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1. STRATEGY FOR THE COOPERATION PROGRAMME'S CONTRIBUTION TO THE UNION STRATEGY FOR SMART, SUSTAINABLE AND INCLUSIVE GROWTH AND THE ACHIEVEMENT OF ECONOMIC, SOCIAL AND TERRITORIAL COHESION

1.1 Strategy for the cooperation programme's contribution to the Union strategy for smart, sustainable and inclusive growth and to the achievement of economic, social and territorial cohesion

1.1.1 Description of the cooperation programme's strategy for contributing to the delivery of the Union strategy for smart, sustainable and inclusive growth and for achieving economic, social and territorial cohesion.

The Programme area

Interreg Baltic Sea Region covers eleven countries, eight of them EU Member States and three partner countries. All regions covered by the programme are listed in section "NUTS regions covered by the operational programme" above.

The programme covers an area of around 3.8 million km² with a population of more than 101 million inhabitants. It stretches from central parts of Europe up to its northernmost periphery. Even though the programme area comprises a number of European metropolitan areas such as Berlin, Copenhagen, Helsinki, Oslo, Stockholm, Warsaw and St. Petersburg, major parts of the programme area are characterised as rural. Settlement structures in the south are denser with most rural areas being in close proximity to a city, but in the northern, and to some degree also in the eastern part of the region, rural regions are often characterised as remote. The Arctic regions in the northernmost part of the programme area represent specific challenges and opportunities in respect of remoteness, geographic and climate conditions.

The Baltic Sea in the centre of the programme area is the uniting factor for the region: it serves as a source for common identification across the region and constitutes a joint environmental and economic asset. At the same time the Baltic Sea brings about transnational challenges, e.g. in relation to environmental protection and transport flows passing the sea. The programme area comprises a large amount of coastal areas and islands with high residential attractiveness but, at the same time, high biodiversity vulnerable to economic uses and to climate change.

After the EU enlargements of the last two decades the Baltic Sea is now mainly surrounded by EU Member States. Yet, at the same time, the region also encompasses the partner countries of Belarus, Norway and Russia. Many of the regional challenges can be only tackled in cooperation between the EU and partner countries.

The programme can build on a strong tradition of pan-Baltic cooperation. In particular, after the political transitions in the early nineties, a wide range of cooperation networks between national, regional and local authorities, but also between other organisations such as NGOs, research funding organisations and academic institutions, business sector associations and environmental groups, has been established, many of them organised in

umbrella organisations on a pan-Baltic level. These networks and institutions have played an important role in previous transnational cooperation programmes and are expected to promote cooperation and further integration also in this funding period.

An important milestone towards further integration of the macro-region was the adoption of the EU Strategy for the Baltic Sea Region by the European Council in 2009. It defines priority areas (as of 2015 known as policy areas) for more and better coordination and identifies joint flagship actions in the accompanying action plan (cp. also cooperation programme section 4.4.). The macro-regional strategy was agreed after the launch of the Baltic Sea Region Programme 2007-2013. Still, the strategy and the programme have mutually benefitted. The Baltic Sea Region Programme offered a functioning instrument to finance flagship projects of the strategy and to get the strategy's implementation started. At the same time the strategy offered new platforms to increase the visibility and relevance of the Baltic Sea Region Programme projects. For the funding period 2014-2020 the programme and the strategy have been further interlinked to reinforce each other. Where possible within the limits of the ERDF, the programme has been thematically even more aligned with the objectives of the strategy to maximise the synergies and leverage effects on other financing sources in the programme areas. Specific measures for the institutional and administrative support to the implementation of the strategy have been integrated in the programme as well.

Alongside the EU strategy, there are development strategies of the partner countries, which address similar priorities, e.g. the Socio-Economic Development Strategy of the North-West Federal District of the Russian Federation (Russian North-West Strategy). Acknowledging the diversity of the Baltic Sea Region, the programme can create synergies among common priorities of EU and partner countries in the region. The programme can provide a platform for policy dialogue among public administrations, pan-Baltic organisations and transnational working groups. In particular, the programme supports joint work towards achievement of common goals through implementation of joint projects among EU and partner countries in the Baltic Sea Region.

Strategic process to identify transnational cooperation needs

Due to the above described advanced state of cooperation in the Baltic Sea Region the programme did not have to develop a separate analysis of the state and needs of the region, but could draw on a large number of existing analyses and strategies as well as on the know-how of experienced pan-Baltic stakeholders and networks, and the experience gained from previous programming periods.

The following inputs served as a starting-point to identify which thematic objectives defined for the European Structural and Investment Funds correspond best with the common transnational needs and challenges in the Baltic Sea Region:

- ***Conclusion from a strategic analysis of reference documents***

One of the inputs to the development of the thematic focus of the new programme was a strategic analysis of a wide range of relevant reference documents. Altogether 24 reference documents were analysed and assessed by external experts in terms of their relevance for the programming process. Among other aspects the correlation between the Baltic Sea related references documents and the thematic objectives defined for the European Structural and Investment Funds (Article 9 of Regulation (EU) No 1303/2013) were identified. The analysis turned out to be challenging due to the very different nature

of the documents and different geographic scales covered (EU, BSR, parts of BSR). Yet, it resulted in a cautious conclusion that the thematic objectives innovation, SME support, environment/ resources efficiency and transport correlated most with BSR-specific issues in the reference documents.

- ***Conclusion from questionnaire survey with the reference group***

At the start of the programming process a reference group was created comprising more than 80 institutions, in particular stakeholders of the EU Strategy for the Baltic Sea Region as well as other relevant transnational organisations in the region. The reference group was designed to contribute to the programming with experience and know-how and to identify specific demands and expectations towards the new programme among potential target groups. In spring/summer 2012 the reference group members were consulted in a questionnaire survey to give an input to the development of the future programme at an early stage of the programming. Among other questions an assessment of the relevance of the thematic objectives was addressed in this survey. Based on the answers received the thematic objectives of innovation, environment/resources efficiency and transport were considered to be the most important.

- ***Conclusion from internal evaluation of current projects***

The third input to the identification of future cooperation needs in relation to the proposed thematic objectives was a survey done by the JTS of the Baltic Sea Region Programme 2007-2013 based on projects' outcomes from the projects of the previous funding period. The conclusions in the survey were mainly based on interim or planned projects' outcomes as the majority of projects were still in the implementation stage. Based on the outcomes of the previous rounds' projects specific gaps where future transnational projects were needed were identified in relation to the thematic objectives of innovation, low-carbon economy, environment/resources efficiency and transport.

Based on these inputs and after national consultations with all countries of the programme area, the joint programming committee decided, at its meeting on 27-28 November, 2012 in Riga, to develop funding priorities of the new programme based on the following thematic objectives as defined in Article 9 of Regulation (EU) No 1303/2013:

(1) Strengthening research, technological development and innovation;

(6) Preserving and protecting the environment and promoting resource efficiency;

(7) Promoting sustainable transport and removing bottlenecks in key network infrastructures.

In addition, relevant aspects related to thematic objectives 3 (SME support), 4 (low-carbon economy) and 5 (climate change) should be considered within these thematic objectives.

Further, it was agreed to develop proposals for support for the implementation of the EU Strategy for the Baltic Sea Region and the common priorities of regional strategies of the partner countries and the EUSBSR under thematic objective 11 'Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration'.

For each of the selected thematic objectives a SWOT analysis was carried out. Based on these analyses priority descriptions were developed in early 2013 and discussed by JPC members at a programming task force meeting in March in Berlin. In April 2013 stakeholders and experts were consulted in three Thematic Programming Workshops on particular key challenges in the Baltic Sea region related to the cooperation themes of environment/resources efficiency, transport and innovation. The focus of the priority axes was further discussed, commented and amended during 2013. Final draft priorities were agreed at the JPC meeting in December 2013 as a basis for a public consultation phase in early 2014. As a result of the public consultation final amendments were made before the JPC approval of the cooperation programme in May 2014.

Transnational key challenges and opportunities for the Baltic Sea Region

This chapter provides a short summary of Baltic Sea Region specific challenges and opportunities within the selected thematic objectives 1 (innovation), 6 (environment/resources efficiency), 7 (transport) and 11 (institutional capacity). They have been obtained from recent studies and reports and discussed with stakeholders, both at programme level as well as within the participating countries. Only key challenges and opportunities will be highlighted in this chapter. A detailed overview of strengths, weaknesses, opportunities and threats for the Baltic Sea Region can be found in the SWOT-Tables in Annexes 3.1 – 3.3.

Transnational key challenges and opportunities related to research, technological development and innovation

The Baltic Sea Region (BSR) features different levels of innovation performance. A number of regions, mainly in the northwest of the BSR, are innovation leaders ranking high on the EU Innovation scoreboard. They are knowledge and innovation producers, specialised in general purpose technology, and are strong in R&D activities, as well as possess science-based local knowledge. Other regions, mainly concentrated in the southeast of the region, can be described as innovation followers. Nevertheless, they present a high degree of local competences and strong creative potential, which can be used for the acquisition of external innovation.

There is a wide range of research and innovation infrastructures across the BSR. However, the existing facilities are not equally distributed and interconnected, as well as their management and usage patterns differing significantly on the BSR level. In addition, there is a lack of an overall regional coordination framework ensuring better links between research resources within the BSR, and outside it. Given the remoteness of the region, the cooperation between BSR countries and regions on research and innovation infrastructures becomes especially relevant.

Therefore, the BSR demonstrates a great opportunity for utilisation of synergies between research and innovation policies needed to improve competitiveness and economic performance, and the policies needed to resolve large societal challenges. In line with Europe 2020 Strategy, innovation policy and R&D activities are to respond to the challenges facing our society at large, such as climate change, energy and resource efficiency, food supply, welfare, health and demographic change.

The BSR provides a space for cooperation to overcome the lack of effective mechanisms for knowledge transfer from research to enterprise, thus counteracting insufficient demand for some existing research capacities. To this end, better opportunities for the involvement of infrastructures' users have to be provided, and cooperation among public, academic and private sectors improved to foster market-led R&D and demand-driven innovation.

The BSR provides an opportunity to build on diversity as a strength to achieve unique, smart combinations of competencies with potential to find new solutions to market needs. In order to unlock untapped innovation potential of the BSR, the regional capacity building should put a special focus on diversification of innovation support measures that are suitable with the existing potentials and available expertise. Propelled by its diversity, the BSR offers strong potential for a more place-based and market-driven approach to fostering innovation, which can be realised through instruments such as smart specialisation. The challenge, however, here is to mobilise internal assets and resources in fields where a country or a region has a specific specialisation. These include those of higher technology and research, but also those relating to growing non-technological innovations.

Transnational key challenges and opportunities related to environment and resource efficiency

As a semi-enclosed and shallow sea, the Baltic Sea is particularly vulnerable to negative impacts (e.g. eutrophication) from nutrient inflows and discharges of hazardous substances. This hampers the regional economic development as, for example, concentration of contaminants in fish often exceed safety limits for human consumption, marine life is aggravated by severe algal blooms and occurrence of oxygen-depleted zones, coastal tourism could be affected by growing environmental concerns. It should also be noted that the condition of inland waters that have connection to the Baltic Sea directly causes many of the environmental challenges.

Even though water management has been improved in recent years, the environmental state of the Baltic Sea is still endangered due to structural changes in agricultural production, insufficient recycling of nutrients and insufficient nutrient removal in urban waste water treatment systems and from industrial sources. At the same time, the Baltic Sea Region has the potential to capitalise on the existing water management expertise in order to further develop sustainable solutions and to become a leading region in this field.

The marine environment is additionally endangered by climate change. One of the possible effects of climate change is aggravated eutrophication as the measures to improve the water quality of the HELCOM Baltic Sea action plan (BSAP) applied today will be less efficient in a changing climate.

While there is a well-developed regulatory framework for the water and resource management (e.g. EU Marine Strategy Framework Directive, the Nitrates and Water Framework Directives) there is still a lack of legally binding commitments as well as economic instruments to implement these existing agreements (e.g. set in the HELCOM Baltic Sea action plan). Furthermore, there is a lack of or no cooperation between different sectors, e.g. tourism and coastal protection, shipping and fisheries, offshore wind parks and aquaculture. These sectors are often conflicting. However, there is potential for joint benefits if these sectors cooperate and look for joint solutions, taking into account the economic effects and environmental sustainability.

At the same time there is huge potential in the Baltic Sea Region for resource efficient growth, in particular in renewable energy and energy efficiency as well as blue growth sectors. There is scope for increasing the renewable energy use by developing place-based patterns for energy production using the endogenous potential of renewable resources and waste resources. Furthermore, energy consumption differs significantly around the BSR. Some countries show relatively efficient energy consumption, while others have lower overall energy efficiency. In addition, energy efficiency aspects are poorly integrated into the regional planning and there is lack of transnational energy planning, which hampers the use of potential for efficiency gains. To reach the energy targets set by the Europe 2020 Strategy (20% of energy consumption from renewables and increase energy efficiency by 20% by 2020) there is a need for an increased production and use of renewable energy as well as energy efficient solutions and energy savings throughout regional spatial planning. Further, there is a need to integrate the energy policy within all the administration levels and cooperation with enterprises and NGOs. Thus, there is also a need for enhancing capacity of public authorities and enterprises to facilitate these processes and collaborate transnationally. Using the growth potential collaboratively will not only decrease the regional dependence on fossil fuels and minimise the negative environmental impacts, but also quickly affect the economy and the employment situation since many jobs in the BSR are in energy intensive and/or resource-based sectors.

"Blue growth", i.e. the development of those sectors that are based on marine resources, is considered to have substantial potential to contribute to the sustainable growth of the BSR. It includes not only traditional sectors of maritime economy, such as fisheries, transport, maritime and coastal tourism, but also novel and developing sectors that are making use of the vast resources of the sea, for instance wave energy, offshore wind-energy, blue biotechnology, sea-bed mining and aquaculture as well as combination of these uses. Within these sectors, both novel technologies and growing knowledge about the uses of marine resources can give a strong impetus for development of entrepreneurship and create new businesses and jobs in the BSR.

Sustainable blue growth requires coordinated approaches in order to mediate between contradictory interests of different stakeholders in uses of these resources, to prevent overexploitation of maritime resources (e.g. overfishing) due to intensifying activities and to secure long-term sustainability of the ecosystem services. These conflicts cannot be solved by each BSR country alone. It requires an improved transnational and interdisciplinary cooperation around the use of marine resources and space on a policy level, using the benefits of the Integrated Maritime Policy approach. In particular national management plans and legislation related to marine environment should be better harmonised and coordinated among the BSR countries to combat the long-term deterioration of the Baltic Sea and use marine resources in a sustainable way.

Transnational key challenges and opportunities related to sustainable transport and removing bottlenecks in key network infrastructures

Long distances, difficult geographic and climate conditions and low population density make some of the northern and eastern parts of the BSR the least accessible areas in Europe. This concerns both, the internal as well as the external accessibility of the region.

Due to separation by national borders, multiple legislative systems and different safety and technical standards the transport systems in the BSR are not fully interoperable. TEN-T networks are not sufficiently well connected and integrated with the region and

its secondary and tertiary networks, as well as with the networks of the Northern Dimension partners from Russia, Norway and Belarus.

Sea transport has the potential to improve the capacity of road and rail transport systems. Yet, the Baltic Sea is, at the same time, a geographic obstacle to easy transport and logistic flows between the countries in the BSR, requiring solutions combining different modes of transport.

Further key challenges for the transport planning are an increasing political and economic demand to further increase sustainability of transport as well as the demographic change that will require particular adaptations due to ageing societies and the depopulation of rural areas.

Maritime transport is vital for the Baltic Sea Region and amounts currently to 15% of the world's cargo traffic. Maritime traffic is dense and more than 2000 ships are operating in the Baltic at any time – and the number is expected to grow further. The Baltic Sea already has a high maritime safety and security level. However due to increasing shipping (both the number of vessels and especially the size of vessels is expected to rise) and because of vulnerable nature of the Sea, the special attention is to be paid to ensure a continuous positive development. The resources could be more effectively used if there would be even more cooperation between maritime safety administrations and related functions and tasks between countries at national level. The precondition of high safety and security levels is also that the shipping sector is relatively profitable and that the regulative and administrative framework supports it.

Although being considered as a primarily environment-friendly transport mode, shipping has negative effects on the environment, including emissions into the atmosphere as well as noise emission, illegal and accidental discharge of oil, hazardous substances and other wastes. The Baltic Sea is especially exposed to the threats from shipping and other human marine activities due to its semi-closed environment and shallow, brackish waters. From the biological perspective the introduction of alien organisms via ships' ballast water and hull is a continuous danger to the ecologically fragile Baltic Sea and its endemic species. Another feature distinct for the region's maritime transportation system are the harsh climate conditions featuring low temperatures and ice formation particularly in the northern parts of the programme area. This puts additional strain on both vessels and personnel (or crew) on-board. At the same time competence of maritime operations in ice conditions accumulated in the BSR has an increasing global market potential.

In the framework of the programme maritime transport encompasses coastal and inter-national shipping and also extends to transport on inland waterways. The development of multi-modal chains to facilitate sustainable transportation should continue into the hinterland.

The major economic activity in the BSR takes place in and around urban areas. Cities and towns attract investment and jobs, and they are essential to the well-functioning economy of the region. Urban transport systems are integral elements of the wider transport system of the Baltic Sea Region. Cities and urban areas play a crucial role in the transformation towards a low carbon society. Cities will have to adopt their infrastructure to reduce carbon emissions while continuing to ensure citizens' well-being and economic performance.

Transnational key challenges and opportunities related to the implementation of the EU Strategy for the Baltic Sea Region and common priorities with the partner countries

Since its adoption in 2009, the EU Strategy for the Baltic Sea Region facilitates cooperation between the Member States around the Baltic Sea and the partner countries tackling common challenges in the region. The strategy helps formulate joint policy objectives and supports better coherence of EU policies in the region. Several projects with a macro-regional impact have been implemented and several macro-regional development processes are currently on-going.

Nevertheless, there are still bottlenecks hindering the implementation of the strategy, identified in the 'Analysis of needs for financial instruments in the EU Strategy for the Baltic Sea Region'. During the previous programme period, until 2013, the implementation of most of the priority areas of the strategy has been depending, to a larger extent, on EU Structural Funds, in particular European territorial cooperation programmes. The financial volume of these instruments is, however, modest compared to further instruments which potentially would be available for supporting actions implementing EUSBSR. The main challenges in the implementation of the strategy relate to mobilisation of different funding sources and to complex project preparation and governance in a transnational environment. Among other things lack of experience and capacity in public administrations to implement complex transnational processes, hinders realisation of the full potential of the strategy.

At the same time there is a need to intensify involvement of the partner countries as well as links of the EUSBSR to regional strategies covering the partner countries, in particular to the North-West Strategy of Russia and the 'Socio-economic development programme of the Republic of Belarus for 2011–2015'. This will streamline the strategic efforts and will facilitate development of joint actions in the fields of common interest.

The first steps in mobilising the synergies between the EUSBSR and North-West Strategy of Russia were done in the EU – Russia working group addressing the five topics of joint interest: environment including agriculture, innovation including support to SMEs, transport including maritime safety, civil protection, and social issues.

Programme objective

Based on the selected cooperation themes, as well as key challenges and opportunities described in the previous sub-chapter, the overall objective of Interreg Baltic Sea Region has been defined as follows:

To strengthen the integrated territorial development and cooperation for a more innovative, better accessible and sustainable Baltic Sea Region

The programme promotes transnational cooperation and integration in the BSR by projects addressing the common key challenges and opportunities of the region as described above. Its added value compared to other funding programmes is related to the transnational benefits of the supported actions and investments. It responds to opportunities and risks which cannot (sufficiently) be dealt with by single countries but require a joint response by partners from several countries from the BSR.

The programme contributes to territorial cohesion and to a higher degree of territorial integration in the BSR. It aims at making the most of its territorial assets and at reducing territorial disparities. In line with the Territorial Agenda 2020 of the EU, the programme follows a place-based approach, i.e. its projects are implemented in both sectoral and territorial contexts.

Taking into account the wide geographic coverage and range of topics covered in the programme the financial resources are limited, especially compared to national and regional cohesion programmes. Therefore, the programme cannot finance large-scale implementation on its own. Instead the programme develops a leverage effect on regional development by investing in the institutional capacities of the programme's target groups. Improved institutional capacity in the programme context is understood as:

1) Enhanced institutionalised knowledge and competence;

2) Improved governance structures and organisational set-up;

3) More efficient use of human and technical resources (databases, technical solutions, small infrastructure etc.);

4) Better ability to attract new financial resources;

5) Increased capability to work in transnational environment.

These improvements in institutional capacities will derive from genuine transnational cooperation. To classify the maturity of cooperation INTERACT has defined a scale to measure the degree of cooperation. It has the following 6 levels starting with the least developed (1) through to advanced maturity (6):

1. Meeting: Getting to know each other, learning about motivation, interests, needs, skills, expectations, cultural and structural aspects;
2. Information: Delivering (targeted) exchange of information, building basic cooperation structures and trust, shaping common ideas
3. Coordination/Representation: Creating a joint partnership structure, first allocation of functions and roles
4. Strategy/Planning: Defining joint objectives and developing concrete actions
5. Decision: Binding commitments of partners, partnership agreement
6. Implementation: Joint implementation of actions, efficient joint management, fulfilment of requirements by each partner

Due to the advanced stage of cooperation in the Baltic Sea Region it is expected that the majority of projects will reach high degrees of cooperation (4-6). Yet, with some projects activity at lower levels could be acceptable if they address new topics or if new partners that have not yet been involved in cooperation were to be integrated.

Programme priorities

Four priority axes have been defined in response to the identified transnational key challenges and opportunities above. They are briefly introduced in the following section. A detailed description of the actions to be financed, their expected contribution to the corresponding specific objectives and the related result and output indicators can be found in section 2 below.

Priority 1 'Capacity for innovation' (Based on Article 9 of Regulation (EU) 1303/2013 thematic objective 1: Strengthening research, technological development and innovation)

Priority 1 'Capacity for innovation' is dedicated to actions strengthening the ability of the BSR to create and commercialise innovation. It aims at supporting a framework for the generation of innovations building on complementarity in a diverse region in such a way that new, smart combinations of competences and strengths can develop and reach its full potential. The priority encourages experimentation with new approaches and solutions to be practically tested through pilot actions in specific fields reflecting large societal challenges and sectors of importance for the BSR. As there are many other on-going processes and programmes targeting support for innovation and its infrastructure, projects financed under this priority should stem directly from the need for transnational cooperation in the BSR. They will be complemented by actions from other funding sources, on the national level for instance.

