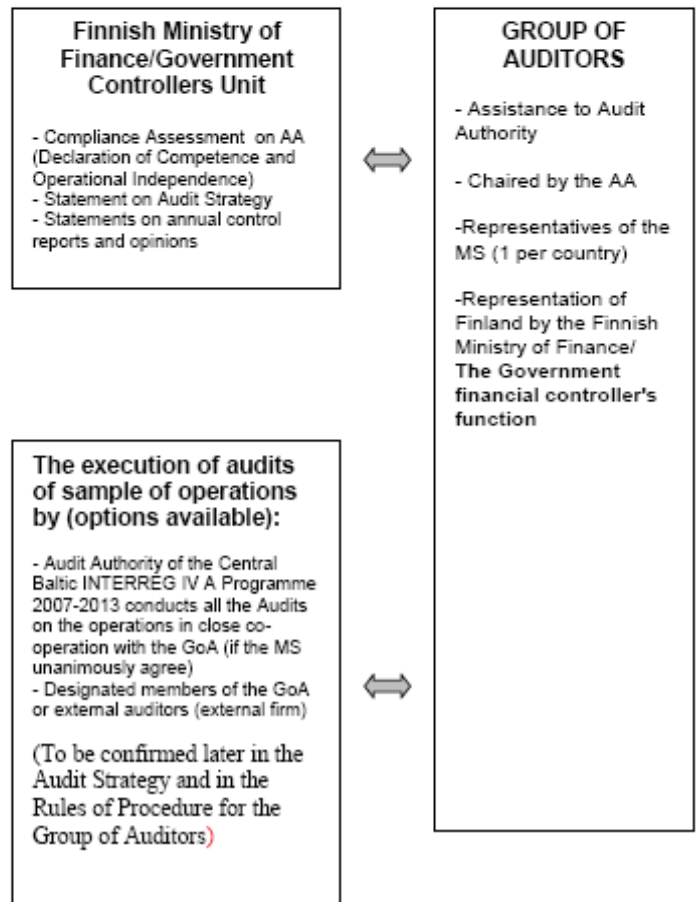
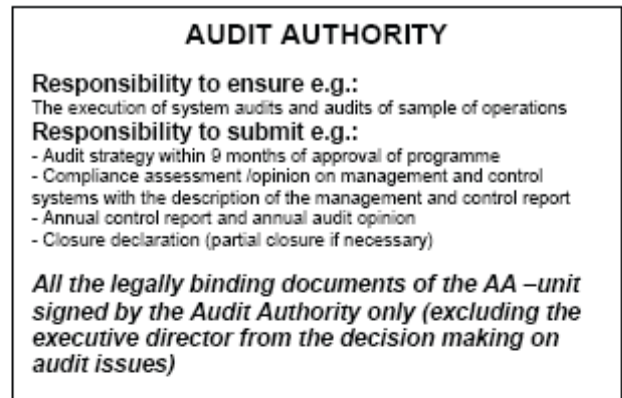


AUDIT AUTHORITY IN THE CENTRAL BALTIC INTERREG IV A PROGRAMME 2007-2013

The Rules of Procedure for the Group of Auditors will determine practical arrangements between the Member States

The Finnish Ministry of Finance/ Government Controllers Unit will represent Finland in the Group of Auditors and issues Compliance Assessment on AA and statements on
1) Audit Strategy,
2) Annual Control Reports and Opinions

The Role of the MOU
- Responsibilities of the AA and its relations with the MS set out in Memorandum of Understanding



Annex 7: Reference documents

1. Reports from the the Baltic Sea Region Interreg III B financed project "Baltic Palette II":

- Neighbourhood of Opportunities - Baltic Palette II Final Report
- [Baltic Palette II Action Group reports:](#)
 - [Action group 1a \(Polycentric platform\) final reports](#)
 - Action group 1b (Training in spatial planning) final reports
 - Action group 2 (Transport corridor networks) final reports
 - Action group 3 (Information Society) final reports
 - Action group 4 (Sustainable tourism) final reports
 - Action group 5 (Water quality management system) final reports

2. Feasibility study prior to the Central Baltic cross-border programme. Inregia, Stockholm Sweden 2007.

3. *Competitiveness and Cooperation in the Baltic Sea Region* - The State of the Region Report 2005 for the Baltic Sea Region. VINNOVA, Stockholm, Sweden 2005.

4. Eesti Statistika (Statistics Estonia) - www.stat.ee

5. Eesti Valitsus (The Government of the Republic of Estonia) – www.valitsus.ee

6. European Monitoring Centre for Drugs and Drug Addiction - www.emcdda.europa.eu

7. Eurostat - <http://epp.eurostat.ec.europa.eu>

8. Helsinki Commission, Baltic Marine Environment Protection Commission – www.helcom.fi

9. Latvijas Republikas Ministru Kabinets (The Cabinet of Ministers of the Republic of Latvia) – www.mk.gov.lv

10. Latvijas Statistika - www.csb.gov.lv

11. Port of Helsinki, Annual Report 2005 – www.portofhelsinki.fi

12. Regeringskansliet (Government Offices of Sweden) – www.sweden.gov.se

13. Sosiaali- ja terveysalan tutkimus- ja kehittämiskeskus – Stakes (National Research and Development Centre for Welfare and Health) - www.stakes.fi

14. Statistiska Centralbyrån (Statistics Sweden) - www.scb.se

15. Tilastokeskus (Statistics Finland) - www.stat.fi

16. UNESCO World Heritage Centre – <http://whc.unesco.org>

17. Valtioneuvosto (Finnish Government) – www.valtioneuvosto.fi