A special focus of the priority lies on utilisation of the complete potential of existing and planned research and innovation infrastructures. Furthermore, acknowledging the diverse needs and strengths of the region, the priority is dedicated to supporting capacity-building for smart specialisation strategies and their implementation, e.g. through test and pilot activities. Importantly, the priority provides space for reinforcement of non-technological innovation. Through its focus on demand for specific innovation capacity it supports the public sector as an innovation driver and enhances innovation uptake of SMEs.

Specific objectives related to priority 1:

- ***Specific objective 1.1 'Research and innovation infrastructures':*** *To enhance market uptake of innovation based on improved capacity of research and innovation infrastructures and their users*
- ***Specific objective 1.2 'Smart specialisation':*** *To enhance growth opportunities based on increased capacity of innovation actors to apply smart specialisation approach*
- ***Specific objective 1.3 'Non-technological innovation':*** *To advance the Baltic Sea Region performance in non-technological innovation based on increased capacity of innovation actors*

Priority 2 'Efficient management of natural resources' (Based on Article 9 of Regulation (EU) 1303/2013 thematic objective 6: Preserving and protecting the environment and promoting resource efficiency)

Priority 2 'Efficient management of natural resources' is targeted at the reduction of pollution of the waters in the BSR and the strengthening of resource-efficient growth, in particular sustainable production and use of renewable energy, energy efficiency and resource-efficient blue growth.

This priority aims at supporting transnational cooperation enhancing capacity of public authorities and practitioners in water management and developing integrated approaches to reducing nutrient loads and decreasing discharges of hazardous substances to the Baltic Sea and the regional inland waters. It encourages capitalising on the existing achievements in this field in order to advance the implementation of the common environmental priorities, endorsed through the Marine Strategy and Water Framework Directives. In addition, it supports testing of innovative water management solutions in

different sectors of the economy and their further anchoring in the daily practice in the region.

The priority pays due attention to strengthening the regional energy performance through supporting development and testing of governance and funding models as well as technological solutions for production and distribution of renewable energy and for improved energy efficiency. Place-based approaches in this field would allow using the regional economic potential and contributing to regional development with a focus on the forms of energy available in the region.

Finally, the priority aims at strengthening the sustainable and resource-efficient blue growth in the BSR. Both traditional (e.g. maritime and coastal tourism) and novel (e.g. aquaculture, mussel farming, blue biotechnology) sectors are the focus of attention. The application of sustainable solutions has to be assured in all maritime activities in order to reduce pressure on the marine environment stemming from new activities of the blue economy as well as to mediate the conflicting interests in uses of the marine resources, also on the policy level implementing the Integrated Maritime Policy approach.

Specific objectives related to priority 2:

- ***Specific objective 2.1 'Clear waters':*** *To increase efficiency of water management for reduced nutrient inflows and decreased discharges of hazardous substances to the Baltic Sea and the regional waters based on enhanced capacity of public and private actors dealing with water quality issues*
- ***Specific objective 2.2'Renewable energy':*** *To increase production of sustainable renewable energy based on enhanced capacity of public and private actors involved in energy planning and supply*
- ***Specific objective 2.3 'Energy Efficiency':*** *To increase energy efficiency based on enhanced capacity of public and private actors involved in energy planning*
- ***Specific objective 2.4 'Resource-efficient blue growth':*** *To advance sustainable and resource-efficient blue growth based on increased capacity of public authorities and practitioners within the blue economy sectors*

Priority 3 'Sustainable transport' (Based on Article 9 of Regulation (EU) 1303/2013 thematic bbjective 7: Promoting sustainable transport and removing bottlenecks in key network infrastructures)

Priority 3 'Sustainable transport' aims at better connecting the secondary and tertiary transport networks and nodes in the Baltic Sea Region to core transport networks as the ones defined by TEN-T and Northern Dimension Partnership on Transport and Logistics with its particular inclusion of the transport networks of the partner countries in the regions of Belarus, Russia and Norway.

Furthermore, this priority pays particular attention to support the greening of the region's transport systems, e.g. by increased interoperability of transport modes and more efficient use of existing transport capacities via multimodal transport chains. Another aspect is the support to more organised use of existing transport infrastructures and corridors by innovative application of transport corridor support structures.

The priority aims to improve accessibility of distant areas that have accessibility deficits to urban, administrative and economic centres and areas affected by demographic change.

Due to the significance of maritime transport for the region's competitiveness and environment part of the priority is devoted solely to maritime issues. Its scope does not only focus on the improvement of transport services but addresses also safety measures and environmental protection.

Moreover cities and urban areas play a crucial role in the transformation towards a low carbon society. Therefore, the priority specifically focuses on urban areas of the Baltic Sea Region with the aim of increasing environmentally friendly mobility by helping cities to adopt their infrastructure, create multimodal urban transport systems and modify habits to reduce carbon emissions.

Specific objectives related to priority 3:

- ***Specific objective 3.1 'Interoperability of transport modes':*** *To increase interoperability in transporting goods and persons in north-south and east-west connections based on increased capacity of transport actors*
- ***Specific objective 3.2 'Accessibility of remote areas and areas affected by demographic change':*** *To improve the accessibility of the most remote areas and regions whose accessibility is affected by demographic change based on increased capacity of transport actors*
- ***Specific objective 3.3 'Maritime safety':*** *To increase maritime safety and security based on advanced capacity of maritime actors*
- ***Specific objective 3.4 'Environmentally friendly shipping':*** *To enhance clean shipping based on increased capacity of maritime actors*
- ***Specific objective 3.5 'Environmentally friendly urban mobility':*** *To enhance environmentally friendly transport systems in urban areas based on increased capacity of urban transport actors*

Priority 4 'Institutional capacity for macro-regional cooperation' (Based on Article 9 of Regulation (EU) 1303/2013 thematic objective 11 'Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration')

Priority 4 'Institutional capacity for macro-regional cooperation' is dedicated to actions strengthening the implementation of the EU Strategy for the Baltic Sea Region as well as the implementation of common priorities of the EUSBSR and regional strategies of the partner countries.

It facilitates the preparation of new initiatives helping implement one of the policy areas or horizontal actions of the EU strategy as well as implement common priorities with the partner countries. This is done by providing seed money funding for preparation of projects of strategic importance to be funded by different funding sources available in the region.

Priority 4 also aims at supporting the policy area coordinators (PACs), horizontal action coordinators (HACs) and National Coordinators(NCs) in coordinating the transnational activities and in achieving the EUSBSR goals and targets. Furthermore, the programme provides co-financing to general support and communication activities related to implementation of the strategy.

A special focus of the priority lies on involvement of the partner countries and facilitation of links between the EUSBSR and the strategies covering the partner countries.

Specific objectives related to priority 4:

- ***Specific objective 4.1 'Seed Money':*** *To increase capacity for transnational cooperation implementing the EU Strategy for the Baltic Sea Region and working on common policies with the partner countries*
- ***Specific objective 4.2 'Coordination of macro-regional cooperation':*** *To increase capacity of public institutions and pan-Baltic organisations for transnational coordination in implementing the EU Strategy for the Baltic Sea Region and facilitating the implementation of common policies with the partner countries*

Within the thematic scope of priorities 1-3 the programme will contribute to the Digital Single Market. By doing so, it supports the core priority of the Commission to create a single market for consumers and business to make use of the great opportunities of digital technologies which know no borders.

Information about projects financed under this Cooperation Programme will be made available to the general public to the greatest possible extend. For data storage 'open standards' shall be applied to make sure that data is interoperational among different platforms.

1.1.2 Justification for the choice of thematic objectives and corresponding investment priorities, having regard to the Common Strategic Framework, based on an analysis of the needs within the programme area as a whole and the strategy chosen in response to such needs, addressing, where appropriate, missing links in cross-border infrastructure, taking into account the results of the ex-ante evaluation

Table 1: Justification for the selection of thematic objectives and investment priorities

Selected thematic objective	Selected investment priority	Justification for selection
01 - Strengthening research, technological development and innovation	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest	• *Wide range and uneven distribution of research and innovation infrastructures in the BSR* • *Potential for better links between research resources within BSR, and outside* • *Potential to improve governance structures and ensure optimal use of resources* • *Need for better involvement of infrastructures' users and potential for better translation of research into businessInsufficient cooperation among public, academic and private sectors hampering market-led R&D and demand-driven innovation*

Selected thematic objective	Selected investment priority	Justification for selection
01 - Strengthening research, technological development and innovation	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies	• *Potential to build on diversity to achieve smart combinations of competencies* • *Need for capacity building measures to implement smart specialisation strategies* • *Potential for developing innovative responses to large societal challenges* • *Underused potential of excelling in non-technological innovation*
06 - Preserving and protecting the environment and promoting resource efficiency	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements	• *Impaired environmental state of the Baltic Sea caused by eutrophication and hazardous substances* • *Lack of cooperation between different sectors and among different countries having an impact on the water status* • *Insufficient capacities of administrations and industries to reduce water pollution* • *Shortcomings in existing monitoring and reporting systems on the BSR level* • *Inefficient management of nutrient resources which leads to increased eutrophication* • *Targets set out at the pan-Baltic level (e.g. HELCOM BSAP)*
06 - Preserving and protecting the	6g - Supporting industrial transition	• *Dependence on fossil fuel imports* • *High greenhouse gas emissions*

Selected thematic objective	Selected investment priority	Justification for selection
environment and promoting resource efficiency	towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors	• *Low energy efficiency and insufficient energy saving in the programme area* • *Europe 2020 Strategy target: create 20 % of energy consumption from renewables and increase energy efficiency by 20 % by 2020* • *Weak transnational cooperation around the sustainable and resource-efficient use of marine resources and space* • *Need to mediate contradictory interests in uses of marine resources*
07 - Promoting sustainable transport and removing bottlenecks in key network infrastructures	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes	• *Transport networks/modes are not fully interoperable and separated by the sea* • *Need to increase sustainability of transport* • *Increased sea transport improves capacity on rail and road transport systems* • *Needs for transport networks and related planning and implementation perspectives are heterogeneous* • *Interconnection points to the trans-European transport networks needed* • *The BSR features distant areas with accessibility deficits* • *Demographic challenges affecting current transport systems*
07 - Promoting sustainable transport and removing bottlenecks in key network infrastructures	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	• *Increased safety of navigation contributes to reduction of collisions* • *Increased maritime response preparedness helps to reduce negative effects of accidents* • *Need to address negative effects to the environment caused by shipping* • *Need to adapt to new regulation on reducing sulphur and nitrogen emissions* • *BSR features harsh climate*

Selected thematic objective	Selected investment priority	Justification for selection
		conditions that put additional risk on the maritime transport • *Multimodality of urban passenger and freight transport facilitate more sustainable urban transport systems* • *Cities have to adopt their infrastructure, create multimodal urban transport systems and modify habits to reduce carbon emissions*
11 - Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration	11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)	• *A macro-regional strategy helps formulate joint policy objectives and supports better coherence of EU policies in the Baltic Sea Region* • *A macro-regional strategy offers a platform for transnational cooperation projects and increases their durability* • *Lack of experience and capacity in public administrations to implement complex transnational processes* • *A need to mobilise different funding sources for implementation of the EU Strategyand common priorities with the partner countries* • *A need to intensify cooperation with actors in the partner countries and links of the EU Strategy to the partner countries*

1.2 Justification for the financial allocation

Justification for the financial allocation (i.e. Union support) to each thematic objective and, where appropriate, investment priority, in accordance with the thematic concentration requirements, taking into account the ex-ante evaluation.

The total ERDF allocation to the programme amounts to 263,830,658 Euros as defined in Annex II of 'Commission Implementing Decision setting up the list of cooperation programmes and indicating the global amount of total support from the European Regional Development Fund for each programme under the European territorial cooperation goal for the period 2014 to 2020'.

Based on a needs analysis and strategic considerations about the key opportunities and challenges of the Baltic Sea Region the joint programming committee agreed to reserve the majority of funding to support operation under priorities 1 ‘Capacity for innovation’ (based on thematic objective 1 defined in Article 9 of Regulation (EU) 1303/2013), 2 ‘Efficient management of natural resources’ (based on thematic objective 6 defined in Article 9 of Regulation (EU) 1303/2013), and 3 ‘Sustainable transport’ (based on thematic objective 7 defined in Article 9 of Regulation (EU) 1303/2013). Within this group of priorities it was agreed to put a slightly higher emphasise on priorities 1 and 2 (each 32% of the total ERDF allocation) than on priority 3 (25% of the total ERDF allocation). This allocation of funding reflects the Europe 2020 targets, the priorities set in strategic policy documents for the Baltic Sea Region (EUSBSR and North-West Strategy of Russia) and the joint regional interests identified by an EU – Russia working group.

The funding of priority 4 ‘Institutional capacity for macro-regional cooperation’ (based on thematic objective 11 defined in Article 9 of Regulation (EU) 1303/2013) has been set to 5% of the total ERDF allocation based on detailed needs analysis for different support activities to the implementation of macro-regional strategies.

Finally, it has been agreed to allocate 6 % of the total ERDF allocation to priority 5 ‘Technical Assistance’ in line with Article 17 of Regulation (EU) No 1299/2013.

Table 2: Overview of the investment strategy of the cooperation programme

Priority axis	ERDF support (€)	Proportion (%) of the total Union support for the cooperation programme (by Fund)			Thematic objective / Investment priority / Specific objective	Result indicators corresponding to the specific indicator
		ERDF	ENI (where applicable)	IPA (where applicable)		
1	84,425,812.00	30.97%	1.10%	0.00%	01 - Strengthening research, technological development and innovation 1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest 1.1 - 'Research and innovation infrastructures': To enhance market uptake of innovation based on improved capacity of research and innovation infrastructures and their users 1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies 1.2 - 'Smart specialisation': To enhance growth opportunities based on increased capacity of innovation actors to apply smart specialisation approach 1.3 - 'Non-technological innovation': To advance the Baltic Sea Region performance in non-technological innovation based on increased capacity of innovation actors	[1.1.1, 1.2.1, 1.3.1]
2	84,425,812.00	30.97%	1.10%	0.00%	06 - Preserving and protecting the environment and promoting resource efficiency 6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements 2.1 - 'Clear waters': To increase efficiency of water management for reduced nutrient inflows and decreased discharges of hazardous substances to the Baltic Sea and the regional waters based on enhanced capacity of public and private actors dealing with water quality issues 6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors 2.2 - 'Renewable energy': To increase production of sustainable renewable energy based on enhanced capacity of public and private actors involved in energy planning and supply	[2.1.1, 2.2.1, 2.3.1, 2.4.1]

Priority axis	ERDF support (€)	Proportion (%) of the total Union support for the cooperation programme (by Fund)			Thematic objective / Investment priority / Specific objective	Result indicators corresponding to the specific indicator
		ERDF	ENI (where applicable)	IPA (where applicable)		
					▾ 2.3 - 'Energy efficiency': To increase energy efficiency based on enhanced capacity of public and private actors involved in energy planning ▾ 2.4 - 'Resource-efficient blue growth': To advance sustainable and resource-efficient blue growth based on increased capacity of public authorities and practitioners within the blue economy sectors	
3	65,957,666.00	24.19%	0.81%	0.00%	▾ 07 - Promoting sustainable transport and removing bottlenecks in key network infrastructures ▾ 7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes ▾ 3.1 - 'Interoperability of transport modes': To increase interoperability in transporting goods and persons in north-south and east-west connections based on increased capacity of transport actors ▾ 3.2 - 'Accessibility of remote areas and areas affected by demographic change': To improve the accessibility of the most remote areas and regions whose accessibility is affected by demographic change based on increased capacity of transport actors ▾ 7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility ▾ 3.3 - 'Maritime safety': To increase maritime safety and security based on advanced capacity of maritime actors ▾ 3.4 - 'Environmentally friendly shipping': To enhance clean shipping based on increased capacity of maritime actors ▾ 3.5 - 'Environmentally friendly urban mobility': To enhance environmentally friendly transport systems in urban areas based on increased capacity of urban transport actors	[3.1.1, 3.2.1, 3.3.1, 3.4.1, 3.5.1]
4	13,191,529.00	4.84%	0.03%	0.00%	▾ 11 - Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration ▾ 11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN) ▾ 4.1 - 'Seed Money': To increase capacity for transnational cooperation implementing the EU Strategy for the Baltic Sea Region and working on common policies with the partner countries ▾ 4.2 - 'Coordination of macro-regional cooperation': To increase capacity of public	[4.1.1, 4.1.2, 4.2.1, 4.2.2]

Priority axis	ERDF support (€)	Proportion (%) of the total Union support for the cooperation programme (by Fund)			Thematic objective / Investment priority / Specific objective	Result indicators corresponding to the specific indicator
		ERDF	ENI (where applicable)	IPA (where applicable)		
					administrations and pan-Baltic organisations for transnational coordination in implementing the EU Strategy for the Baltic Sea Region and facilitating the implementation of common policies with the partner countries	
5	15,829,839.00	5.81%	0.19%	0.00%	5.1 - 'Technical Assistance': To provide sufficient financing to ensure a professional and efficient programme management	[5.1.1, 5.1.2, 5.1.3]

2. PRIORITY AXES

2.A DESCRIPTION OF THE PRIORITY AXES OTHER THAN TECHNICAL ASSISTANCE

2.A.1 Priority axis

ID of the priority axis	1
Title of the priority axis	Capacity for innovation

☐ The entire priority axis will be implemented solely through financial instruments
☐ The entire priority axis will be implemented solely through financial instruments set up at Union level
☐ The entire priority axis will be implemented through community-led local development

2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

Not applicable

2.A.3 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total
ENI	Total

2.A.4 Investment priority

ID of the investment priority	1a
Title of the investment priority	Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	1.1
Title of the specific objective	'Research and innovation infrastructures': To enhance market uptake of innovation based on improved capacity of research and innovation infrastructures and their users
Results that the Member States seek to achieve with Union support	Improved capacity of research and innovation infrastructures and their users allowing for better market uptake of innovation. This leads to more efficient utilisation of existing research and innovation infrastructures and through this to advancing innovation performance of the BSR.

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		**1.1 - 'Research and innovation infrastructures': To enhance market uptake of innovation based on improved capacity of research and innovation infrastructures and their users**					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
1.1.1	Capacity of research and innovation infrastructures in the Programme area to implement measures to increase the market uptake of innovation	Qualitative analysis of the state and gaps of capacity	Slightly below medium (2,7)	2014	Medium to good (3,6), focus on more efficient use of human and technical resources	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest

Specific objective 1.1 'Research and innovation infrastructures':

To enhance market uptake of innovation based on improved capacity of research and innovation infrastructures[1] and their users

The Baltic Sea Region features a wide range of research and innovation infrastructures (e.g. large-scale research instruments; test bed facilities; databases; biological archives; clean rooms; high-speed communication networks; technology and innovation centres, clusters, technology and science parks, technology incubators and other related organisations). However, the existing infrastructure is not equally distributed, interconnected and optimally utilised. Furthermore, there is a lack of a coordination framework that would allow for better management of infrastructures' assets. Such management should include assessment of user needs, optimization of utilization of facilities and building links between research resources located within the Baltic Sea Region, as well as in other EU countries and outside the EU borders.

Therefore, there is a noteworthy potential for joint actions on the transnational level in order to improve governance of research and innovation infrastructures. Such actions should lead to:

- ensuring sustainability of resources,
- optimal sharing of resources;
- exchange of data and
- translation of research into business activity.

Consequently, the programme within this specific objective aims at improving research and innovation infrastructure facilities' ability to manage own resources efficiently and to deliver results based on a combination of available resources and capacities in different regions/countries. In addition, the programme strives to improve the infrastructures' ability to attract external users and ensure external financing, as well as to coordinate their efforts with different research and innovation infrastructures.

Investment priority	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest

To improve transnational links between the infrastructures and their users and thus achieve greater diffusion of research into the market, the investment priority seeks to reaffirm the role of the private sector. Various modes of enterprises' (notably SMEs) participation should be fostered, such as involvement of research and innovation infrastructures' users in testing, piloting and validation activities. Additional focus is placed on engaging enterprises in the capacity of know-how providers at early planning and identification stage of the infrastructures. Furthermore, the optimisation of research and innovation infrastructure usage is dependant to large extent on proper marketing measures applied to attract potential users, particularly those developing products addressing important market and societal needs. Whenever possible the programme intervention aims at integrating user perspective into validation of requirements towards specific innovative goods, services etc. At the same time the need for more demand-driven research is addressed through capacity building measures for the public sector, encouraging their active involvement in creating demand for specific innovation.

As a response to the risk of research and innovation infrastructures becoming obsolete due to fast technological and non-technological development and rapidly changing needs of stakeholders, the programme seeks to support monitoring and assessment structures of the infrastructures.

A particular focus will be put on the projects supporting research and innovation infrastructures contributing to development of areas that are central for the BSR. These areas include ICT, agro-food, healthcare/wellness, biotech, cleantech, energy (notably renewables), advanced materials and maritime sector, and others. At the same time, the innovation and research facilities' operations should be seen as a response to large societal challenges related to climate change, low carbon economy, food security, and ageing population, leading to cross-sectoral collaborations and solutions. To accomplish this, modes of involvement of non-profit organisations and use of its know-how should be considered as well.

Examples of actions:

- Identifying challenges in management of research and innovation infrastructures followed by preparation of joint training programmes for infrastructure operators, development of mechanisms ensuring cost-efficient exploitation of resources and best use of the scientific results;
- Mapping and enhancing roles of different actors (including public sector) in development of the research infrastructures as well as establishing structures for monitoring and assessing demand for specific research capacities;
- Developing incentive and funding schemes improving interactions among research and innovation infrastructure providers, public sector as innovation driver and consumer, and other user communities including enterprises (notably SMEs), in particular exploring and implementing low cost schemes for SME's within the sectors of importance for the BSR;
- Optimising test bed functionality and synergies e.g. by conducting joint tests at the test bed facilities with a view to defining, adopting and promoting best practices in utilisation of such infrastructures or to link capabilities of several test bed facilities and establishing common practices

Investment priority	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest

among them;

- Piloting solutions to the large societal challenges in the Baltic Sea Region based on joint research efforts with a view to exploring the most efficient cooperation schemes between research communities, public sector and business sector (notably SMEs);
- Networking regions with a view to better utilising existing or planning new research and innovation infrastructures
- Optimising utilisation of existing research and innovation infrastructures by marketing them towards potential users (e.g. SMEs) in order to deliver new products addressing market or societal needs.
- Actions improving reciprocal abilities of innovation infrastructures and SMEs to foster collaboration between the research environment and SMEs e.g. through testing new approaches to building strategic partnerships or clustering (e.g. providing support to engage with pan-European cluster consortia).

Main target groups:

- Public authorities/institutions responsible for planning and evaluation of the research and innovation infrastructures;
- Organisations hosting existing research and innovation infrastructures and potential hosts of the infrastructures in planning;
- Managing bodies of the programmes financing investments into research and innovation infrastructures;
- Research and innovation infrastructures users representing science and business sector with a special focus on SMEs;
- Technology transfer centres;
- Regional development and planning agencies/institutions.

New project proposals should take into consideration achievements of the Baltic Sea Region Programme 2007-2013 projects. In particular the project SCIENCE LINK, which supported commercials users in individually developing measurement and analytical methods according to their research and development requirements. Whereas Technet_nano set up a transnational network of clean rooms and research facilities in micro- and nanotechnology in order to facilitate SME access to them.

Geographical coverage:

The whole territory of the Baltic Sea Region. Partnerships that include partners from the southeast part of the region are particularly encouraged. The programme also provides space for cooperation with actors located outside the formal borders of the BSR to strengthen already established networks.

Investment priority	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest

[1] The term "research infrastructure" used throughout the document refers to facilities, resources or services that are needed by the scientific and technological communities to conduct basic or applied research in the whole range of scientific and technological fields like test-bed facilities, collections, depositories, observation facilities, synchrotrons. Whereas, the term “innovation infrastructures” covers institutions established to support building capacity for innovation like technology and innovation centres, clusters, technology and science parks, technology incubators and other related organisations.

2.A.6.2 Guiding principles for the selection of operations

Investment priority	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest

Guiding principles for the selection of operations are equal for all priorities and are summarised in section 5.3.

2.A.6.3 Planned use of financial instruments **(where appropriate)**

Investment priority	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest

Not applicable

2.A.6.4 Planned use of major projects **(where appropriate)**

Investment priority	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest
No major projects with a budget above 50 MEUR ERDF will be supported by the Programme.	

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	1a - Enhancing research and innovation (R&I) infrastructure and capacities to develop R&I excellence, and promoting centres of competence, in particular those of European interest				
ID	**Indicator**	**Measurement unit**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
CO01	Productive investment: Number of enterprises receiving support	Enterprises	63.00	Progress reports of projects	Annual
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	60.00	Progress reports of projects	Annual
CO26	Research, Innovation: Number of enterprises cooperating with research institutions	Enterprises	50.00	Progress reports of projects	Annual
CO27	Research, Innovation: Private investment matching public support in innovation or R&D projects	EUR	1,846,815.00	Progress reports of projects	Annual
PSO01	No. of documented learning experiences	learning experiences	7.00	Progress reports of projects	Annual
PSO02	No. of documented newly developed market products and services	market products and services	4.00	Progress reports of projects	Annual

2.A.4 Investment priority

ID of the investment priority	1b
Title of the investment priority	Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	1.2
Title of the specific objective	'Smart specialisation': To enhance growth opportunities based on increased capacity of innovation actors to apply smart specialisation approach
Results that the Member States seek to achieve with Union support	Increased capacity of innovation actors (innovation intermediaries, authorities, research institutions, enterprises) to apply smart specialisation approach. This leads to unlocking growth opportunities of the BSR that are related to prominent areas of specialisation.
ID of the specific objective	1.3
Title of the specific objective	'Non-technological innovation': To advance the Baltic Sea Region performance in non-technological innovation based on increased capacity of innovation actors
Results that the Member States seek to achieve with Union support	Increased capacity of innovation actors (innovation intermediaries, authorities, research institutions, enterprises) to improve conditions for non-technological innovation. This leads to increasing the BSR ability to generate non-technological innovation and gives possibilities for development of regions technologically lagging behind.

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		1.2 - 'Smart specialisation': To enhance growth opportunities based on increased capacity of innovation actors to apply smart specialisation approach					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
1.2.1	Capacity (definition of capacity see section 1 Programme Strategy) of innovation actors (innovation intermediaries, authorities, research institutions, enterprises) in the Programme area to implement smart specialisation strategies	Qualitative analysis of the state and gaps of capacity	Slightly below medium (2,9)	2014	Slightly below good (3,8), focus on enhanced institutionalized knowledge and competence	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		1.3 - 'Non-technological innovation': To advance the Baltic Sea Region performance in non-technological innovation based on increased capacity of innovation actors					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
1.3.1	Capacity of innovation actors (innovation intermediaries, authorities, research institutions, enterprises) in the Programme area to implement measures to increase uptake of non-technological innovation	Qualitative analysis of the state and gaps of capacity	Slightly below medium (2,9)	2014	Medium to good (3,7), focus on enhanced institutionalised knowledge and competence	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

Specific objective 1.2 'Smart specialisation'

To enhance growth opportunities based on increased capacity of innovation actors to apply smart specialisation approach

The Baltic Sea Region (BSR) features different levels of innovation performance. Being a diverse region, the BSR has a potential to build on its heterogeneity as a strength, and thus achieve unique, smart combinations of competencies that enable finding new solutions to social and market needs. In order to unlock untapped innovation potential of the BSR the regional capacity building should put a special focus on diversification of innovation support measures that are suitable for the existing potentials and available expertise.

Given the heterogeneity of the region, as well as being in line with the Europe 2020 objectives, the BSR requires a more place-based and demand-driven approach to fostering innovation. This can be realised through an instrument such as smart specialisation. Smart specialisation enables the differentiation of innovation patterns according to the potentials and needs of a specific territory.

To this end it is crucial to mobilise internal assets and resources in fields where a country or a region is specialised. This covers areas characterised by advanced technologies as well as areas with a non-technological focus such as culture and creative industries, tourism and others. Smart specialisation is also seen as one of the tools to respond to societal challenges such as climate change, , ageing society and demographical change etc as well as utilising potential of green and blue growth. Therefore, bolstering the application of smart specialisation is important to unlock promising areas of specialisation of the regions and countries in the BSR, which ultimately results in new economic activities.

However, the challenge is the lack of experience of regional and national authorities in designing and implementing smart specialisation strategies. Only few regions in the BSR have their smart specialisation strategies in place and functional. Thus, given rather weak readiness for practical application of the smart specialisation approach, it is assumed that enhanced capacity to develop and implement smart specialisation strategies serves a precondition to their application. Hereby, the programme takes a transnational approach in supporting smart specialisation through instruments such as peer learning.

In order to unlock new growth opportunities in the BSR the programme, within this specific objective, aims at enhancing the capacity of innovation actors (innovation intermediaries, authorities, research institutions and enterprises) to work with a smart specialisation approach.

In order to address the difficulty related to the practical application of the smart specialisation concept the programme primarily strives to support building

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

capacity of innovation intermediaries (such as technology centres, incubators, chambers of commerce, development and innovation agencies), as well as non-profit organisations to work with the approach. At the same time, the involvement of enterprises (particularly SMEs) is considered as essential to discover new economic opportunities through a combination of existing knowledge with the resources and capacities in the region. However, this may also require the acquisition of resources (e.g. know-how, human capital, access to networks) outside the BSR.

Examples of actions:

- Forming alliances between different research and innovation milieus with leading competences, in such a way that a unique, smart combination of capabilities occurs with good potential to find new solutions to great societal challenges and market needs;
- Building cooperation structures to obtain innovation capacity (also from outside the BSR) needed to be globally competitive, identify niches in global market and to become attractive as a partner to the best milieus in the world;
- Establishing platforms enabling transfer of knowledge and building inter-regional synergies for the development of regional smart specialisation strategies with a special focus on the involvement of entrepreneurial actors and existing networks in discovering promising areas of specialisation;
- Setting up and piloting measures for regions allowing for exchange of experience on implementation of smart specialisation strategies, e.g. networking of regions specialised in the field of culture and creative industries.

Main target groups:

- Public authorities/institutions involved in shaping innovation systems;
- Enterprises (special focus is put on participation of SMEs, including those working in the service sector);
- Academic and research institutions;
- Innovation support networks and clusters;
- Social actors, e.g. NGOs, contributing to unlocking creative potential, social enterprises, etc.;
- Regional development and planning agencies/institutions.

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

Specific objective '1.3 Non-technological innovation'

To advance the Baltic Sea Region performance in non-technological innovation based on increased capacity of innovation actors

Currently innovation support mechanisms in the BSR are considered to be inclined towards technological innovation, yet the growing potential of non-technological innovation has not been fully acknowledged in the region. Given the diverse levels of innovation development and the innovation-support measures in place, the assumption of the programme is that a greater openness towards non-technological aspects is needed to allow the regions technologically lagging behind to increase their innovation potential. These regions feature assets that have a potential to be exploited in advancing their non-technological innovation potential. Moreover, recognising the fact that the market success of technological innovation often depends on a series of surrounding non-technological innovations (e.g., business model innovation), it is expected that promoting non-technological innovation support measures will strengthen the current innovation development performance in the region.

Furthermore, the BSR demonstrates a great opportunity for utilisation of synergies between research and innovation policies needed to improve competitiveness and economic performance, and the policies needed to resolve large societal challenges such as climate change, energy and resource efficiency, food supply, welfare, health and demographic change.

Therefore, the programme intervention aims at building favourable framework conditions for non-technological innovation. In particular, the programme within this specific objective strives to support action to increase capacities of innovation actors (innovation intermediaries, authorities, and research institutions, enterprises) to generate non-technological innovations.

Under this specific objective particular attention should be placed on social innovation, including gender equality perspective; as well as growing potentials of culture, creative industries and tourism. Tapping into non-technological innovation presents wide entrepreneurial opportunities too. Thus, specific measures shall be considered to assist innovation uptake by enterprises and to support SMEs growth and market access. In addition, innovation basis is to be broadened by involvement of users, which inter alia includes building partnerships with non-profit organisations and public authorities. Here, design thinking is considered as a prerequisite to find new solutions in the innovation chain from demand to end-users.

Examples of actions:

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

- Actions combining technical and non-technical approaches to support promotion and utilisation of new ideas (products, services and models) that meet important social needs of the BSR more effectively than existing approaches, including validation of the proposed ideas through direct involvement of users, e.g. building BSR region wide networks for improving food security or supporting the well-being of the ageing population by innovative solutions bringing together ICT and health care;
- Developing innovative solutions incorporating ICT services in existing business processes in order for the enterprise to increase competitiveness and growth prospects;
- Actions supporting promotion and utilisation of business opportunities emerging from large societal challenges, e.g. identifying and implementing new ways of supporting potential high-growth firms;
- Actions (e.g. forerunners networks, incentive and risk management models, involvement of municipal residents, non-profit organisations in planning of services) aimed at renewing public services through innovations by focusing especially on public private partnership, user involvement, procurement of innovations and innovation vouchers;
- Joint developing and implementing of guidelines for integrating user-driven perspectives into national and regional regulatory documents;
- Joint developing of products and services (e.g. networked support centres) which are supporting social innovations and service innovations (incl. service design) and foster cultural entrepreneurship and job creation in the creative industries;
- Piloting of actions aiming at matching cultural and creative industries with traditional industries in order to increase the value of traditional industry;
- Awareness raising measures for enterprises on possibilities of using living lab environments; actions targeted at collecting and exchanging of methodologies and best practices for testing, modification and joint development of products and services with users through living labs;
- Actions improving support of innovation intermediaries for SMEs to advance their internationalisation capacity as well as enhance their access to markets within and outside the BSR, and enhancing connections to other SMEs offering complementary services;
- Developing and testing of measures that support cross-sectoral match-making of SMEs as well as actions supporting commercialisation and expansion into new markets;
- Developing of schemes dedicated to raising awareness and facilitating the acquisition of skills to stimulate eco-innovation at SMEs as well as enabling access to finances for development and commercialisation of eco-innovation products bearing higher commercial risk;
- Developing low-cost instruments for sharing and exchanging knowledge and skills supporting business development in the Baltic Sea Region.
- Joint actions facilitating trade through innovative approaches to e.g. creation of products standards, introduction of e-tendering and e-invoicing,

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

process control, packaging, labelling and storage.

- Piloting of actions promoting innovation through ICT in business operations of SMEs e.g. establishing voucher schemes, supporting cloud computing services.

Main target groups:

- Public authorities/institutions involved in shaping innovation systems;
- Enterprises (special focus is put on the participation of SMEs, including those working in the service sector);
- Business and craftsman associations and other intermediaries;
- Academic and research institutions;
- Innovation support networks and clusters;
- Social actors, e.g. NGOs, contributing to the unlocking of creative potential, social enterprises, etc.;
- Regional development and planning agencies/institutions.

New project proposals under specific objectives 1.2 and 1.3 should take into consideration achievements of the Baltic Sea Region Programme 2007-2013 projects, such as StarDust, Urban Creative Poles, BaltFood, BSHR HealthPort, and SUBMARINER. Among others, the achievements in supporting systems that help generate innovative solutions in response to large societal challenges; in supporting access to markets for SMEs from creative industries; as well as in translating sectoral knowledge into innovation and bringing them to the market.

Geographical coverage:

The whole territory of the Baltic Sea Region. Partnerships that include partners from the southeast part of the region are particularly encouraged. The programme also provides space for cooperation with actors located outside the formal borders of the BSR to strengthen already established networks[1].

[1] Please note that the eligibility of costs of partners outside the programme area will be decided later during the programming.

2.A.6.2 Guiding principles for the selection of operations

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies
Guiding principles for the selection of operations are equal for all priorities and are summarised in section 5.3.	

2.A.6.3 Planned use of financial instruments **(where appropriate)**

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies
Not applicable	

2.A.6.4 Planned use of major projects **(where appropriate)**

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies
No major projects with a budget above 50 MEUR ERDF will be supported by the Programme.	

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	1b - Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies

ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
CO01	Productive investment: Number of enterprises receiving support	Enterprises	207.00	Progress reports of projects	Annual
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	200.00	Progress reports of projects	Annual
CO26	Research, Innovation: Number of enterprises cooperating with research institutions	Enterprises	170.00	Progress reports of projects	Annual
CO27	Research, Innovation: Private investment matching public support in innovation or R&D projects	EUR	6,595,766.00	Progress reports of projects	Annual
PSO01	No. of documented learning experiences	learning experiences	25.00	Progress reports of projects	Annual
PSO02	No. of documented newly developed market products and services	market products and services	6.00	Progress reports of projects	Annual

2.A.7 Performance framework

Table 5: Performance framework of the priority axis

Priority axis	**1 - Capacity for innovation**

ID	Indicator type	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)	Source of data	Explanation of relevance of indicator, where appropriate
FI01	F	Certified Expenditure	Euros	20,591,661.00	102,958,307.00	Progress reports of projects	target for 2018: 20% of total eligible expenditure target for 2023: 100% of total eligible expenditure
KIS01	I	No. of documented learning experiences of selected operations (forecast provided by beneficiaries)	learning experiences	32	32.00	Application forms of approved projects	
PSO01	O	No. of documented learning experiences	learning experiences	0	32.00	progress reports of projects	The output indicator relates to 100% of the financial allocation to the priority as every project in the priority is expected to develop and documents at least one joint learning experience.

Additional qualitative information on the establishment of the performance framework

2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field

Priority axis	1 - Capacity for innovation
Code	Amount (€)

Priority axis	**1 - Capacity for innovation**
058. Research and innovation infrastructure (public)	2,638,307.00
059. Research and innovation infrastructure (private, including science parks)	2,638,307.00
060. Research and innovation activities in public research centres and centres of competence including networking	18,468,146.00
061. Research and innovation activities in private research centres including networking	2,638,307.00
062. Technology transfer and university-enterprise cooperation primarily benefiting SMEs	2,638,307.00
063. Cluster support and business networks primarily benefiting SMEs	7,914,920.00
064. Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	5,276,613.00
065. Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change	5,276,613.00
066. Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	2,638,307.00
067. SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	5,276,613.00
069. Support to environmentally-friendly production processes and resource efficiency in SMEs	5,276,613.00
071. Development and promotion of enterprises specialised in providing services contributing to the low carbon economy and to resilience to climate change (including support to such services)	2,638,307.00

Priority axis	1 - Capacity for innovation
073. Support to social enterprises (SMEs)	2,638,307.00
075. Development and promotion of tourism services in or for SMEs	2,638,307.00
077. Development and promotion of cultural and creative services in or for SMEs	5,276,613.00
082. ICT Services and applications for SMEs (including e-Commerce, e-Business, networked business processes), living labs, web entrepreneurs, ICT start-ups, etc.)	2,638,307.00
106. Adaptation of workers, enterprises and entrepreneurs to change	2,638,307.00
119. Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance	8,268,611.00

Table 7: Dimension 2 Form of finance

Priority axis	1 - Capacity for innovation
Code	**Amount (€)**
01. Non-repayable grant	87,417,812.00

Table 8: Dimension 3 Territory type

Priority axis	1 - Capacity for innovation
Code	**Amount (€)**

Priority axis	1 - Capacity for innovation
Code	**Amount (€)**
04. Macro regional cooperation area	87,417,812.00

Table 9: Dimension 6 Territorial delivery mechanisms

Priority axis	1 - Capacity for innovation
Code	**Amount (€)**
07. Not applicable	87,417,812.00

2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

Priority axis:	1 - Capacity for innovation
Not applicable	

2.A.1 Priority axis

ID of the priority axis	2
Title of the priority axis	Efficient management of natural resources

☐ The entire priority axis will be implemented solely through financial instruments
☐ The entire priority axis will be implemented solely through financial instruments set up at Union level
☐ The entire priority axis will be implemented through community-led local development

2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

Not applicable

2.A.3 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total
ENI	Total

2.A.4 Investment priority

ID of the investment priority	6b

ID of the investment priority	6b
Title of the investment priority	Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	2.1
Title of the specific objective	'Clear waters': To increase efficiency of water management for reduced nutrient inflows and decreased discharges of hazardous substances to the Baltic Sea and the regional waters based on enhanced capacity of public and private actors dealing with water quality issues
Results that the Member States seek to achieve with Union support	Enhanced capacity of public authorities, public and private practitioners (from water management, agricultural, forestry, fisheries etc. sectors) for improved water management This leads to reduced eutrophication and decreased discharges of hazardous substances to the regional waters and the Baltic Sea.

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		**2.1 - 'Clear waters': To increase efficiency of water management for reduced nutrient inflows and decreased discharges of hazardous substances to the Baltic Sea and the regional waters based on enhanced capacity of public and private actors dealing with water quality issues**					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
2.1.1	Capacity of public authorities / practitioners (from water management, agricultural, forestry, fisheries etc. sectors) in the Programme area to implement measures to reduce nutrient inflows and decrease discharges of hazardous	Qualitative analysis of the state and gaps of capacity	Slightly below medium (2,7)	2014	Medium to good (3,6), focus on better ability to attract new financial resources	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		2.1 - 'Clear waters': To increase efficiency of water management for reduced nutrient inflows and decreased discharges of hazardous substances to the Baltic Sea and the regional waters based on enhanced capacity of public and private actors dealing with water quality issues					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
	substances						

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements

Specific objective 2.1 'Clear waters'

To increase efficiency of water management for reduced nutrient inflows and decreased discharges of hazardous substances to the Baltic Sea and the regional waters based on enhanced capacity of public and private actors dealing with water quality issues

Water management in the Baltic Sea Region has improved during the last ten years, resulting in a considerable decrease of phosphorus loads and some hazardous substances[1]. Despite this progress, the nutrient reduction targets set in the HELCOM Baltic Sea action plan have not been fully reached. For the whole Baltic Sea there remains a reduction need of both nitrogen and phosphorus, which implies that there is a need for even higher reductions at inland and coastal sources due to the retention in the catchment. In addition, most parts of the Baltic Sea were classified as "disturbed by hazardous substances". Concentrations of some hazardous substances (e.g. pharmaceuticals) have increased. Pollution by nutrient inflows from e.g. household and industrial waste water treatment facilities, agricultural lands and forests as well as hazardous substances from e.g. waste disposal sites, industries and chemical munitions at the sea bottom has a negative impact on the regional economic performance (e.g. fishing, coastal tourism, recreational boating). Furthermore, these pollution sources affect the biodiversity of the BSR in both land and marine areas, while having a particular negative effect on protected areas that are essential for biodiversity conservation and strengthening.

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements

In addition, climate change has also an impact on the environmental state of the Baltic Sea and the regional biodiversity. For instance, eutrophication might be aggravated even more as the measures of the HELCOM BSAP applied today will be less efficient. More extreme weather conditions in a changing climate might cause technological accidents at e.g. onshore and offshore constructions (oil platforms and refineries), resulting in spills of hazardous substances into the sea waters. The acidity of river waters might also increase.

Therefore, the programme aims at enhancing institutional capacity of public and private actors to jointly develop and implement water management strategies and measures for the improved state of the Baltic Sea as well as the regional inland and ground waters. In particular, the programme strives to support a transnational policy-oriented dialogue among the BSR authorities from different sectors that deal with water quality issues as they expressed the need and wish for this process. Such a dialogue should improve cross-sectoral management and facilitate realisation of the existing strategies and action plans in order to ensure implementation of the environmental targets agreed at the pan-Baltic level (e.g. in HELCOM BSAP). Further, to combat aggravating eutrophication and to meet both environmental and economic needs, human and technical resources should be more efficiently used. This could include piloting new water management solutions and anchoring them in daily practice, e.g. recycling and removal of nutrients and hazardous substances (e.g. from household and industrial sources) and water management models in different sectors (e.g. efficient handling, processing of nutrients and preventing accumulation of manure based nutrients in agriculture). Actions could focus on developing solutions for valuation of ecosystem services and establishing effective compensation schemes to encourage the circular economy, optimize value-chain consideration and reduce waste of nutrients. Further, regional strategies on climate change adaption could be seen as a measure to decreasing eutrophication. To prevent or decrease release of hazardous substances at sea or in inland waters, capacity of authorities and practitioners should also be improved. This could include solutions in e.g. handling waste materials and marine litter as well as waste disposal sites, integrating coastal spatial planning with contingency planning allowing for swift responses in case of e.g. oil spills, dealing with chemical munitions and other warfare agents in the Baltic Sea. The topic of water management has been well covered by the projects implemented within the predecessor Baltic Sea Region Programme 2007-2013. The projects produced new information and demonstrated solutions to combat water pollution: e.g. phosphorus removal at pilot waste water treatment plants and sludge handling (PURE and PRESTO), regional water protection action plans for river basins (WATERPRAXIS), assessment of selected hazardous substances and recommendations on control measures (COHIBA), development and dissemination of good practices and technologies in agricultural nutrient management (Baltic COMPASS, Baltic Deal, Baltic MANURE), water management in forested landscapes (Baltic Landscape). Proposals should build on these achievements and capitalise on the knowledge and experience already gained in order to make further progress. Furthermore, achievements of projects implemented within HELCOM, BONUS, Northern Dimension Partnership on Environment, Council of the Baltic Sea States, etc. should feed into the preparation of new applications. This should enhance institutionalisation of knowledge and competences to advance the implementation of the common environmental priorities from the piloting level to the BSR-wide implementation.

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements

The actions should also take into consideration their potential to strengthen regional development and open up new jobs in the BSR. The proposals shall consider how they can improve regional performance in the important economic sectors for the Baltic Sea region (e.g. wastewater management and its links to the energy sector through analysing the sludge potential, sustainable agriculture to increase food production, etc.).

Examples of actions:

- Developing and implementing integrated action plans to protect the Baltic Sea and regional inland waters, taking into account stricter targets set in intergovernmental commitments (e.g. HELCOM Baltic Sea action plan);
- Piloting a cross-sectoral policy-oriented dialogue among actors that deal with water quality issues (e.g. public administrations, water management, agriculture, aquaculture, forestry, biodiversity, technology producers);
- Developing regional strategies for integrated monitoring, management and coordination of nutrient fluxes as well as hazardous substances, including the Baltic Sea Region wide nutrient and hazardous substances management strategies covering open, coastal and inland waters;
- Developing and testing sector-based management models (e.g. in agriculture, forestry, etc.), also addressing the biodiversity protection;
- Developing and implementing regional strategies on climate change adaption;
- Developing and introducing strategies and measures to address the threats posed by underwater chemical munitions and other warfare agents;
- Introducing advanced/innovative measures for economically feasible and environmentally sustainable recycling, recovery and reduction of nutrients and hazardous substances, including pilot investments, and institutionalising the measure in daily practice of relevant institutions dealing with the water quality issues (including green technologies, up-steam solutions and nutrient uptake at sea, nutrient trade schemes);
- Improving existing water management monitoring and reporting systems, used for decision-making with a focus on consistency and comparability of data among countries in the BSR;
- Integrating coastal spatial planning with contingency planning;
- Planning and implementing training throughout the Baltic Sea Region based on good practices on decreasing nutrient and hazardous substances release, recycling and removal of nutrients and hazardous substances from point sources (e.g. in waste water treatment plants, sewage facilities or industries) and diffuse sources (e.g. from agricultural lands, fisheries or forestry) as well as decreasing hazardous substances;
- Developing innovative ecosystem service compensation schemes for nutrient reduction and uptake;
- Developing and testing a methodology for valuation of ecosystem services and establishing effective compensation schemes.

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements

Main target groups:

- Public authorities/institutions responsible for water management at national, regional and local level as well as associations of these authorities;
- Intergovernmental organisations (e.g. HELCOM, VASAB);
- Environmental protection agencies and environmental associations;
- Waste water treatment facilities;
- Authorities from specific sectors having an impact on the water quality (e.g. agriculture, forestry, fisheries, responsible for coastal spatial planning and contingency planning and response, etc.);
- Non-governmental organisations (environmental, water protection, farming, pharmaceuticals, etc.);
- Enterprises;
- Academic and research institutions.

Geographical coverage:

The whole area of the Baltic Sea, coastal waters, as well as the whole drainage area in the Baltic Sea Region. The programme provides space for cooperation with actors located outside the formal borders of the BSR to strengthen already established networks.

[1] Hazardous substances are substances that are toxic, persistent and bioaccumulative (i.e. accumulating pesticides or other organism chemicals in an organism), or having an equivalent level of concern such as substances with effects on hormone and immune systems (as defined by HELCOM).

2.A.6.2 Guiding principles for the selection of operations

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements
Guiding principles for the selection of operations are equal for all priorities and are summarised in section 5.3.	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements
Not applicable	

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements
No major projects with a budget above 50 MEUR ERDF will be supported by the Programme.	

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	6b - Investing in the water sector to meet the requirements of the Union's environmental acquis and to address needs, identified by the Member States, for investment that goes beyond those requirements				
ID	**Indicator**	**Measurement unit**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
CO01	Productive investment: Number of enterprises receiving support	Enterprises	12.00	Progress reports of projects	Annual
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	10.00	Progress reports of projects	Annual
PSO01	No. of documented learning experiences	learning experiences	12.00	Progress reports of projects	Annual
PSO03	Amount of documented planned investments to be realised with other than the Programme funding	Amount in EUR	9,497,904.00	Progress reports of projects	Annual
PSO04	No. of local/regional public authorities/institutions involved	authorities/institutions	48.00	Progress reports of projects	Annual
PSO05	No. of national public authorities/institutions involved	authorities/institutions	19.00	Progress reports of projects	Annual

2.A.4 Investment priority

ID of the investment priority	6g
Title of the investment priority	Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	2.2

Title of the specific objective	'Renewable energy': To increase production of sustainable renewable energy based on enhanced capacity of public and private actors involved in energy planning and supply
Results that the Member States seek to achieve with Union support	Enhanced capacity of public and private actors involved in energy planning and supply (public authorities, energy agencies, waste management, forestry, agricultural advisories, enterprises, NGOs) allowing for increased production of sustainable renewable energy. This leads to better utilisation of green growth opportunities across the Baltic Sea region and, thus, to better regional economic performance in the sectors concerned.
ID of the specific objective	2.3
Title of the specific objective	'Energy efficiency': To increase energy efficiency based on enhanced capacity of public and private actors involved in energy planning
Results that the Member States seek to achieve with Union support	Enhanced capacity of public and private actors involved in energy planning (public authorities, energy agencies, enterprises, NGOs) allowing for increased energy efficiency. This leads to better regional energy performance and contribution to the acknowledgment of the BSR as a climate neutral region.
ID of the specific objective	2.4
Title of the specific objective	'Resource-efficient blue growth': To advance sustainable and resource-efficient blue growth based on increased capacity of public authorities and practitioners within the blue economy sectors
Results that the Member States seek to achieve with Union support	Enhanced capacity of public authorities, enterprises and NGOs within the blue economy sectors to advance resource-efficient and sustainable blue growth. This leads to better regional economic performance as regional and local actors are able to use new resource efficient and sustainable blue growth patterns in their daily practice.

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		2.2 - 'Renewable energy': To increase production of sustainable renewable energy based on enhanced capacity of public and private actors involved in energy planning and supply					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
2.2.1	Capacity of public/private actors in energy planning and supply (authorities, agencies, enterprises, NGOs in energy, waste, forestry and agricultural sector) in the Programme area to implement measures to increase the use of sustainable renewable energy	Qualitative analysis of the state and gaps of capacity	Basic to medium (2,4)	2014	Medium to good (3,5), focus on increased capability to work in transnational environment	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		2.3 - 'Energy efficiency': To increase energy efficiency based on enhanced capacity of public and private actors involved in energy planning					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
2.3.1	Capacity of public and private actors involved in energy planning (public authorities, energy agencies, enterprises, NGOs) in the Programme area to implement measures to increase energy efficiency	Qualitative analysis of the state and gaps of capacity	Basic to medium (2,6)	2014	Medium to good (3,5), focus on better ability to attract new financial resources	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		2.4 - 'Resource-efficient blue growth': To advance sustainable and resource-efficient blue growth based on increased capacity of public authorities and practitioners within the blue economy sectors					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
2.4.1	Capacity of public authorities,	Qualitative analysis	Slightly below medium	2014	Medium to good (3,6),	Surveys and interviews	Assessment at programme mid-

Specific objective		2.4 - 'Resource-efficient blue growth': To advance sustainable and resource-efficient blue growth based on increased capacity of public authorities and practitioners within the blue economy sectors					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
	enterprises, and NGOs in the Programme area to implement measures to advance sustainable business opportunities for blue growth	of the state and gaps of capacity	(2,8)		focus on more efficient use of human and technical resources	with experts in the field.	term in 2018 and 2020 as well as after programme closure in 2023

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

Specific objective 2.2 'Renewable energy'

To increase production of sustainable renewable energy based on enhanced capacity of public and private actors involved in energy planning and supply

Currently the Baltic Sea Region countries depend on fossil fuels. The majority of the countries in the BSR drew up renewable energy action plans, establishing targets for the share of renewables in line with the goal to increase renewable energy consumption to 20% of the final energy consumption by 2020. Shares range from a high of 49% in Sweden to 15% in Poland. A higher share of renewables in the energy mix will decrease the dependence of the region on the import of fossil fuels and resultant high greenhouse gas emissions attributed to their use. Increased production of renewable energy will have a positive impact on the economy and employment in the BSR as new green jobs will be open.

The BSR countries have potential for increasing renewable energy use, based on the resources available in the region. Some of the research-oriented

projects (e.g. within BASREC) confirmed this potential. A place-based approach allows tapping into hidden economic potential of the region and boosting its development. However, to reach the set targets, capacity of both public and private actors involved in the energy sectors to facilitate production and use of renewable energy should be enhanced. Further, solutions for storage and distribution of renewable energy should be developed or improved in order to better utilise its potential in the region.

Thus, to unlock green growth opportunities, the programme is looking for proposals that would enhance the capacity of public and private actors to produce renewable energy from natural resources (e.g. offshore and onshore wind, water, solar/geothermal sources, biomass from agriculture and forest, manure and aquatic resources) available in the region as well as waste. Waste-to-energy solutions will not only contribute to higher energy performance, but also help improve waste management policies. To use the resources in a sustainable way (e.g. biomass), an integrated approach to producing renewable energy should be followed. These tested innovative green solutions to produce renewable energy should be better integrated in regional strategies. Further, proposals could improve the regional capacity for renewable energy planning through development and introduction of proactive regional policy instruments.

In addition, the programme is looking for proposals enhancing the capacity of energy sector actors to jointly develop or improve the energy storage capacity and distribution patterns (development and reorganisation of smart grids, integration of storage) and to coordinate energy networks (electricity, gas, heating). This would improve storage and integration of renewable energy into the power system in the BSR.

The results of the projects Bioenergy Promotion, on sustainable bio-energy production, Baltic MANURE and REMOWE, on energy production from waste, should be taken into account when preparing actions.

Examples of actions:

- Developing incentive policies for increasing renewable energy production based on recourses available in the region;
- Testing innovative green solutions on producing energy from renewable sources, including pilot investments;
- Evaluating and testing alternative technologies for energy recovery from waste (e.g. anaerobic digestion, incineration);
- Improving sustainable energy networks (e.g. development and reorganisation of smart and sea grids, virtual power plants, integration of storage);
- Demonstrating and implementing innovative renewable energy storage technologies and distribution patterns.

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

Main target groups:

- Public authorities/institutions responsible for natural resources and energy planning and supply at national, regional and local level;
- National and regional energy agencies;
- Waste management agencies;
- Forestry and agricultural advisories;
- Energy enterprises;
- NGOs;
- Academic and research institutions.

Specific objective 2.3 'Energy efficiency'

To increase energy efficiency based on enhanced capacity of public and private actors involved in energy planning

Energy efficiency differs significantly around the BSR and needs further improvement, especially in the eastern part of the region. The situation is aggravated by the imminent consequences of climate change as costs for heating and cooling might increase in a changing climate. Further, a clear plan for a transition towards low energy cities and regions is often missing, with a few exceptions within the BSR. Energy efficiency aspects (e.g. in housing, heating, waste collection or public spaces) are not yet well integrated into regional planning. There is often a lack of political commitment, capacity of regional planners and other relevant professional bodies, as well as dedicated structures supporting cooperation between various governance levels and administration.

There is significant potential to increase energy saving and to become a more climate neutral region through improving urban and rural development strategies. Therefore, the specific objective is dedicated to developing and testing policy, institutional and financial measures as well as developing training schemes for professionals and anchoring them in the daily practice of public authorities and energy institutions, responsible for energy planning. The transport sector also shows a greater potential for energy saving. Actions on this topic (e.g. optimising urban logistics, short-sea or inland shipping) are covered by priority 3 'Sustainable transport'. Thus, these actions will contribute to achieving the goal to increase energy efficiency by 20% by 2020. New jobs would be opened up and social pressure would be reduced. More energy efficient domestic heating would improve air quality conditions by reducing pollution emissions.

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

Under this specific objective the programme strives to support proposals that will enhance the capacity of public and private actors to improve energy efficiency when developing new quarters or retrofitting building blocks, primarily in cities and towns as they are major energy consumers which offer the largest cost-effective opportunity for savings.

Furthermore, project proposals could focus on developing scenarios, including specific measures for climate neutral regions, working with energy service companies and innovative financing models on energy efficiency.

Energy saving in production of goods and services should be also encouraged through policy incentives to facilitate a shift to green entrepreneurship.

The results of the projects Urb.Energy on energy efficiency in urban planning and PEA on public energy management should be considered when developing actions. In addition, cooperation possibilities with other regional initiatives should be explored to ensure a leverage effect in the field of energy efficiency. For instance, the Baltic Sea Region Energy Cooperation – BASREC provides a platform for dialogue on energy policy and global climate change issues.

Examples of actions:

- Improving and implementing sustainable urban and rural energy strategies comprising an integrated package of policy, institutional, financial and technical measures;
- Developing better coordination of regional energy planning among the BSR countries;
- Developing and testing incentive policies to implement retrofitting of public and commercial properties;
- Developing new financing models (e.g. energy performance contracting) for energy efficiency in e.g. buildings or production companies;
- Developing multi-level transnational strategies for optimisation of resources, creation of emission neutral regions, including transfer of models for cooperation with energy service companies on comprehensive energy solutions;
- Developing training schemes for professionals;
- Developing incentives for energy efficient products and services in enterprises;
- Developing initiatives for promoting green entrepreneurship for energy efficiency.

Main target groups:

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

- Public authorities/institutions responsible for energy planning at national, regional and local level;
- Local and regional public authorities/institutions (e.g. cities, municipalities) responsible for urban space development, acting as real estate owners and property developers;
- National and regional energy agencies;
- Energy enterprises;
- Entrepreneurs;
- NGOs;
- Academic and research institutions.

Geographical coverage (for specific objectives 2.2 and 2.3):

The whole area of the Baltic Sea Region. The programme provides space for cooperation with actors located outside the formal borders of the BSR to strengthen already established networks.

Specific objective 2.4 'Resource-efficient blue growth'

To advance sustainable and resource-efficient blue growth based on increased capacity of public authorities and practitioners within the blue economy sectors

The human activities in BSR are causing widespread pressures to marine ecosystems. The financial capacity of the regional economies is limited. Thus, there is a need to approach the Europe 2020 growth and resource-efficiency goals from unconventional, integrated and innovative perspectives. The blue growth understood as a smart, sustainable and inclusive economic and employment growth from the sea and coasts provides opportunities for the BSR as it holds growing potential for the economic use of the Baltic Sea resources and protection of its environment.

Therefore, the programme addresses sectors that rely on sea resources in order to develop sustainable business opportunities. The sectors in question include, but are not limited to, traditional sectors of maritime economy (e.g. fisheries or coastal tourism) and novel sectors (e.g. wind and wave energy, aquaculture, blue biotechnology, or mussel farming). Shipping, another traditional sector that is of utmost importance for the blue growth in the BSR, is covered in specific objectives 3.3 and 3.4. In addition in this objective 2.4, there is a further opportunity in transnational cluster building around the Baltic

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

Sea (pan-Baltic), or in its specific parts (sub-basin) in order to bundle expertise and increase the success of blue growth projects.

To prevent negative impacts of exacerbating pressure on vulnerable sea resources, including the natural and cultural heritage and the ecosystem, which are already affected by the climate change, the approach of proposals must be sustainable and resource-efficient. This will also provide an opportunity for the region to become a leader in the sustainable use of marine resources, for instance, using its potential to develop as an exemplary macro-region of integrated heritage resource management.

Consequently, the programme aims at building favourable framework conditions and increasing capacity of public authorities and practitioners for developing blue growth solutions and providing a test ground for such solutions on a transnational level.

In addition, projects should build up capacity of stakeholders to mediate between contradictory interests in uses of marine resources and to achieve synergies between sectors implementing the Integrated Maritime Policy approach. Implementing the new EU regulatory framework for maritime spatial planning (Directive 2014/89/EU) can play an important role in developing blue growth sectors.

When preparing new projects, the results of the projects SUBMARINER, AQUABEST, and AQUAFIMA, which focused on new marine technologies for a better economy and environment, should be taken into account. In particular, the project SUBMARINER is to be looked at as it has provided a comprehensive overview and assessment of the BSR specific potential in fostering to the blue growth. Whereas projects BaltSeaPlan and PartiSEApate focused on maritime spatial planning, and their results should be considered when dealing with maritime policy tools.

Examples of actions:

- Piloting application of advanced marine technologies for sustainable use of marine resources, with potential for multiple uses of these resources;
- Testing models for cross-sectoral cooperation among actors promoting innovative uses of marine resources;
- Clustering innovative, sustainable applications of marine resource uses;
- Developing policy proposals for supporting blue growth business opportunities;
- Implementing pilot investments, preparing the ground for future resource-efficient blue economy projects on a larger scale;
- Conducting market surveys on potential of products from marine resources;
- Developing transnational strategies to use the cultural and natural heritage of the sea and coastal areas for sustainable business development, e.g. pilot actions improving the resource efficiency of maritime tourism;

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

- Developing integrated management plans on marine environment and biodiversity in sea sub-basins;
- Developing framework conditions for integrating new uses of marine resources into maritime spatial planning;
- Improving linkages between water management monitoring and reporting systems and site selection/maritime spatial planning;
- Testing models and establishing common standards concerning ecosystem services and harmonisation of maritime spatial plans across the borders.

Main target groups:

- Public authorities/institutions responsible for promotion of industry and economy within blue economy sectors at national, regional and local level;
- Public authorities/institutions responsible for planning, management and protection of marine resources at national, regional and local level;
- Authorities from specific sectors using marine resources (e.g. energy, agriculture, fisheries, marine tourism, etc.);
- Intergovernmental organisations (e.g. HELCOM, VASAB);
- Environmental protection agencies;
- Enterprises in blue growth sectors;
- NGOs;
- Academic and research institutions.

Geographical coverage:

The whole area of the Baltic Sea Region with a particular focus on coastal areas. The programme provides space for cooperation with actors located outside the formal borders of the BSR to strengthen already established networks.

2.A.6.2 Guiding principles for the selection of operations

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors
Guiding principles for the selection of operations are equal for all priorities and are summarised in section 5.3.	

2.A.6.3 Planned use of financial instruments (where appropriate)

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors
Not applicable	

2.A.6.4 Planned use of major projects (where appropriate)

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors
No major projects with a budget above 50 MEUR ERDF will be supported by the Programme.	

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors				
ID	**Indicator**	**Measurement unit**	**Target value (2023)**	**Source of data**	**Frequency of reporting**

Investment priority	6g - Supporting industrial transition towards a resource-efficient economy, promoting green growth, eco-innovation and environmental performance management in the public and private sectors				
ID	**Indicator**	**Measurement unit**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
CO01	Productive investment: Number of enterprises receiving support	Enterprises	83.00	Progress reports of projects	Annual
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	80.00	Progress reports of projects	Annual
PSO01	No. of documented learning experiences	learning experiences	20.00	Progress reports of projects	Annual
PSO03	Amount of documented planned investments to be realised with other than the Programme funding	Amount in EUR	15,829,839.00	Progress reports of projects	Annual
PSO04	No. of local/regional public authorities/institutions involved	authorities/institutions	80.00	Progress reports of projects	Annual
PSO05	No. of national public authorities/institutions involved	authorities/institutions	32.00	Progress reports of projects	Annual

2.A.7 Performance framework

Table 5: Performance framework of the priority axis

Priority axis		2 - Efficient management of natural resources					
ID	**Indicator type**	**Indicator or key implementation step**	**Measurement unit, where appropriate**	**Milestone for 2018**	**Final target (2023)**	**Source of data**	**Explanation of relevance of indicator, where appropriate**
FI01	F	Certified Expenditure	Euros	20,591,661.00	102,958,307.00	Progress reports of projects	target for 2018: 20% of total eligible expenditure target for 2023: 100% of total eligible expenditure

Priority axis		2 - Efficient management of natural resources					
ID	**Indicator type**	**Indicator or key implementation step**	**Measurement unit, where appropriate**	**Milestone for 2018**	**Final target (2023)**	**Source of data**	**Explanation of relevance of indicator, where appropriate**
KIS01	I	No. of documented learning experiences of selected operations (forecast provided by beneficiaries)	learning experiences	32	32.00	application forms of approved projects	
PSO01	O	No. of documented learning experiences	learning experiences	0	32.00	progress reports of projects	The output indicator relates to 100% of the financial allocation to the priority as every project in the priority is expected to develop and documents at least one joint learning experience.

Additional qualitative information on the establishment of the performance framework

2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field

Priority axis	2 - Efficient management of natural resources
Code	**Amount (€)**
011. Renewable energy: biomass	2,638,307.00

Priority axis	2 - Efficient management of natural resources	
012. Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (Including storage, power to gas and renewable hydrogen infrastructure)		7,914,920.00
013. Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures		5,276,613.00
014. Energy efficiency renovation of existing housing stock, demonstration projects and supporting measures		2,638,307.00
019. Commercial, industrial or hazardous waste management		5,276,613.00
021. Water management and drinking water conservation (including river basin management, water supply, specific climate change adaptation measures, district and consumer metering, charging systems and leak reduction)		2,638,307.00
022. Waste water treatment		7,914,920.00
062. Technology transfer and university-enterprise cooperation primarily benefiting SMEs		5,276,613.00
065. Research and innovation infrastructure, processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and on resilience to climate change		5,276,613.00
069. Support to environmentally-friendly production processes and resource efficiency in SMEs		2,638,307.00
084. Integrated pollution prevention and control (IPPC)		5,276,613.00
087. Adaptation to climate change measures and prevention and management of climate related risks e.g. erosion, fires, flooding, storms and drought, including awareness raising, civil protection and disaster management systems and infrastructures		2,638,307.00

Priority axis	2 - Efficient management of natural resources
088. Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems and infrastructures	2,638,307.00
091. Development and promotion of the tourism potential of natural areas	2,638,307.00
094. Protection, development and promotion of public cultural and heritage assets	2,638,307.00
119. Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance	24,098,451.00

Table 7: Dimension 2 Form of finance

Priority axis	2 - Efficient management of natural resources
Code	**Amount (€)**
01. Non-repayable grant	87,417,812.00

Table 8: Dimension 3 Territory type

Priority axis	2 - Efficient management of natural resources
Code	**Amount (€)**
04. Macro regional cooperation area	87,417,812.00

Table 9: Dimension 6 Territorial delivery mechanisms

Priority axis	**2 - Efficient management of natural resources**
Code	**Amount (€)**
07. Not applicable	87,417,812.00

2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

Priority axis:	**2 - Efficient management of natural resources**
Not applicable	

2.A.1 Priority axis

ID of the priority axis	3
Title of the priority axis	Sustainable transport

☐ The entire priority axis will be implemented solely through financial instruments
☐ The entire priority axis will be implemented solely through financial instruments set up at Union level
☐ The entire priority axis will be implemented through community-led local development

2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

Not applicable

2.A.3 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total
ENI	Total

2.A.4 Investment priority

ID of the investment priority	7b

ID of the investment priority	7b
Title of the investment priority	Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	3.1
Title of the specific objective	'Interoperability of transport modes': To increase interoperability in transporting goods and persons in north-south and east-west connections based on increased capacity of transport actors
Results that the Member States seek to achieve with Union support	Increased capacity of authorities, public and private logistic and transport operators, ports, intergovernmental and research institutions for higher interoperability between transport modes and systems by sea, rail, road, inland waterways and air This helps to find optimal solutions for increased interoperability, to implement them or to attract funding for their implementation and limiting the risks connected to transport accidents.
ID of the specific objective	3.2
Title of the specific objective	'Accessibility of remote areas and areas affected by demographic change': To improve the accessibility of the most remote areas and regions whose accessibility is affected by demographic change based on increased capacity of transport actors
Results that the Member States seek to achieve with Union support	Increased capacity of authorities, public and private logistic and transport operators to apply economically efficient solutions maintaining and improving accessibility of remote areas and areas where accessibility is affected by demographic changes This helps to secure and improve the transport of goods and people in the currently least accessible areas of the region.

Table 3: Programme-specific result indicators (by specific objective)

Specific objective	**3.1 - 'Interoperability of transport modes': To increase interoperability in transporting goods and persons in north-south and east-west connections based on increased capacity of transport actors**

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
3.1.1	Capacity of public and private transport actors (public authorities, logistic and transport operators, ports, intergovernmental and research org.) in the Programme area to implement measures increasing interoperability between transport modes and systems	Qualitative analysis of the state and gaps of capacity	Basic to medium (2,3)	2014	Slightly below medium (2,9), focus on improved governance structures and organizational set-up	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		**3.2 - 'Accessibility of remote areas and areas affected by demographic change': To improve the accessibility of the most remote areas and regions whose accessibility is affected by demographic change based on increased capacity of transport actors**					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
3.2.1	Capacity of public / private transport actors (public authorities, logistic and transport operators) in the Programme area to implement economically efficient solutions to improve the accessibility of remote regions/regions affected by demographic change	Qualitative analysis of the state and gaps of capacity	Slightly below medium (2,8)	2014	Slightly below good (3,8), focus on enhanced institutionalized knowledge and competence	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

Specific objective 3.1 'Interoperability of transport modes'

To increase interoperability in transporting goods and persons in north-south and east-west connections based on increased capacity of transport actors

The European Union, Trans-European Transport (TEN-T) network policy foresees the establishment of a comprehensive and a core network. Within the Baltic Sea Region major TEN-T projects are under development e.g. the Fehmarn Belt fixed link in the western, the Nordic Triangle axis in the north, Baltic-Adriatic Corridor in the south or the Rail Baltica axis in the eastern part of the BSR. TEN-T policy alone is not sufficient to accommodate the needs of the region. The action plan for EU Strategy for the Baltic Sea Region, EU-financed project "Baltic Transport Outlook 2030" (BTO 2030) with its "Baltic Sea Macro-Region Strategic Network" and projects of the Baltic Sea Region Programme 2007-2013 cooperating in transport cluster have identified that, due to Baltic Sea Region's specific geography and socio-economic challenges, there is a need for place-based approaches in Baltic Sea Region Transport policy.

In order to ensure the mobility of citizens and businesses, create good conditions for sustainable growth and territorial cohesion, and improve access to the Baltic Sea Region, a sustainable multimodal transport system is needed. This network should complement the core and comprehensive TEN-T network and also take the transport network of the Northern Dimension and the national transport networks of Russia, Norway and Belarus into account. Examples of missing interoperability are an outdated geographic design of transport connections in the eastern BSR, different track gauges, safety and technical standards between BSR countries.

Not duplicating efforts by TEN-T policies and responding to specific transport needs in the Baltic Sea Region the programme aims to increase the efficiency of transporting goods and persons in north-south and east-west connections by increasing the capacity of transport actors in the field of interoperability. This includes cross-border movement of passengers and cargo on EU external borders. The programme will support the removal of "non-infrastructural" bottlenecks within transport corridors and activities easing administrative and technical obstacles to transport e.g. in the field of ICT. It will also support multimodal transport safety issues including protection from emergencies and accidents (including hazardous substances) associated with transport to reduce risk to human life and environment.

The programme will support project activities e.g. easing transport actors' operations outside of their national borders and reducing interruptions in the traffic flow. The well-developed shipping lines combined with effective port and port-hinterland infrastructure can be used as an element to connect the disrupted transport flows across the BSR. Especially in the eastern part of the BSR transportation of goods and persons is more common by road. The programme will support activities increasing the attractiveness of rail, inland waterways and maritime transport. Better coordination and inter-connections

Investment priority	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

between the railway, road, maritime and inland shipping, port and airline sectors can help to increase sustainability and attractiveness of BSR transport. The integration of hinterland transport nodes to Baltic ports including dryports or airports for passengers should be the focus of attention.

Since TEN-T policy focuses on establishment of physical infrastructure of the core and comprehensive network, the Baltic Sea Region Programme aims to contribute in optimising the added value of the TEN-T core network corridors for sustainable regional growth. Thus the programme will focus on secondary and tertiary networks and how to link these networks to TEN-T Core Network Corridor in order to create positive synergies. Therefore, local and regional actors' capacities to raise their needs towards the corridor managers of the core network should be increased. In this respect, the programme might also support the BSR specific exchange between TEN-T stakeholder platforms of the core corridors crossing the Baltic Sea Region, if agreed with the respective coordinators. To improve interoperability of other BSR transport corridors governance structures could be supported. Such structures would help to increase the capacities of national, regional, local and private transport actors in addressing green corridor issues; identifying bottlenecks in interoperability or ensuring harmonised regional, national, European and international transport infrastructure planning processes. Also, the identification of investment necessities could be at the core of these structures. The programme could support the initial establishment of regional platforms given convincing prospects for their sustainability in financial terms and involvement of relevant actors.

The programme area is not only affected by EU transport policy and transport networks but also by policy and networks of the Northern Dimension countries of Russia, Norway and Belarus. The programme will support the integration and bridging of TEN-T networks and the Northern Dimension Partnership on Transport and Logistic regional transport networks.

New project proposals should take into consideration achievements of Baltic Sea Region Programme 2007-2013 projects such as action plans on infrastructure, logistics and transport capacity in the Baltic Sea Region and green transport corridor concepts. These former achievements included innovative logistic solutions along main transport corridors including sea, and land as well as border crossings. The projects also compiled and analysed data on current and future transport flows. Besides, best practices in transport corridor stakeholder governance structures have been elaborated and shared.

Examples of actions:

- Improving joint infrastructure planning of the BSR Transport Networks (short and long-term) including border crossings;
- Addressing administrative and fiscal barriers to improve efficiency of cross-border movements of cargo on the external EU-borders;
- Simplifying customs procedures for vessels crossing international waters within the Baltic Sea by promoting Baltic Motorways of the Sea and Short Sea Shipping;
- Facilitating the development of regional hubs, multi-modal transport nodes, port and intermodal terminal capacity and integrating them with

Investment priority	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

hinterland networks. This involves development of feasibility studies and/or pilot investments;

- Carrying out demonstration actions on greening of transport e.g. seed/experimental activities in technology, freight and passenger logistics;
- Facilitating the establishment of the efficient transport modes crossing multiple BSR countries and piloting efficient multimodal transport links. The improvement concerns interventions to upgrade organisational structures and transport related IT systems;
- Harmonising technical, safety, legal, organisational and other aspects of various transport modes and transport networks;
- Promoting and facilitating existing free transport capacities which do not solely rely on road transport in the eastern part of the BSR;
- Promoting and facilitating better connections between airport and rail infrastructure to improve air travel accessibility to regions;
- Establishing platforms which help to gather financing, planning, operating and other affected actors for improved management and governance of transport corridors;
- Developing solutions for emergencies and accidents associated with multimodal transport (including hazardous substances).

Specific objective 3.2 'Accessibility of remote areas and areas affected by demographic change'

To improve the accessibility of the most remote areas and regions whose accessibility is affected by demographic change based on increased capacity of transport actors

The BSR features some of the least accessible areas in Europe. These areas have difficult geographic conditions and are remote especially in the northern and eastern part of the BSR; and are characterised by extended land areas with low population density and many settlements on islands or mountainous regions. Islands and remote land areas are not accessible by common road transport and rely on either a functional maritime or air transportation system.

Other challenges relate to demographic change within the region. An ageing society requires adaptations of public and private transportation and the depopulation of rural areas in favour of larger agglomerations needs to be addressed. Given national and regional budgetary constraints new approaches in transport infrastructure and transport service maintenance need to be investigated. This knowledge then needs to be made available and to be absorbed by national, regional and local transport actors increasing their capacity to apply economically efficient solutions for ensured accessibility. The growing tourism within the region causes a higher demand for transport connections, as well as towards less accessible areas e.g. along coastal areas and islands. It should be considered an opportunity for future development.

Another opportunity for the northern regions of the BSR is the development of the Arctic area, which due to the changing climate conditions becomes more favourable to shipping and other economic activities. For example emerging new Arctic transport corridors and the current international gas and oil extraction activities in the Arctic waters might createincentives and demand for improving transport connections of the adjacent areas to the Arctic.This

will increase the accessibility of the northern regions of the BSR. At the same time, however, due to the fragile eco-system in the Arctic the sustainability of any economic activity needs to be carefully considered.

The programme will support projects which build on the above listed opportunities, pooling actors and resources for improvement of accessibility. It will support project activities helping to maintain accessibility by use of affordable transport infrastructure and service provision e.g. via public/private pooling services and demand responsive transport services. New concepts and ideas are welcome in this objective on most remote areas and areas whose accessibility is affected by demographic change. Even though previous projects and initiatives have undertaken first attempts to address these accessibility issues, there still is a need for further solutions.

New project proposals should take into consideration achievements of the Baltic Sea Region Programme 2007-2013 projects that facilitated better accessibility of remote areas in the BSR.

Examples of actions:

- Developing and implementing mobility management schemes so that the existing transport infrastructure and transport services could be used more efficiently and be more user-friendly;
- Developing and applying models/pilots for financing operation and maintenance of essential transport infrastructure;
- Developing and implementing new transport service models to ensure accessibility;
- Developing and implementing strategies for improved transport links to exploit the potential of economic and tourism activities (considering ecological questions);
- Developing and implementing strategies to exploit the potential of economic and transport activities in the Arctic region for better accessibility.

Main target groups (for specific objectives 3.1 and 3.2):

- Public authorities/institutions responsible for transport at urban, local, regional and national level
- Enterprises (in particular transport, logistic and infrastructure providers / operators)
- Intergovernmental and international institutions
- Academic and research institutions
- NGOs

Investment priority	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

Geographical coverage:

The entire BSR with special focus on the main nodes along north-south and east-west connections and remote areas and areas affected by demographic change. The programme also provides space for cooperation with actors outside the formal borders of the BSR to strengthen already existing networks.

2.A.6.2 Guiding principles for the selection of operations

Investment priority	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

Guiding principles for the selection of operations are equal for all priorities and are summarised in section 5.3.

2.A.6.3 Planned use of financial instruments **(where appropriate)**

Investment priority	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

Not applicable

2.A.6.4 Planned use of major projects **(where appropriate)**

Investment priority	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes

No major projects with a budget above 50 MEUR ERDF will be supported by the Programme.

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	7b - Enhancing regional mobility by connecting secondary and tertiary nodes to TEN-T infrastructure, including multimodal nodes				
ID	**Indicator**	**Measurement unit**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
CO01	Productive investment: Number of enterprises receiving support	Enterprises	42.00	Progress reports of projects	Annual
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	40.00	Progress reports of projects	Annual
PSO01	No. of documented learning experiences	learning experiences	13.00	Progress reports of projects	Annual
PSO03	Amount of documented planned investments to be realised with other than the Programme funding	Amount in EUR	9,893,650.00	Progress reports of projects	Annual
PSO04	No. of local/regional public authorities/institutions involved	authorities/institutions	52.00	Progress reports of projects	Annual
PSO05	No. of national public authorities/institutions involved	authorities/institutions	21.00	Progress reports of projects	Annual

2.A.4 Investment priority

ID of the investment priority	7c
Title of the investment priority	Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	3.3

Title of the specific objective	'Maritime safety': To increase maritime safety and security based on advanced capacity of maritime actors
Results that the Member States seek to achieve with Union support	Increased capacity of maritime actors (maritime administrations, rescue services, authorities, shipping operators, ports, research and intergovernmental organisations) to work with maritime safety and security Higher capacity of and increased cooperation among maritime actors in the field of maritime safety and security will help reduce risks associated with maritime transportation.
ID of the specific objective	3.4
Title of the specific objective	'Environmentally friendly shipping': To enhance clean shipping based on increased capacity of maritime actors
Results that the Member States seek to achieve with Union support	Increased capacity of maritime actors (maritime administrations, rescue services, authorities, shipping operators, ports, research and intergovernmental organisations) to reduce negative effects of shipping on the marine environment This leads to greater awareness of maritime actors towards clean shipping and better protection of the marine environment.
ID of the specific objective	3.5
Title of the specific objective	'Environmentally friendly urban mobility': To enhance environmentally friendly transport systems in urban areas based on increased capacity of urban transport actors
Results that the Member States seek to achieve with Union support	Increased capacity of authorities, ports, infrastructure providers and operators, transport users to enhance the use of environmentally friendly transport solutions in urban areas This leads to increased acceptance and more application of environmentally friendly transport solutions and thus to less polluted cities in the Baltic Sea Region.

Table 3: Programme-specific result indicators (by specific objective)

Specific objective	**3.3 - 'Maritime safety': To increase maritime safety and security based on advanced capacity of maritime actors**

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
3.3.1	Capacity of maritime actors (maritime admin., rescue services, authorities, shipping operators, ports, research and intergovernmental org.) in the Programme area to implement measures to increase maritime safety and security	Qualitative analysis of the state and gaps of capacity	Basic to medium (2,5)	2014	Medium to good (3,4), focus on more efficient use of human and technical resources	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		**3.4 - 'Environmentally friendly shipping': To enhance clean shipping based on increased capacity of maritime actors**					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
3.4.1	Capacity of maritime actors (maritime admin., rescue services, authorities, shipping operators, ports, research and intergovernmental org.) in the Programme area to implement measures to reduce negative effects of shipping on the marine environment	Qualitative analysis of the state and gaps of capacity	Slightly below medium (2,9)	2014	Medium to good (3,7), focus on better ability to attract new financial resources	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		**3.5 - 'Environmentally friendly urban mobility': To enhance environmentally friendly transport systems in urban areas based on increased capacity of urban transport actors**					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
3.5.1	Capacity of urban transport actors (public authorities, ports, infrastructure providers and	Qualitative analysis of the state and gaps of capacity	Basic to medium (2,7)	2014	Medium to good (3,5), focus on increased capability to work in	Surveys and interviews with experts in the field.	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		3.5 - 'Environmentally friendly urban mobility': To enhance environmentally friendly transport systems in urban areas based on increased capacity of urban transport actors					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
	operators) in the Programme area to implement environmentally friendly transport solutions in urban areas				transnational environment		

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

Specific objective 3.3 'Maritime safety'

To increase maritime safety and security based on advanced capacity of maritime actors

In the BSR, maritime transport constitutes an important backbone for the trade. At any given moment, there are about 2,000 ships in the Baltic Sea. This heavy traffic flows within narrow straits and in shallow waters, covered with ice for a long period of the year, making the Baltic Sea difficult to navigate and increasing the risk of shipping incidents.

The harsh climate conditions featuring low temperatures and ice formation in particular on the northern parts of the programme area put additional strain on the maritime transport shipping personnel and their equipment. Maritime safety depends to a large extent on the competencies and capacities of the seafarers.

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

The programme supports projects that increase capacity of maritime actors to develop new, promote and/or introduce in practise available solutions for safer sea navigation. This among other things might include reaching commitments from decision makers, e.g. supporting harmonized implementation of international maritime safety and security regulations. The programme strengthens cooperation among maritime actors in sharing of knowledge, experiences and best practises, for example in oil spill capacity. Furthermore, actions adapting maritime spatial planning, guiding and surveillance systems will be supported. The technological development in e.g. e-Navigation enables safer navigation, however, it will require new infrastructure on land. The programme supports planning of such infrastructure and carrying out pilot actions for its implementation. All in all project proposals should contribute to implementation of actions set in the HELCOM Baltic Sea action plan and the action plan for the EU Strategy of BSR.

Measures undertaken so far, for example by the BSR programme projects EfficienSea, BRISK and Baltic Master II as well as by the project Monalisa under the Motorways of the Sea programme, have had a positive effect on the safety of navigation.

Examples of actions:

- Harmonising interpretation and implementation of safety codes, standards and regulations;
- Implementing advanced technologies for maritime safety and security, e.g. implementing e-Navigation, automatic identification systems;
- Deploying dynamic risk assessment systems for vessels entering the Baltic Sea;
- Developing comprehensive security risk assessment for the entire Baltic Sea;
- Piloting solutions for risk prevention and response measures e.g. implementing joint exercises;
- Developing self-regulative maritime safety, especially among smaller shipping companies in which private actors voluntarily improve the safety of their operations (linked to e.g. corporate social responsibility or eco-labelling);
- Improving education and training systems for seafarers in order to increase their competence and motivation and the attractiveness of this profession;
- Enhancing integrated maritime surveillance.

Geographical coverage:

The entire Baltic Sea and its coastal area. Whenever relevant cooperation with the North Sea Region is encouraged.

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

Specific objective 3.4 'Environmentally friendly shipping'

To enhance clean shipping based on increased capacity of maritime actors

In spite of being economically cheap and environmentally friendly if measured in tons of transported goods, shipping also has negative effects on the environment, including emissions into the atmosphere, noise emission, illegal and accidental discharge of oil, hazardous substances or other wastes as well as introduction of invasive species in ships' ballast water and hulls.

In 2011 International Maritime Organization (IMO) designated the Baltic Sea as a special area under Annex IV Prevention of Pollution by Sewage from Ships of the International Convention for Prevention of Pollutions from Ships (MARPOL). According to IMO all sewage discharge from passenger ships in the Baltic Sea are prohibited unless the ship uses an approved sewage treatment plant capable of sufficiently reducing nutrients, or delivers untreated sewage to a port reception facility. The coastal countries shall report to IMO once the sewage reception facilities in the Baltic Sea ports fulfill the criteria of adequacy, before the "special area" regulations will take effect on 1 January 2016 at the earliest. In addition, HELCOM has agreed on a roadmap according to which the wastewater reception capacity of ports in the Baltic Sea area has to be improved.

Furthermore, the Baltic Sea was designated by IMO as the first Special SOx Emission Control Area (SECA) putting stricter limits on sulphur emissions under the MARPOL Convention[1] (Annex VI). The limits applicable in Baltic for SOx and particulate matter were reduced to 1%, beginning of 1 July 2010 (from original 1.50%) being further reduced to 0.10% effective from 1 January 2015. This means that, ship owners need to change the types of fuel or install exhaust gas cleaning in ships. However, the demanding new emission standards could be an incentive for the development of new, clean and safe shipping technologies, also to be exported globally.

Furthermore, the inland waterways sector also needs further consideration, if it is to be included effectively in the pursuit of environmentally-friendly shipping. Incentives for inland shipping operators to invest into more modern equipment should be explored. Taking into consideration the above, the programme supports building capacity of maritime and inland shipping actors to mitigate actions for eliminating the negative consequences and stimulate the needed change in ships, fuel technology and infrastructure. Furthermore, the programme aims to build capacity of maritime actors to increase environmentally friendly shipping. This, among other things, might involve development and implementing the set of actions that reduce emissions into the atmosphere, the sea, and noise from shipping; piloting the use of alternative fuels for ships. The programme also supports small and medium size Baltic ports to meet their challenges. The actions should contribute to implementation the HELCOM Baltic Sea action plan and the action plan for the EU

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

Strategy of the BSR.

New project proposals should take into consideration achievements of the Baltic Sea Region Programme 2007-2013 projects that developed proposals for cleaner shipping in the BSR and carried out studies with regard to the sulphur directive.

Examples of actions:

- Facilitating and implementing actions that lead to reduce emissions into the atmosphere, the sea, and noise from shipping;
- Developing voyage related information sharing enabling ships to proceed at economical speed for optimum arrival resulting in fuel savings. Facilitating the development of the port reception facilities for ship generated waste and shore-side electricity supply. This might involve development and implementation of demonstration actions on joint standards for waste handling in the BSR ports;
- Implementing pilot actions/demonstration on retrofitting existing ships with new technologies for improved environmental performance;
- Piloting the adequate support structures for use of Liquefied Natural Gas (LNG), biofuels or other alternative fuels for ships;
- Evaluating risks and identifying the best practices in use of LNG fuelled ships;
- Developing oil contingency plans including financial mechanisms for their implementation;
- Implementing activities that facilitate the implementation of the EU sulphur directive, for example, assessing the impacts on marine environment and human health (in the EU part of the programme area);
- Piloting measures for clean inland shipping (rivers, lakes);
- Piloting and promoting the use of new technologies to ensure safe, efficient and environmentally friendly transport;
- Piloting and promoting the improvement to port reception facilities for ship-generated waste.

Main target groups (for specific objectives 3.3 and 3.4):

- Public authorities/institutions responsible for planning, maritime administration, environmental protection, prevention and response measures at sea and on land in case of major emergencies
- Enterprises (in particular shipping, logistic and infrastructure providers / operators)
- Rescue services
- Academic and research institutions

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

- NGOs, in particular related to environmental protection

Geographical coverage:

The entire Baltic Sea and its coastal area and inland waters. Whenever relevant, cooperation with North Sea is encouraged. The programme also provides space for cooperation with actors outside the formal borders of the BSR to strengthen already existing networks.

Specific objective 3.5 'Environmentally friendly urban mobility'

To enhance environmentally friendly transport systems in urban areas based on increased capacity of urban transport actors

According to the EU White paper urban transport is responsible for about a quarter of CO2 emissions from transport. The gradual phasing out of 'conventionally-fuelled' vehicles from the urban environment is a major contribution to significant reduction of oil dependence, greenhouse gas emissions and local air and noise pollution. This transition will have to be complemented by the development of fuelling/charging infrastructure for new vehicles. A higher share of travel by collective transport can increase density and frequency of service. Facilitating walking and cycling should be an integral part of urban mobility and infrastructure design. Introduction of alternative propulsion systems and fuels in particular can be suitable for large fleets of urban buses, taxis and delivery vans. These could make a substantial contribution in reducing the carbon intensity of urban transport while providing a test bed for new technologies and opportunities for early market deployment.

Cities will have to adopt their infrastructure and transport systems to reduce carbon emissions. They will also need to develop cleaner and more efficient forms of transport and innovative mobility patterns, which maximize the use of clean and energy efficient vehicles and non-motorized transport. Transport efficiency should be supported by development of traffic management systems to improve cost efficiency and safety, reduce environmental impact and to allow greater interoperability between transport modes.

The programme funds actions supporting transition from a primarily car based personal mobility to a mobility based on high quality public transport, less-used and cleaner passenger vehicles as well as walking and cycling. The interfaces and links between urban, inter-urban transport and commuting from other areas to urban areas should be taken into account. The actions should support multi-modality in urban passenger transport. Public services should be forerunners when implementing clean fuel strategies.

The programme does not support local actions. Exchange of experience can be part of projects, however, partners should go beyond and ensure that their

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

actions increase the use of environmentally friendly and low carbon transportation in BSR cities. This involves promoting acceptance of decision makers, attracting investments, setting up new regulations or transport plans and piloting new transport solutions.

New project proposals should take into consideration achievements of the BSR 2007-2013 namely piloting of introduction of biogas buses in the selected urban areas of the BSR.

Examples of actions:

- Developing sustainable urban mobility policies/plans that provide a comprehensive framework for the development of integrated and sustainable transport systems;
- Auditing of urban transport systems to evaluate the performance of passenger and freight transport, and to identify the main bottlenecks;
- Developing and setting up urban mobility management systems as part of low-carbon transport strategies;
- Optimising urban logistics, e.g. improving transport flow management and monitoring;
- Piloting the use of hybrid or alternative fuel such as biogas or other environmentally friendly energy;
- Piloting the use of vehicle fleets with higher energy efficiency and less emission in urban areas;
- Promoting an attractive market for clean and energy-efficient road transport vehicles through, e.g. introducing Green Public Procurement schemes;
- Piloting and demonstrating the mobility management in cities to manage the demand for car use by changing attitudes and travel plans;
- Piloting and demonstrating the development of the intelligent transport systems for urban mobility.

Main target groups:

- Public authorities/institutions responsible for urban transport, planning and environmental protection
- Enterprises (in particular transport, logistic and infrastructure providers / operators)
- Academic and research institutions
- NGOs

Geographical coverage:

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

BSR cities and towns and their agglomeration areas.

[1] MARPOL is an International Convention for the Prevention of Pollution from Ships adopted in 1973 and modified by the Protocol of 1978. Annex VI Regulations for the Prevention of Air Pollution from Ships establishes certain sulphur oxide (SOx) Emission Control Areas with more stringent controls on sulphur emissions

2.A.6.2 Guiding principles for the selection of operations

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

Guiding principles for the selection of operations are equal for all priorities and are summarised in section 5.3.

2.A.6.3 Planned use of financial instruments **(where appropriate)**

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

Not applicable

2.A.6.4 Planned use of major projects **(where appropriate)**

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

No major projects with a budget above 50 MEUR ERDF will be supported by the Programme.

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	7c - Developing and improving environmentally-friendly (including low noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

ID	Indicator	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
CO01	Productive investment: Number of enterprises receiving support	Enterprises	42.00	Progress reports of projects	Annual
CO04	Productive investment: Number of enterprises receiving non-financial support	Enterprises	40.00	Progress reports of projects	Annual
PSO01	No. of documented learning experiences	learning experiences	13.00	Progress reports of projects	Annual
PSO03	Amount of documented planned investments to be realised with other than the Programme funding	Amount in EUR	9,893,650.00	Progress reports of projects	Annual
PSO04	No. of local/regional public authorities/institutions involved	authorities/institutions	52.00	Progress reports of projects	Annual
PSO05	No. of national public authorities/institutions involved	authorities/institutions	21.00	Progress reports of projects	annual

2.A.7 Performance framework

Table 5: Performance framework of the priority axis

Priority axis		3 - Sustainable transport					
ID	**Indicator type**	**Indicator or key implementation step**	**Measurement unit, where appropriate**	**Milestone for 2018**	**Final target (2023)**	**Source of data**	**Explanation of relevance of indicator, where appropriate**
FI01	F	Certified Expenditure	Euros	16,087,235	80,436,178.00	Progress reports of projects	target for 2018: 20% of total eligible expenditure target for 2023: 100% of total eligible expenditure"
KIS01	I	No. of documented learning experiences of selected operations (forecast provided by beneficiaries)	learning experiences	26	26.00	Application forms of approved projects	
PSO01	O	No. of documented learning experiences	learning experiences	0	26.00	Progress reports of projects	The output indicator relates to 100% of the financial allocation to the priority as every project in the priority is expected to develop and documents at least one joint learning experience.

Additional qualitative information on the establishment of the performance framework

2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field

Priority axis	**3 - Sustainable transport**
Code	**Amount (€)**
026. Other Railways	2,536,833.00
036. Multimodal transport	10,147,333.00
040. Other seaports	7,610,500.00
042. Inland waterways and ports (regional and local)	2,536,833.00
043. Clean urban transport infrastructure and promotion (including equipment and rolling stock)	10,147,333.00
044. Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring control and information systems)	10,147,333.00
083. Air quality measures	2,536,833.00
088. Risk prevention and management of non-climate related natural risks (i.e. earthquakes) and risks linked to human activities (e.g. technological accidents), including awareness raising, civil protection and disaster management systems and infrastructures	2,536,833.00
098. Outermost regions: Compensation of any additional costs due to accessibility deficit and territorial fragmentation	2,536,833.00
119. Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance	14,884,166.00

Priority axis	3 - Sustainable transport
120. Capacity building for all stakeholders delivering education, lifelong learning, training and employment and social policies, including through sectoral and territorial pacts to mobilise for reform at the national, regional and local levels	2,536,836.00

Table 7: Dimension 2 Form of finance

Priority axis	3 - Sustainable transport
Code	**Amount (€)**
01. Non-repayable grant	68,157,666.00

Table 8: Dimension 3 Territory type

Priority axis	3 - Sustainable transport
Code	**Amount (€)**
04. Macro regional cooperation area	68,157,666.00

Table 9: Dimension 6 Territorial delivery mechanisms

Priority axis	3 - Sustainable transport
Code	**Amount (€)**

Priority axis	3 - Sustainable transport
Code	**Amount (€)**
07. Not applicable	68,157,666.00

2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

Priority axis:	3 - Sustainable transport
Not applicable	

2.A.1 Priority axis

ID of the priority axis	4
Title of the priority axis	Institutional capacity for macro-regional cooperation

☐ The entire priority axis will be implemented solely through financial instruments
☐ The entire priority axis will be implemented solely through financial instruments set up at Union level
☐ The entire priority axis will be implemented through community-led local development

2.A.2 Justification for the establishment of a priority axis covering more than one thematic objective (where applicable)

Not applicable

2.A.3 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Total
ENI	Total

2.A.4 Investment priority

ID of the investment priority	11c

ID of the investment priority	11c
Title of the investment priority	Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)

2.A.5 Specific objectives corresponding to the investment priority and expected results

ID of the specific objective	4.1
Title of the specific objective	'Seed Money': To increase capacity for transnational cooperation implementing the EU Strategy for the Baltic Sea Region and working on common policies with the partner countries
Results that the Member States seek to achieve with Union support	Increased capacity of project ideas owners (public authorities, research institutions, NGOs, SMEs) to initiate complex projects with strategic impact, and to build up partnerships at transnational level.
ID of the specific objective	4.2
Title of the specific objective	'Coordination of macro-regional cooperation': To increase capacity of public administrations and pan-Baltic organisations for transnational coordination in implementing the EU Strategy for the Baltic Sea Region and facilitating the implementation of common policies with the partner countries
Results that the Member States seek to achieve with Union support	Increased capacity of public administrations, pan-Baltic organisations and transnational working groups to implement and follow up targets of the EUSBSR and to realise common policies with the partner countries.

Table 3: Programme-specific result indicators (by specific objective)

Specific objective		**4.1 - 'Seed Money': To increase capacity for transnational cooperation implementing the EU Strategy for the Baltic Sea Region and working on common policies with the partner countries**					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
4.1.1	Amount of funding for projects implementing the EUSBSR resulting from seed money projects	Million Euro	0.00	2014	108.00	PACs and HACs	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		4.1 - 'Seed Money': To increase capacity for transnational cooperation implementing the EU Strategy for the Baltic Sea Region and working on common policies with the partner countries					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
4.1.2	Number of organisations from the partner countries working on joint projects resulting from seed money projects	Number of organisations	0.00	2014	9.00	PACs and HACs	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

Specific objective		4.2 - 'Coordination of macro-regional cooperation': To increase capacity of public administrations and pan-Baltic organisations for transnational coordination in implementing the EU Strategy for the Baltic Sea Region and facilitating the implementation of common policies with the partner countries					
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
4.2.1	Percentage of EUSBSR priority areas and horizontal actions reaching the identified targets	Number of EUSBSR PA and HA in relation to their total number	0.00	2014	80.00	Questionnaire to the PACs and HACs and evaluation reports of the EUSBSR	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023
4.2.2	Percentage of EUSBSR priority areas and horizontal actions facilitating the implementation of joint priorities with the partner countries	Number of EUSBSR PA and HA in relation to their total number	50.00	2014	60.00	Questionnaire to the PACs and HACs and evaluation reports of the EUSBSR	Assessment at programme mid-term in 2018 and 2020 as well as after programme closure in 2023

2.A.6 Actions to be supported under the investment priority (by investment priority)

2.A.6.1 A description of the type and examples of actions to be supported and their expected contribution to the specific objectives, including, where appropriate, identification of the main target groups, specific territories targeted and types of beneficiaries

Investment priority	11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)

Specific objective 4.1 'Seed Money'

To increase capacity for transnational cooperation implementing the EU Strategy for the Baltic Sea Region and working on common priorities with the partner countries:

The EU and partner countries located in the Baltic Sea Region often face challenges which require joint solutions and coordinated responses. The work towards achievement of common goals can be supported through the implementation of transnational cooperation projects among EU and partner countries in the Baltic Sea Region.

However, the experience of the implementation of the EU Strategy for the Baltic Sea (EUSBSR) has shown that the mobilisation of funding sources and preparation and governance of complex projects in a transnational environment is challenging. The initiation of complex projects with strategic impact is often time demanding and requires financial resources, which project idea owners often lack. Furthermore, funding during the preparation stage is considered as vital to project proposals that include investment components.

For the aforementioned reasons the EU Member States of the Baltic Sea Region and the European Commission decided to establish a Seed Money Facility enabling the preparation of project applications in line with the action plan to the EUSBSR. In 2013-2014 the Seed Money Facility is being managed by Investitionsbank Schleswig-Holstein. During this phase the funding is being granted to more than 60 preparatory projects.

The programme continues with the seed money support. The funded seed money projects are expected to prepare project proposals with strategic importance to one of the policy areas or horizontal actions of the EU Strategy for the Baltic Sea Region, preferably linked to joint policies with the partner countries. The projects will be prepared to apply for funding from any EU, national or other funding sources. Regardless of the thematic focus of Interreg Baltic Sea Region, seed money projects can address any topic that is listed in the action plan of the EU strategy.

Example actions:

- Preparation of projects under the policy areas and horizontal actions of the EUSBSR strategy (including building partnerships, planning the activities and outputs, preparing an indicative budget and searching for funding possibilities, pre-investment studies), preferably link to joint priorities with the partner countries.

Main target groups:

Investment priority	11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)

- National, regional and local public authorities/institutions;
- Research institutions;
- NGOs;
- SMEs.

Specific objective 4.2 'Coordination of macro-regional cooperation'

To increase capacity of public administrations and pan-Baltic organisations for transnational coordination in implementing the EU Strategy for the Baltic Sea Region and facilitating the implementation of common priorities with the partner countries.

The countries involved in the EUSBSR take their share of responsibility for implementation and coordination of the strategy.

The policy area coordinators (PACs) and horizontal action coordinators (HACs) are given a central role in coordinating the policy areas and horizontal actions of the EUSBSR action plan and for ensuring the timely delivery of results of the projects in their area. The PACs and HACs are expected to facilitate the involvement and cooperation with relevant stakeholders from the entire macro-region including the partner countries. Their tasks include the facilitation of policy discussions in the Baltic Sea Region regarding the policy area concerned as well as the facilitation of development and implementation of actions and flagship projects. This includes implementation of common priorities with the partner countries in close cooperation with relevant actors from these countries. In order to ensure communication and visibility of the policy area the PACs and HACs are also expected to convey relevant results and recommendations of flagship projects to the policy level.

The tasks of PACs and HACs are carried out mainly by national ministries or agencies. They often reach beyond regular tasks of the staff in these organisations. The PACs and HACs need additional resources in particular for frequent communication with project leaders and stakeholders in the entire Baltic Sea Region area.

Within this specific objective the programme will make a contribution to support the implementation of the EUSBSR. This includes support to PACs and HACs to carry out additional tasks related to their role as a coordinator/leader set in the EUSBSR as well as in relation to the implementation of common priorities with the partner countries. The programme funds support PACs and HACs whose hosting organisations show clear own commitment to the PAC/HAC tasks. Programme funds could cover additional costs of PACs and HACs for selected activities (e.g. travel, meetings, events, communication material, expert studies). Staff costs of a person working as/for the PAC/HAC can be funded if the tasks are clearly related to specific activities (e.g. preparation of specified meetings, coordination of expert inputs for a study) presented in a work plan for implementation of the PA/HA. In addition, the

programme provides support to the involvement of relevant institutions in the partner countries in order to implement joint priorities with the EUSBSR.

Furthermore, the programme provides co-financing to general support and communication activities related to implementation of the strategy, e.g. strategy forums including a platform for the involvement of civil society, regional and multi-governance levels; gathering of information and data on implementation of the strategy from PACs/HACs, National Coordinators (NCs), funding programmes; structuring the information and making it available to the public.

As the activities supported under this sub-objective are of transnational character per se, in exceptional cases, single beneficiary applications may be accepted.

Example actions:

- Facilitating policy discussions in the Baltic Sea Region, e.g., regarding the policy area/horizontal action concerned;
- Facilitating policy discussions regarding the synergies and common approaches between the EU and partner countries (e.g. between the EUSBSR and the North-West Strategy of Russia) in the region;
- Facilitating development and implementation of actions and flagship projects defined under the policy area/horizontal action;
- Conveying relevant results and recommendations of on-going and completed flagship projects to the policy level (capitalisation of projects under the policy area/horizontal action);
- Ensuring communication and visibility of the policy area/horizontal action as well as synergies with common priorities of the partner countries;
- Maintaining a dialogue with bodies in charge of implementation of programmes/financial instruments on alignment of funding for implementation of the policy area/horizontal action and flagship projects;
- Intensifying links of the EUSBSR with strategies covering the partner countries and facilitating development of joint actions in the fields of common interest;
- Implementing the strategy forum, including a platform of civil society and relevant stakeholders from regional and multi-governance levels.

Main target groups:

- Policy area coordinators and horizontal action coordinators of the EUSBSR;
- International bodies as well as national ministries and agencies acting as coordinators between the priorities of the partner countries and the EUSBSR;

Investment priority	11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)

- National Coordinators of the EUSBSR;
- Other national, regional and local public authorities/institutions;
- Research institutions;
- Intergovernmental organisations (e.g. HELCOM, VASAB);
- NGOs.

Geographical coverage:

The whole territory of the Baltic Sea Region.

2.A.6.2 Guiding principles for the selection of operations

Investment priority	11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)
Guiding principles for the selection of operations are equal for all priorities and are summarised in section 5.3.	

2.A.6.3 Planned use of financial instruments **(where appropriate)**

Investment priority	11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)
Not applicable	

2.A.6.4 Planned use of major projects **(where appropriate)**

Investment priority	11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)
No major projects with a budget above 50 MEUR ERDF will be supported by the Programme.	

2.A.6.5 Output indicators (by investment priority)

Table 4: Common and programme-specific output indicators

Investment priority	11c - Developing and coordinating macro-regional and sea-basin strategies (ETC-TN)				
ID	**Indicator**	**Measurement unit**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
PSO06	No of project plans for a main project including information on possible financial sources	project plans	50.00	Final reports of the seed money projects	annual
PSO07	No of project plans contributing to joint priorities with the partner countries	project plans	10.00	Final reports of the seed money projects	annual
PSO08	No of transnational meetings held to facilitate implementation of the EUSBSR targets	meetings	60.00	Progress reports	Annual
PSO09	No of transnational meetings held to facilitate joint work on common priorities with the partner countries	meetings	12.00	progress reports	annual
PSO10	No of strategic policy documents supporting the implementation of the EUSBSR targets and/or common priorities with the partner countries	documents	10.00	progress reports	annual
PSO11	No of support measures provided to the EUSBSR	measures	14.00	progress reports	annual

2.A.7 Performance framework

Table 5: Performance framework of the priority axis

Priority axis		4 - Institutional capacity for macro-regional cooperation					
ID	**Indicator type**	**Indicator or key implementation step**	**Measurement unit, where appropriate**	**Milestone for 2018**	**Final target (2023)**	**Source of data**	**Explanation of relevance of indicator, where appropriate**
FI01	F	Certified Expenditure	Euros	3,103,890	15,519,446.00	progress reports	target for 2018: 20% of total eligible expenditure target for 2023: 100% of total eligible expenditure"
PSO08	O	No of transnational meetings held to facilitate implementation of the EUSBSR targets	meetings	30	60.00	progress reports	The output indicator relates to about 61% of the financial allocation to the priority as it relates to the support of Policy Area Coordinators and Horizontal Action Coordinators for which 8 million Euros of 13.2 million Euros are allocated.

Additional qualitative information on the establishment of the performance framework

2.A.8 Categories of intervention

Categories of intervention corresponding to the content of the priority axis, based on a nomenclature adopted by the Commission, and indicative breakdown of Union support

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field

Priority axis	**4 - Institutional capacity for macro-regional cooperation**

Priority axis	4 - Institutional capacity for macro-regional cooperation
Code	**Amount (€)**
119. Investment in institutional capacity and in the efficiency of public administrations and public services at the national, regional and local levels with a view to reforms, better regulation and good governance	13,279,529.00

Table 7: Dimension 2 Form of finance

Priority axis	4 - Institutional capacity for macro-regional cooperation
Code	**Amount (€)**
01. Non-repayable grant	13,279,529.00

Table 8: Dimension 3 Territory type

Priority axis	4 - Institutional capacity for macro-regional cooperation
Code	**Amount (€)**
04. Macro regional cooperation area	13,279,529.00

Table 9: Dimension 6 Territorial delivery mechanisms

Priority axis	4 - Institutional capacity for macro-regional cooperation
Code	**Amount (€)**

Priority axis	4 - Institutional capacity for macro-regional cooperation
Code	**Amount (€)**
07. Not applicable	13,279,529.00

2.A.9 A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

Priority axis:	4 - Institutional capacity for macro-regional cooperation
Not applicable	

2.B DESCRIPTION OF THE PRIORITY AXES FOR TECHNICAL ASSISTANCE

2.B.1 Priority axis

ID	5
Title	Technical Assistance

2.B.2 Fund and calculation basis for Union support

Fund	Calculation basis (total eligible expenditure or eligible public expenditure)
ERDF	Public
ENI	Public

2.B.3 Specific objectives and expected results

ID	Specific objective	Results that the Member States seek to achieve with Union support
5.1	'Technical Assistance': To provide sufficient financing to ensure a professional and efficient programme management	To finance the programme management costs incurred between 1 January 2014 and 31 December 2023.

2.B.4 Result indicators

Table 10: Programme-specific result indicators (by specific objective)

Priority axis	5.1 - 'Technical Assistance': To provide sufficient financing to ensure a professional and efficient programme management						
ID	**Indicator**	**Measurement unit**	**Baseline value**	**Baseline year**	**Target value (2023)**	**Source of data**	**Frequency of reporting**
5.1.1	Share of programme funding allocated to projects	Percentage of funds allocated to projects	0.00	2014	100.00	JS/MA statistics	Annual
5.1.2	N+3 targets fulfilled	Number of annual spending targets fulfilled	0.00	2014	7.00	Payment requests, programme budget	Annual
5.1.3	Visitors on programme's website	Number of unique visitors	0.00	2014	350,000.00	Web statistics	Annual

2.B.5 Actions to be supported and their expected contribution to the specific objectives (by priority axis)

2.B.5.1 Description of actions to be supported and their expected contribution to the specific objectives

Priority axis	**5 - Technical Assistance**
The programme management costs will comprise preparatory, management, monitoring, evaluation, information and control activities of the cooperation programme, as well as financing activities (if necessary) to reinforce the administrative capacity for implementing the funds. This includes activities such as meetings of the programme's monitoring committee and activities of the managing authority, joint secretariat and support to the audit authority. The majority of technical assistance funds will be used to finance the operation of the joint secretariat carrying out the main tasks related to implementing the programme. Technical assistance will also cover costs related to information activities and dissemination of results. Furthermore, it will also cover other costs such as evaluation and installation of computerised systems for management, monitoring and evaluation. In accordance with Article 17 of Regulation (EU) No 1299/2013, the limit for technical assistance is set at 6% of the total amount allocated under the European territorial co-operation objective.	

2.B.5.2 Output indicators expected to contribute to results (by priority axis)

Table 11: Output indicators

Priority axis	**5 - Technical Assistance**			
ID	Indicator	Measurement unit	Target value (2023)	Source of data
TA01	Number of (potential) applicants advised	Number	415.00	JS/MA statistics

Priority axis	5 - Technical Assistance			
ID	Indicator	Measurement unit	Target value (2023)	Source of data
TA02	Number of applications received and assessed	Number	260.00	JS/MA statistics
TA03	Number of reports checked and paid out	Number	630.00	JS/MA statistics
TA04	Number of news items published on the programme's website	Number	168.00	JS/MA statistics
TA05	Number of own events carried out	Number	14.00	JS/MA statistics
TA06	Number of participants at programme events	Number	1,580.00	JS/MA statistics
TA07	Number of other events attended by MA/JS staff	Number	700.00	JS/MA statistics
TA08	Number of employees (full-time equivalents) whose salaries are co-financed by technical assistance	Number	186.00	JS/MA statistics

2.B.6 Categories of intervention

Corresponding categories of intervention based on a nomenclature adopted by the Commission, and an indicative breakdown of Union support.

Tables 12-14: Categories of intervention

Table 12: Dimension 1 Intervention field

Priority axis	**5 - Technical Assistance**
Code	**Amount (€)**
121. Preparation, implementation, monitoring and inspection	16,357,839.00

Table 13: Dimension 2 Form of finance

Priority axis	**5 - Technical Assistance**
Code	**Amount (€)**
01.Non-repayable grant	16,357,839.00

Table 14: Dimension 3 Territory type

Priority axis	**5 - Technical Assistance**

Code	Amount (€)
04.Macro regional cooperation area	16,357,839.00

3. FINANCING PLAN

3.1 Financial appropriation from the ERDF (in €)

Table 15

Fund	2014	2015	2016	2017	2018	2019	2020	Total
ERDF	13,688,442.00	19,904,228.00	27,762,478.00	49,125,337.00	50,107,867.00	51,110,044.00	52,132,262.00	263,830,658.00
Total ERDF	**13,688,442.00**	**19,904,228.00**	**27,762,478.00**	**49,125,337.00**	**50,107,867.00**	**51,110,044.00**	**52,132,262.00**	**263,830,658.00**
ENI	0.00	1,380,115.00	1,414,450.00	1,459,650.00	1,368,000.00	1,578,817.00	1,598,968.00	8,800,000.00
Total ENI	**0.00**	**1,380,115.00**	**1,414,450.00**	**1,459,650.00**	**1,368,000.00**	**1,578,817.00**	**1,598,968.00**	**8,800,000.00**
Total	**13,688,442.00**	**21,284,343.00**	**29,176,928.00**	**50,584,987.00**	**51,475,867.00**	**52,688,861.00**	**53,731,230.00**	**272,630,658.00**

3.2.A Total financial appropriation from the ERDF and national co-financing (in €)

Table 16: Financing plan

Priority axis	Fund	Basis for calculation of Union support (Total eligible cost or public eligible cost)	Union support (a)	National counterpart (b) = (c) + (d)	Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a) / (e) (2)	For information	
					National public funding (c)	National private funding (d)			Contributions from third countries	EIB contributions
1	ERDF	Total	84,425,812.00	18,532,495.00	16,679,246.00	1,853,249.00	102,958,307.00	82.0000002525%	5,480,851.00	
1	ENI	Total	2,992,000.00	528,000.00	475,200.00	52,800.00	3,520,000.00	85.0000000000%		
2	ERDF	Total	84,425,812.00	18,532,495.00	16,679,246.00	1,853,249.00	102,958,307.00	82.0000002525%	5,480,851.00	
2	ENI	Total	2,992,000.00	528,000.00	475,200.00	52,800.00	3,520,000.00	85.0000000000%		
3	ERDF	Total	65,957,666.00	14,478,512.00	13,030,661.00	1,447,851.00	80,436,178.00	82.0000000497%	4,202,754.00	
3	ENI	Total	2,200,000.00	388,236.00	349,412.00	38,824.00	2,588,236.00	84.9999768182%		
4	ERDF	Total	13,191,529.00	2,327,917.00	2,095,125.00	232,792.00	15,519,446.00	84.9999993556%	396,095.00	
4	ENI	Total	88,000.00	15,530.00	13,977.00	1,553.00	103,530.00	84.9995170482%		
5	ERDF	Public	15,829,839.00	5,276,613.00	5,276,613.00	0.00	21,106,452.00	75.0000000000%	832,000.00	
5	ENI	Public	528,000.00	176,000.00	176,000.00	0.00	704,000.00	75.0000000000%		
Total	**ERDF**		**263,830,658.00**	**59,148,032.00**	**53,760,891.00**	**5,387,141.00**	**322,978,690.00**	**81.6867075658%**		
Total	**ENI**		**8,800,000.00**	**1,635,766.00**	**1,489,789.00**	**145,977.00**	**10,435,766.00**	**84.3253863684%**		
Grand total			**272,630,658.00**	**60,783,798.00**	**55,250,680.00**	**5,533,118.00**	**333,414,456.00**	**81.7692973696%**		

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

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

3.2.B Breakdown by priority axis and thematic objective

Table 17

Priority axis	Thematic objective	Union support	National counterpart	Total funding
1	Strengthening research, technological development and innovation	84,425,812.00	18,532,495.00	102,958,307.00
1		2,992,000.00	528,000.00	3,520,000.00
2	Preserving and protecting the environment and promoting resource efficiency	84,425,812.00	18,532,495.00	102,958,307.00
2		2,992,000.00	528,000.00	3,520,000.00
3	Promoting sustainable transport and removing bottlenecks in key network infrastructures	65,957,666.00	14,478,512.00	80,436,178.00
3		2,200,000.00	388,236.00	2,588,236.00
4	Enhancing institutional capacity of public authorities and stakeholders and an efficient public administration	13,191,529.00	2,327,917.00	15,519,446.00
4		88,000.00	15,530.00	103,530.00
Total		**256,272,819.00**	**55,331,185.00**	**311,604,004.00**

Table 18: Indicative amount of support to be used for climate change objectives

Priority axis	Indicative amount of support to be used for climate change objectives (€)	Proportion of the total allocation to the programme (%)
1	10,025,565.20	3.68%
2	30,604,357.80	11.23%

Priority axis	Indicative amount of support to be used for climate change objectives (€)	Proportion of the total allocation to the programme (%)
3	18,265,199.20	6.70%
Total	**58,895,122.20**	**21.60%**

4. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

Description of the integrated approach to territorial development, taking into account the content and objectives of the cooperation programme, including in relation to regions and areas referred to in Article 174(3) TFEU, having regard to the Partnership Agreements of the participating Member States, and showing how it contributes to the accomplishment of the programme objectives and expected results

The programme applies the integrated approach to territorial development by building on territorial assets of the Baltic Sea Region (BSR). This means that the project proposals should, as far as possible, address territorial challenges consider relevant territorial development policies as well as regional conditions of envisaged actions and regard their implications and impacts on other sectors in the given territories. As far as possible, relevant actors from different sectors and various administrative levels should be involved directly or in a consultative way. The programme also targets areas with specific geographic challenges, e.g. islands, areas with severe climate, geographically remote and border areas.

The EU Strategy for the Baltic Sea Region largely functions as a mobiliser of common awareness about challenges on the macro-regional level. It provides the basis to the thematic priorities of the programme. While building on territorial assets and addressing territorial challenges, the programme, in its approach, also integrates a number of cross-cutting issues identified in the strategy e.g. sustainable development, climate change, multi-level governance and BSR common identity.

As well as the EU strategy, there are regional development strategies of the partner countries that address similar issues and contribute to defining the scope of the thematic priorities.

The Baltic Sea presents itself as a joint environmental and economic asset. It provides potential to develop sustainable solutions based on available water management expertise, and thus helps the BSR become a leading region in the field. In addition, the programme contributes to sustainable development by further advancing maritime spatial planning. Moreover, blue growth opens opportunities to novel and developing sectors that are making use of sea resources.

The Baltic Sea entails transnational challenges as well, e.g. in relation to environmental protection. To tackle them, joint planning and joint actions on transnational level are often needed. The programme takes into account challenges resulting from climate change, especially those harming coastal areas and islands. In its approach the programme seeks to provide transnational solutions to environmental protection, e.g. to prevent and alleviate environmental damage caused by increasingly intensifying transport flows at sea.

Characterised by long distances, difficult geographic and climate conditions, and low population density, the BSR features the least accessible areas in the EU. Moreover, TEN-T networks are insufficiently connected and integrated within the region. Therefore, the programme positions these territorial concerns on a more prominent level.

Furthermore, the programme is to contribute to the Europe 2020 Strategy for growth. Based on its diversity in terms of territory and economic development, the BSR presents a strong potential to foster place-based growth. Thus, to unlock new growth opportunities the programme promotes smart specialisation as an instrument applied to mobilise internal assets and resources in fields where a country or a region has a specialisation. Moreover, to foster growth, it is equally important to build links with other regions. Therefore, in order to ensure that common assets in the BSR are used in a coordinated and sustainable way the programme takes a transnational approach in supporting smart specialisation.

4.1 Community-led local development (where appropriate)

Approach to the use of community-led local development instruments and principles for identifying the areas where they will be implemented

Not applicable

4.2 Integrated actions for sustainable urban development (where appropriate)

Principles for identifying the urban areas where integrated actions for sustainable urban development are to be implemented and the indicative allocation of the ERDF support for these actions

Not applicable

Table 19: Integrated actions for sustainable urban development – indicative amounts of ERDF support

Indicative amount of ERDF support (€)
0.00

4.3 Integrated Territorial Investment (ITI) (where appropriate)

Approach to the use of Integrated Territorial Investments (ITI) (as defined in Article 36 of Regulation (EU) No 1303/2013) other than in cases covered by 4.2, and their indicative financial allocation from each priority axis

Not applicable

Table 20: Indicative financial allocation to ITI other than those mentioned under point 4.2 (aggregate amount)

Priority axis	Indicative financial allocation (Union support) (€)
1 - Capacity for innovation	0.00
2 - Efficient management of natural resources	0.00
3 - Sustainable transport	0.00
Total	**0.00**

4.4 Contribution of planned interventions towards macro-regional and sea basin strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate)

(Where Member States and regions participate in macro-regional and sea basin strategies)

The EU Strategy for the Baltic Sea Region (EUSBSR) and its action plan had an important role in the process of identifying the needs for transnational cooperation in the Baltic Sea Region Programme. The background analysis of the strategy was one of the core references in the SWOT analysis for the priority axes. The priority area coordinators, horizontal action leaders and national contact points of the EUSBSREUSBSR (as of 2015 known as policy area coordinators, horizontal action coordinators and National Coordinators) were part of the reference group in the programming. Furthermore, some of the priority area coordinators and horizontal action leaders took an active role in the Thematic Programming Workshops. Some priority area coordinators provided contributions to the programming through the members of the joint programming committee.

The experience and outcomes of the EUSBSR flagship projects funded under the Baltic Sea Region Programme 2007-2013 had a major impact to the set expectations towards the specific objectives of the programme in the period 2014-2023. The Baltic Sea Region Programme 2007-2013 funded 49 projects that contributed to the EUSBSR priority/policy areas and horizontal actions. Twenty six out of the 49 projects were

identified as flagship projects of the EUSBSR. Interreg Baltic Sea Region will use the expertise and experience gathered under the EUSBSR priority/policy areas and horizontal actions in its supporting measures for project development.

For example, the Baltic Sea Region Programme projects SienceLink and StarDust were implemented under the EUSBSR priority/policy area Inno. These projects show directions for the next steps in transnational cooperation under priority 1 'Capacity for innovation', in particular regarding transnational links between research infrastructures as well as in smart specialisation.

The specific objective 'Clear Waters' underpriority 2 'Efficient management of natural resources' is closely linked to the EUSBSR policy areas Agri, Nutri and Hazards. The Baltic Sea Region Programme project cluster "Baltic Impulse" involved several flagship projects from these priority/policy areas. The cluster demonstrated ways to build platforms for cross-sectoral dialogue needed in order to improve the quality of the Baltic Sea Region waters. In addition, for example, the flagship project COHIBA formed a basis to develop innovative management of hazardous substances. The specific objective "Resource efficient blue growth" also has several links with the EUSBSR and may draw from the conclusions of several flagship projects. The projects Aquabest and Aquafima under the EUSBSR priority/policy area Agri demonstrate solutions for sustainable aquaculture. The Submariner project was the basis for the Submariner Network under priority/policy area Inno developing actions and initiatives for sustainable and innovative uses of Baltic marine resources. The projects developing maritime spatial planning, e.g. PartiSEApate under the EUSBSR horizontal action Spatial Planning, support coordinated approaches for sustainable use of marine resources.

Priority 3 'Sustainable transport' is contributing to the EUSBSR policy area Transport. The Baltic Sea Region Programme 2007-2013 project cluster "Sustainable, multimodal and green transport corridors" demonstrated several ways to facilitate efficient and sustainable Baltic passenger and freight transport solutions that is one of the actions under the priority area Transport. The cooperation projects under the specific objective "Interoperability of transport modes" continue this work. In addition there are close links between the specific objectives 'Maritime safety' and 'Environmentally friendly shipping' and the EUSBSR policy areas Ship and Safe. The flagship projects BSR Innoship and CleanShip show the way to continue transnational cooperation tackling the challenges to make shipping more environmentally friendly. The flagship project EfficienSea developed e-navigation services. E-navigation continues to be a topic both in the Baltic Sea Region Programme as well as in the EUSBSR.

Moreover, in line with its integrated approach, the programme contributes to the aims of the horizontal actions in the EUSBSR. Projects funded under the priority axes 1-3 are encouraged to integrate one of the following cross-cutting issues in their approach: multi-level governance, BSR common identity, spatial planning/maritime spatial planning, sustainable development, climate change or demographic change.

In addition to the close thematic links between the programme and the EUSBSR, the programme offers specific measures to support the EUSBSR implementation. Within priority 4 'Institutional Capacity for Macro-regional Cooperation' seed money is offered for preparation of projects under the policy areas and horizontal actions of the strategy. The policy area coordinators and horizontal action coordinators are involved in the selection of seed money projects. Under priority 4, funding is offered also to the policy

area coordinators and horizontal action coordinators for costs of selected activities deriving from their role as a policy area coordinator or a horizontal action coordinator. Furthermore, the programme supports general implementation and communication activities of the EUSBSR.

The programme also addresses the need for closer cooperation between the EUSBSR and the partner countries, in particular the link to the North-West Strategy of Russia. The programme enables practical cooperation at project level on issues of importance for both, EUSBSR and the North-West Strategy of Russia. Under priority 4 seed money projects are encouraged to find links between the EUSBSR and other relevant strategies in the Baltic Sea Region area. Furthermore, coordination with actors responsible for the North-West Strategy of Russia belongs to the type of activities that can be funded under the Facility to support policy area coordinators and horizontal action coordinators.

5. IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

5.1 Relevant authorities and bodies

Table 21: Programme authorities

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Managing authority	Investitionsbank Schleswig-Holstein (IB.SH), European Territorial Cooperation Unit	Erk Westermann-Lammers (Managing Director); Susanne Scherrer (Director of European Territorial Cooperation Unit)
Certifying authority	Managing authority will be responsible for carrying out the functions of the certifying authority as provided for in Article 21(1) of Regulation (EU) No 1299/2013	See managing authority
Audit authority	Ministry of Justice, Cultural and European Affairs Schleswig-Holstein	Markus Stiegler (Head of Unit)

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

☑ the Managing authority
☐ the Certifying authority

Table 22: Body or bodies carrying out control and audit tasks

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Body or bodies designated to carry out control tasks	FLC in DE: Ministry of Justice, Cultural and European Affairs of Land Schleswig-Holstein/Germany	Mr Stefan Musiolik
Body or bodies designated to carry out control tasks	FLC in DK: Danish Business Authority/Regional Development	Mr Preben Gregersen
Body or bodies designated to carry out control tasks	FLC in EE: Ministry of Finance, Regional Development Department, Interreg Programmes Supervision Unit	Ms Nele Ivask
Body or bodies designated to carry out control tasks	FLC in FI: Ministry of Employment and the Economy of Finland	Ms Tuula Manelius
Body or bodies designated to carry out control tasks	FLC in LT: Ministry of the Interior of the Republic of Lithuania	Mr Saulius Skvernelis
Body or bodies designated to carry out control tasks	FLC in LV: Ministry of Environmental Protection and regional Development/Investment Supervision	Mr. Artis Lapiņš

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
	Department, Latvia	
Body or bodies designated to carry out control tasks	FLC in NO: Ministry of Local Government and Modernisation, Nroway	Mr Hallgeir Aalbu
Body or bodies designated to carry out control tasks	FLC in PL: Ministry of the Infrastructure and Development, Poland	Ms Anita Ryng
Body or bodies designated to carry out control tasks	FLC in RU: Ministry of Economic Development of the Russian Federation / Department for Regional and Cross Border Cooperation Development	Mr. Rafael Abramyan
Body or bodies designated to carry out control tasks	FLC in SE: Tillväxtverket-The Swedish Agency for Economic and Regional Growth	Mr Tommy Anjevall
Body or bodies designated to carry out control tasks	FLC on Åland (FI): The Government of Åland/Section for Trade and Industry	Ms Susanne Strand
Body or bodies designated to be responsible for carrying out audit tasks	SLA in DE: Ministry of Justice, Cultural and European Affairs of Land Schleswig-Holstein, Germany	Mr Markus Stiegler
Body or bodies designated to be responsible for carrying out audit tasks	SLA in DK: Danish Business Authority/EU Controlling	Ms Fatima Krag
Body or bodies designated to be responsible for carrying out audit tasks	SLA in EE: Ministry of Finance, Financial Control Department, Audit Unit III	Mr. Kaur Siruli
Body or bodies designated to be responsible for carrying out audit tasks	SLA in FI: Ministry of Finance/The Government financial controller's function/Audit Authority Unit, Finland	Ms Sirpa Korkea-aho
Body or bodies designated to be responsible for carrying out audit tasks	SLA in LT: Ministry of the Interior of the Republic of Lithuania, Internal Audit Unit	Ms Rasa Rybakovienė
Body or bodies designated to be responsible for carrying out audit tasks	SLA in LV: Ministry of Environmental Protection and regional Development /Internal Audit Department, Latvia	Ms Zanda Janušauska
Body or bodies designated to be responsible for carrying out audit tasks	SLA in NO: Office of the Auditor General of Norway	Mr Tor Digranes
Body or bodies designated to be responsible for carrying out audit tasks	SLA in PL: Ministry of Finance, Poland	Ms Urszula Olędzka
Body or bodies designated to be responsible for carrying out audit tasks	SLA in RU: Ministry of Finance of the Russian Federation / Department of International Financial Relations	Mr. Andrey Bokarev

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Body or bodies designated to be responsible for carrying out audit tasks	SLA in SE: Swedish National Financial Management Authority	Ms Ulrika Bergelv
Body or bodies designated to be responsible for carrying out audit tasks	SLA on Åland (FI): National Audit Office of Åland	Mr Dan Bergman

5.2 Procedure for setting up the joint secretariat

The implementation arrangements for the joint secretariat (further referred to as "JS") will essentially continue from the 2007-2013 programming period.

The JS will be set-up by the MA and therefore the main office of the JS will be operated by IB.SH. The tasks of the MA and the JS will be carried out by IB.SH's department European Territorial Cooperation (ETC).

The main office of the JS will be located in Rostock/Germany while, in consultation with IB.SH, a branch office of the JS will be established in Riga/Latvia.

The Riga branch office of the JS will be operated by the State Regional Development Agency (SRDA). Details on the operation of the branch office will be stipulated in an agreement between IB.SH and SRDA.

The JS will be one joint functional unit led by one director. On a day to day basis staff of the JS Riga branch office will closely cooperate with colleagues in the Rostock office.

The JS will have international staff, preferably from all the countries participating in the programme. Staff of the JS in Rostock, Germany, will be employed by the IB.SH. Staff of the JS's branch office in Riga, Latvia, will be employed by the SRDA, in consultation with the IB.SH.

The JS will become fully operational as soon as the cooperation programme is approved by the European Commission and the technical assistance (TA) budget has been approved by the MC. Until then all preparatory activities will be financed from the predecessor programme.

5.3 Summary description of the management and control arrangements

Joint implementation structure and division of tasks between programme bodies

Interreg Baltic Sea Region will be implemented through the following programme bodies: a managing authority (MA), a joint secretariat (JS) set-up by the MA, a monitoring committee (MC) and an audit authority, the latter assisted by a group of auditors

The MA will carry out the functions stipulated in Article 125 of Regulation (EU) No 1303/2013 and Article 23 of Regulation (EU) No 1299/2013. Based on Article 21(1) of Regulation (EU) No 1299/2013, the MA will also be responsible for carrying out the functions of the Certifying Authority as defined in Article 126 of Regulation (EU) No 1303/2013 and Article 21(2) of Regulation (EU) No 1299/2013.

The tasks of the MA and the JS will be laid down in Annual Work Plans that will be approved by the MC. Tasks of staff members will be stipulated in individual job descriptions. The director of the MA and the JS will be located in Rostock; he/she will be equally responsible for the MA and the JS.

In the programme, the JS will carry out the majority of day-to-day tasks related to the overall programme implementation, in particular the tasks stipulated in Article 23(2) of Regulation (EU) No 1299/2013. The JS will be the central contact point for the public interested in the programme, potential beneficiaries and selected/running operations.

The counterparts for the MA with the coordination role on the territory of the participating countries will, in the first instance, be the MC members representing the national authorities responsible for the programme. Therefore, these MC members and their deputies respectively, will be the central contact persons for all enquiries, reports etc. related to the implementation of the programme in the participating countries.

In accordance with Article 49 of Regulation (EU) No 1303/2013 the MC will review the implementation of the programme and progress towards achieving its objectives, fulfil the functions stipulated in Article 110 of Regulation (EU) No 1303/2013, select operations as stipulated in Article 12 of Regulation (EU) No 1299/2013 and approve the programme manual. MC members' responsibilities, rules on the MC members' impartiality and rules on the selection of operations etc. will be set out in writing in the rules of procedure of the MC. These rules of procedures will be adopted at the first MC meeting.

The participating countries may decide to establish contact points to inform the beneficiaries about the programme.

For more information on the involvement of participating countries in the programme implementation reference is made to section 5.6 of this cooperation programme.

Process for project assessment, approval and contracting

Submission of project applications will be possible following calls for proposals. Details of the application, assessment and selection procedure will be set out in the programme manual.

The JS will organise and guarantee the impartial assessment of all applications based on the eligibility and quality criteria approved by the MC. The applications submitted will be made available to the MC members, including the assessment results followed by a proposal for decision making.

Prior to the project approval by the MC the participating countries will carry out eligibility checks of potential beneficiaries – if need be, also including the national approval of beneficiaries – located on each participating country's territory. The MC will select the projects according to Article 12(1) of Regulation (EU) No 1299/2013 taking

into account the strategic relevance and quality of operations. Detailed rules on decision making will be stipulated in the MC rules of procedure. It will be ensured that any state aid that might be granted under this programme is in conformity with the state aid rules of the European Union. State aid rules to be applied as well as the method of the application in Interreg Baltic Sea Region will be described in the programme manual.

Project lead applicants will be informed in writing by the JS about the outcome of the selection process and also about reasons why an application was either ineligible or not approved.

Following the MC selection of applications for funding, the MA will conclude a subsidy contract with the lead beneficiary of an approved operation. A model contract based on Article 12(5) of Regulation (EU) No 1299/2013 will be presented to the MC or a task force of the MC before use. Subsidy contracts will be signed by the MA or, on behalf of the MA, by staff members of the JS employed by the IB.SH. Funds will be granted to operations in Euro (€) only.

Arrangements for management verifications

The MA will not carry out verifications under Article 125(4)(a) of Regulation (EU) No 1303/2013 throughout the whole programme area. Therefore, verifications will be carried out by first level controllers according to Article 23(4) of Regulation (EU) No 1299/2013 and the MA will satisfy itself that expenditure of each beneficiary participating in an operation has been verified by a first level controller.

Each participating country will designate the first level controller(s) responsible for carrying out the verifications in relation to all beneficiaries on its territory. There will be two main first level control systems a centralised and a decentralised system – applied by the participating countries, which will be further explained in the programme manual. The method of designation of a controller will be decided upon by each participating country separately and may vary between the participating countries according to the first level control system chosen.

As an exception from the rule, and instead of national first level controllers, the MA may carry out management verifications of specific types of operations.

To ensure coherence among systems and controllers from all participating countries, each participating country will submit to the MA/JS a detailed description of the first level control system's set up using the template provided by the MA/JS. Changes in the respective system will result in an updated description which will be forwarded to the MA/JS and the audit authority without delay.

In addition, the day-to-day business of the controllers will be supported by the MA/JS, primarily by providing essential information about the operations and standard tools for verification of expenditure. These tools, harmonised with other programmes, shall be used as standard requirements across all participating countries to ensure coherence among controllers and transparency of control work performed.

In the first instance each participating country will, apart from the designation of the controllers, also be responsible for their training on EU, programme and national requirements as well as for the quality check of the control work. The MA/JS will also carry out training for first level controllers on programme level.

The controllers must in all cases:

- be independent from the controlled beneficiary;
- hold the qualifications set by the participating countries;
- fulfil the requirements for the first level controls stipulated in the EU regulatory framework and in the national legal framework.

The participating countries will provide for that expenditure can be verified by the controllers within a period of two months from the submission of the documents by the beneficiary. This will allow for timely submission of certified project progress reports by the lead partner within a three month period set out in the programme. This submission in due time will be the basis for timely re-imbursement of project costs.

With regard to TA, each organisation spending TA will be responsible for ensuring that TA expenditure will be verified and certified in line with the corresponding national FLC system (depending on the geographical location of the organisation).

Organisation of audits

The audit authority will carry out the functions provided for in Article 127 of Regulation (EU) No 1303/2013. Applying Article 25(2) of Regulation (EU) No 1299/2013, the audit authority will be assisted by a group of auditors comprising a representative of each participating country.

These representatives will carry out the functions stipulated in Article 25(2) of Regulation (EU) No 1299/2013 and will have to be entitled to take decisions in the group of auditors on behalf of the respective participating country (bodies designated to be responsible for carrying out audit tasks are listed in Annex 4.). They will be from a unit independent from the MC members, the controllers designated according to Article 23(4) of Regulation (EU) No 1299/2013and any project's activities and finances.

The group of auditors will be set up at the latest within three months of the decision approving the programme. It will draw up and approve its own rules of procedure at its first meeting and it will be chaired by the audit authority.

Arrangements in case of implementing difficulties

In case of implementation difficulties the participating country/countries concerned will support the MA/JS to clarify the particular case(s) and will help to prevent and lift potential sanctions imposed to the programme, to a lead partner or to a project partner. Sanctions can for example be imposed by the European Commission, the AA or the MA/JS as well as on demand of a second level auditor. Details will be specified in the "Agreement on the Management, Financial and Control Arrangements between countries participating in Interreg Baltic Sea Region and the IB.SH", the financing agreement with Russia and, where applicable, in the programme manual or the subsidy contract.

Complaints by applicants and beneficiaries will be possible and will be examined and answered by the MA/JS. If needed, complaints will be examined and answered jointly with the Chairperson of the MC. The MC may also set up a task force or a sub-committee to deal with complaints. The term "complaint" will apply to project assessment and selection/rejection, audit and control as well as to project implementation and

monitoring. The complaint procedures will be described in detail in the programme manual.

For arrangements in case of implementing difficulties related to irregularities and financial correction reference is made to section 5.4 of this cooperation programme.

Arrangements for the participation of partners from outside the programme area

In accordance with Article 20 of Regulation (EU) No 1299/2013 the programme will be open to partners from outside the programme area provided that any such country on whose territory the specific partners are located accepts the provisions for management, financial and control of the programme. Signing an agreement similar to the "Agreement on the Management, Financial and Control Arrangements between countries participating in Interreg Baltic Sea Region and the IB.SH" by the specific country is obligatory before a payment can be made to these partners. These provisions will also include stipulations related to section 5.4 of this cooperation programme.

Participation of Belarus

Belarus has not yet provided an agreement to the contents of the cooperation programme of Interreg Baltic Sea Region as required by Article 8(9) of Regulation (EU) No 1299/2013. Therefore institutions from Belarus will not be eligible to receive funding from the programme until a potential additional revision of the cooperation programme.

Participation of Russia

The provisions described in the entire cooperation programme including section 5 apply to all participating countries including Russia (see Section 9.4).

Institutions from Russia can become project partners and receive programme funding only after a financing agreement has been signed between the European Commission, the Russian Federation and the Federal Republic of Germany, as Member State hosting the managing authority of the programme. Likewise, only after conclusion of the financing agreement, Russia will be allowed to nominate a delegation with voting right to the monitoring committee. Before the financing agreement is concluded Russia participates in the work of the monitoring committee only as observer.

5.4 Apportionment of liabilities among participating Member States in case of financial corrections imposed by the managing authority or the Commission

Irregularities and apportionment of liabilities

The arrangements related to irregularities and cost recovery will essentially continue from the 2007-2013 programming period.

If MA/JS suspects or was informed about an irregular use of granted funds it shall imply follow-up actions, such as suspending the reimbursement of the financing related to the lead partner or project partner and expenditure under examination, withdrawal or reduction of the programme co-financing, recovery of granted funds.

The apportionment of liabilities is handled according to Art. 27(3) of Regulation (EU) No 1299/2013. With regard to TA expenditure based on joint decisions by the participating countries, the participating countries will bear joint liability proportionally to their respective share in the overall TA budget. Whereas regarding irregularities connected to the incorrect use of TA budget, solely caused by an organisation implementing the programme, the liability will be with this organisation only.

By signing the "Agreement on the Management, Financial and Control Arrangements between countries participating in Interreg Baltic Sea Region and the IB.SH" (for Russia: the financing agreement respectively) the participating countries will confirm their liability to reimburse the MA the amounts due in accordance with Article 27 of Regulation (EU) No 1299/2013 and Article 147 of Regulation (EU) No 1303/2013.

Systemic errors and financial corrections

The audit authority, the group of auditors, the European Commission or the European Court of Auditors may detect systemic and other errors on programme level that might lead to financial corrections imposed by the European Commission based on Articles 85 and 144 to 147 of Regulation (EU) No 1303/2013. It will be possible to detect errors during implementation of the programme and at the end during closure.

Regardless of the date of detecting systemic and other errors on programme level the methodology of sharing financial corrections among participating countries will be chosen according to the type of error as agreed in the "Agreement on the Management, Financial and Control Arrangements between countries participating in Interreg Baltic Sea Region and the IB.SH" and in the financing agreement with Russia.

Systemic and other errors detected on programme level leading to consequences such as financial corrections or interruption/suspension of payments on programme level might also affect the project level. This will be dealt with in the programme manual.

With regard to TA expenditure based on joint decisions by the participating countries, the participating countries will bear joint liability proportionally to their respective share in the overall TA budget. Whereas regarding systemic errors connected to TA, liability will be with the participating country hosting the organisation spending the TA.

Non-respect of the agreed provisions and deadlines – sanctions

Agreed provisions will concern national responsibilities of the participating countries related to eligibility checks and national approval of beneficiaries, projects selection, first level control (FLC) systems, second level audit (SLA), apportionment of liabilities related to co-financing the TA, to financial corrections and to recovery procedures as well as provisions related to project implementation and reporting on project level.

In the event of non-respect of provisions agreed among participating countries cases will be treated case by case. If a participating country does not comply with its duties, the MA will be entitled to suspend payments to all project partners located on the territory of this participating country.

Procedures for handling cases of non-respect of agreed provisions and deadlines on project level will be provided for in the subsidy contract and the programme manual.

5.5 Use of the Euro (where appropriate)

Method chosen for the conversion of expenditure incurred in another currency than the Euro

Expenditure incurred in a currency other than the euro shall be converted into euro according to Art. 28(b) of Regulation (EU) No 1299/2013.

5.6 Involvement of partners

Actions taken to involve the partners referred to in Article 5 of Regulation (EU) No 1303/2013 in the preparation of the cooperation programme, and the role of those partners in the preparation and implementation of the cooperation programme, including their involvement in the monitoring committee

Involvement of partners during programme preparation

The drafting of Interreg Baltic Sea Region was organised in compliance with the partnership approach as referred to in Article 5 of Regulation (EU) No 1303/2013. The European territorial cooperation unit of Investitionsbank Schleswig-Holstein as future managing authority and joint secretariat of the programme (MA/JS) coordinated the process. A joint programming committee (JPC) as main decision making body and a programming task force (PTF) for discussing particular topics and draft proposals were established in January 2012. The JPC and PTF were composed of national and regional representatives from all countries interested in participating in the future programme.

In addition to those programming bodies a reference group was setup at the beginning of the programming process to ensure involving relevant stakeholders from the region. The reference group was composed of organisations with transnational and pan-Baltic relevance having thematic links to the topics covered in the programme as well as national contact points, priority area coordinators and horizontal action leaders of the EU Strategy for the Baltic Sea Region. The composition of the reference group was proposed by the MA/JS and cross-checked and complemented based on proposals from the JPC delegations. A full list of partners involved in the reference group can be found in section 9.3.

In spring and summer 2012, a survey was carried out among the reference group to analyse the needs and expectations of the new programme. The outcome of the survey was one important contribution to identify key topics to be covered in the priority (cp. cooperation programme section 1).

National consultations were carried out by the programme countries on a regular basis during the entire programming process (e.g. on thematic priorities) with national reference groups. Members of the JPC set up individual consultation processes in the

respective countries in line with national structures and practices and communicated the results to the programme drafters during several commenting rounds.

In autumn 2012, the MA/JS carried out three online surveys among lead partners, partners and financial controllers of the previous programme in order to identify strengths and weaknesses on the level of everyday implementation. More than 800 beneficiaries replied. Results of the survey were used as basis to define procedures and tools for future project implementation in particular with the intention to reduce administrative burdens of beneficiaries (cp. cooperation programme section 7).

In April 2013, the MA/JS carried out three Thematic Programming Workshops for each of the three pre-selected thematic priorities of the programme (innovation, transport and environment/resource efficiency). The aims of the workshops were to verify and further specify the key challenges in the region within each of the three funding priorities under development. A total of 160 thematic experts and stakeholders from the countries covered by the programme took part.

Based on a complete draft of the cooperation programme approved by the JPC in December 2013 a public consultation was carried out during January-March 2014. Individuals or organisations interested in the programme were given the opportunity to express their opinions towards the draft programme resulting in final amendments before the adoption of the final cooperation programme in May 2014.

Involvement of partners during programme implementation

The involvement of national, regional and local authorities, economic, research and social partners, and non-governmental organisations including environmental organisations, in the implementation of the programme will be of great importance.

The future monitoring committee (MC) of Interreg Baltic Sea Region will comprise representatives from both national and regional level from the participating countries. In addition, an even broader involvement of the regional and local level, as well as economic, research and social partners and non-governmental organisations will be ensured through national sub-committees established in all participating countries; by doing so, adequate participation of the civil society in the implementation of the programme is ensured. Each country will inform the MA/JS about the setting up of a national sub-committee and provide information about its composition, chairman, availability and, where applicable, its rules of procedure.

6. COORDINATION

The mechanisms that ensure effective coordination between the ERDF, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and other Union and national funding instruments, including the coordination and possible combination with the Connecting Europe Facility, the ENI, the European Development Fund (EDF) and the IPA and with the EIB, taking into account the provisions laid down in the Common Strategic Framework as set out in Annex I to Regulation (EU) No 1303/2013. Where Member States and third countries participate in cooperation programmes that include the use of ERDF appropriations for outermost regions and resources from the EDF, coordination mechanisms at the appropriate level to facilitate effective coordination in the use of these resources

This section of the programme provides an overview about the coordination between Interreg Baltic Sea Region as a transnational programme of the European territorial cooperation (ETC) objective and other funding instruments in the region. First, the coordination with other ETC programmes as well as ESI funds and national programmes will be outlined. Afterwards, thematic links between the funding priorities of this programme and other funds will be briefly explained. Due to the wide thematic and geographic coverage of Interreg Baltic Sea Region descriptions will have to remain on a general level. Coordination mechanisms with other programmes need to be designed in a very efficient and focused way to keep them feasible in the given context.

Coordination with other ETC programmes

During the funding period 2014-2020 Interreg Baltic Sea Region has geographic overlaps with the programme areas of 24 cross-border programmes (9 of them ENI programmes), and three transnational cooperation programmes. The majority of cross-border programmes has a very limited programme area and supports projects of bilateral character. Projects funded by these programmes will substantially differ from the ones that are eligible in Interreg Baltic Sea Region. Yet, thematically there might be similarities between transnational and cross-border programmes and projects will be encouraged to exploit synergies, e.g. by integrating cross-border partners into the wider transnational networks. A bigger overlay is expected between Interreg Baltic Sea Region and the two multilateral cross-border programmes across sea-borders, i.e. the South Baltic Programme and the Central Baltic Programme. Exchange between these programmes took place during the phase of programme drafting. Also, throughout the entire funding period regular exchange will be organised to ensure that complementarities are tapped and double funding is avoided.

Further, the Interreg Baltic Sea Region programme area overlaps with three transnational cooperation programmes, i.e. the Northern Periphery and Arctic Programme, the North Sea Programme and the Central Europe Programme.

A major platform to coordinate between the ETC programmes will continue to be the INTERACT programme. It will support the exchange between the programmes bodies and will gather information about funded projects from the entirety of Europe, which will

allow applicants and decision makers to investigate previous and on-going cooperation on similar themes.

Coordination with other ESI Funds and national funding

Coordination between Interreg Baltic Sea Region and ESI funded as well as other national programmes will be ensured by the authorities represented in the transnational monitoring committee and/or in national sub-committees. These authorities will assess the strategic relevance and complementarity of project applications in Interreg Baltic Sea Region in relation to interventions funded on national level. This strategic assessment will complement the quality assessment of applications carried out by the joint secretariat. In general, the risk of overlaps between national and transnational programmes is minimised by a different strategic approach and types of interventions. Whereas transnational programmes support territorial integration and capacity-building in multi-national partnerships as described in sections 1 and 2 of this programme, national programmes focus on concrete implementation measures and investments. Thus they naturally complement one other. The aim is to create links between the transnational projects, serving as “think tanks” or test grounds for innovative ideas, and large-scale implementation from ESI and other national funding. The EUSBSR is expected to support the coordination between the different funding sources. Within the scope of the different policy areas the most suitable instruments for each type of intervention need to be investigated by EUSBSR stakeholders. Interreg Baltic Sea Region will support this process with funding of seed-money projects under priority 4 and with advice to applicants by the joint secretariat.

Four countries in the programme area (Estonia, Latvia, Lithuania and Poland) receive funding from the EEA Grants and Norway Grants to reducing economic and social disparities. Each of the four beneficiary countries agrees on a set of programmes with the donor countries (Norway, Iceland and Lichtenstein), based on national needs and priorities and the scope for cooperation with the donor countries. The programmes are developed and managed by national programme operators in each of the countries. priority sectors for these funds have some interlinks with priorities of Interreg Baltic Sea Region (e.g. on environmental protection and management, climate change and renewable energy, green industry innovation). Yet, they are clearly distinguished by their bilateral character promoting particular links between donor and beneficiary countries.

Complementarities and synergies with the funding priorities

Each funding priority defined in section 2 of this programme document has its specific complementarities and synergies with other funding instruments. The following chapters will outline these links for the three thematic priorities of the programme. Potential applicants are obliged to avoid duplication and are asked to look for synergies by taking into account the roles and achievements of other European initiatives and programmes as described in the following:

Priority 1 ‘Capacity for innovation’

The main reference point will be the Innovation Union initiative forming part of the Europe 2020 Strategy and the Framework Programme for Research and Innovation (Horizon 2020) which is the consolidated financial instrument that replaced other Union research and innovation funding. The synergies should be explored e.g. in the area of creating business opportunities out of responses to the major societal challenges, support

for innovation deriving from the market needs and involvement of the public sector in innovation processes. In addition, the programme is encouraging potential applicants applying under the 'Capacity for Innovation' priority to take into account achievements of innovation projects supported by the Joint Baltic Sea research and development programme BONUS. In particular, the potential applicants are advised to explore the Baltic Sea Region Programme 2014-2020 for opportunities to test model of commercialisation of prototypes developed within BONUS programme's supported projects. Moreover, the experience should be also be drawn from initiatives ensuring more balanced and interconnected research and innovation infrastructures i.e. European Research Infrastructure Consortium (ERIC) and European Strategy Forum on Research Infrastructures (ESFRI). Specifically, the applicants should consider actions targeted at open innovation and removing obstacles for industry access to public infrastructures. It is also recommended that applicants follow development in the Eco-Innovation Observatory that functions as a platform for the structured collection and analysis of an extensive range of eco-innovation information. With respect to social innovation the European Public Sector Innovation Scoreboard and the European Social Innovation pilot should be considered which provide insight into public sector innovation and expertise for social entrepreneurs, public and third sectors. Additionally, the applicants targeting cultural and creative industries will take into consideration the European Creative Industries Alliance responsible for development of new forms of support for these industries as well as the Creative Europe programme funding projects, networks and platforms in cultural and creative sector. The undertaken efforts should be, whenever possible, streamlined with Entrepreneurship 2020 Action Plan. Furthermore, the projects under priority 1 working with potential solutions to large societal challenges should take into account developments in the European Innovation Partnership on Active and Healthy Ageing as well as the networking activities of highly specialised and innovative healthcare providers in the framework of the so-called European Reference Networks. When developing interventions in the fields national mainstream programmes focused on innovation and research, support should be explored in order to ensure alignment of funding in particular for demonstration activities and piloting of developed solutions.

Priority 2 'Efficient management of natural resources'

The priority on sustainable management of natural resources is linked to several other funding programmes and initiatives that should be considered when seeking synergies and complementarities for the projects. Applicants shall avoid duplication and are encouraged to seek synergies with the transnational research and innovation projects by the BONUS Programme. In order to combat eutrophication and pollution, the EAFRD might provide complementary actions for projects under the specific objectives of reducing nutrients and hazardous substances in the Baltic Sea. Measures which receive support from these sources might also be of significant interest for transnational projects addressing the challenges of resource-efficient blue growth. Projects contributing to sustainable and resource-efficient blue growth might also seek synergies with relevant actions funded by the EMFF, especially concerning sustainable aquaculture and measures to support coastal communities in diversifying their economies. Furthermore, projects under priority 2 might seek synergies with the Environment and Climate Action strands of the LIFE Programme, for example, in the framework of integrated projects, in particular in the areas of resource efficiency, water, waste, climate change mitigation and adaptation.

The Northern Dimension Environmental Partnership targets and actions, which include collaboration on waste-water treatment, waste management and energy efficiency measures, should be considered when developing interventions which aim to reduce nutrient loads, decrease hazardous substances in the Baltic Sea and to increase energy efficiency. Also, projects should consider the Convention for the Protection of the marine Environment of the North-East Atlantic (OSPAR Convention), e.g. when addressing topics related to eutrophication, hazardous substances or marine litter.

When developing interventions in the fields of renewable energy and energy efficiency, potential applicants are similarly obliged to avoid duplication and look for synergies by taking into account the roles and achievements of the following programmes and initiatives contributing to joint efforts for energy efficiency and wider utilisation of renewable energy: programme dedicated to continuation of Intelligent Energy Europe, Covenant of Mayors and ManagEnergy Initiatives. Furthermore, in all cases interregional and national financing programmes should be considered.

Priority 3 'Sustainable transport'

The potential applicants are obliged to avoid duplication and to look for synergies by taking into account the roles and achievements of other European initiatives and programmes. The programme does not support any actions that are supported by funding foreseen for TEN-T infrastructures, e.g. which will be financed by Connecting Europe Facility (CEF). However, synergies sought on the tertiary and secondary nodes to TEN-T, which could be supported by CEF, would be eligible. National, regional and local actors may jointly develop a set of measures to attract funding for investments from these programmes, in particular from the Marco Polo Programme and Motorways of the Sea Programme. Whenever relevant, potential applicants should look for cooperation with relevant national (mainstream) programmes and the Cohesion Fund. Research and technology innovations concerning smart, green and integrated transport are planned to be supported within the framework of *Horizon 2020* and macro-regional BONUS Programme. Therefore, whenever relevant, potential applicants should look for synergies with projects supported by Horizon 2020 and BONUS and not duplicate the same measures. Furthermore, the experiences should be drawn from the CIVITAS Initiative driven by European policy to deliver clean and better transport for European citizens. It is also recommended that the applicants follow development in the Council of Baltic Sea States, Northern Dimension Partnership on Transport and Logistics.

7. REDUCTION OF ADMINISTRATIVE BURDEN FOR BENEFICIARIES

Summary of the assessment of the administrative burden for beneficiaries and, where necessary, the actions planned accompanied by an indicative timeframe to reduce the administrative burden.

During the implementation of the predecessor programme the MA/JTS was continuously working on measures to reduce the administrative burden for beneficiaries as well as the administrative efforts for the programme authorities. The MA/JTS regularly received feedback from the beneficiaries but also conducted (online) surveys to systematically receive feedback from running operations. The MA/JTS perceived the administrative burden on a level which correlated with the complexity of a transnational cooperation programme, covering not only 8 EU Member States, Norway and Belarus but also different funding sources and different sets of rules. Taking into account those facts, the MA/JTS assessed the administrative "burden" as fair and did not see shortcomings or measures for improvement that would have helped to significantly reduce the administrative burden for beneficiaries in the predecessor programme.

However, the new programme period will require new efforts to maintain the current level of the administrative burden or even to lower it. Changes in the EU regulatory framework (e.g. e-cohesion, delegated acts on eligibility of expenditures etc.) were made to support the programmes in their efforts to reduce the administrative burden for applicants and beneficiaries by aligning rules between the programmes and by streamlining the exchange of data between projects and beneficiaries.

Nevertheless the programme's objective is to build the new programme on the best practice applied in the predecessor programme and therefore aims at further reducing the administrative burden for beneficiaries as well as for other programme actors.

One of the key elements to achieve a reduction of the administrative burden is the application of harmonised (and simplified) rules and procedures, which were agreed between various territorial cooperation programmes.

Therefore, and in line with the results of inter-programme discussions facilitated by INTERACT, the following measures are considered for implementation:

- The introduction of a flat rate calculation of office and administrative costs, as regulated in Article 68 of Regulation (EU) No 1303/2013.
- The introduction of simplified cost options in the field of supporting project preparations (e.g. preparation costs reimbursed on a lump sum basis) or in case of small scale projects, the application of a standard scale of unit costs.
- The implementation of the Delegated Regulation on specific rules on eligibility of expenditure for cooperation programmes when preparing the programme's eligibility rules and financial structures (e.g. budget lines). By streamlining the eligibility requirements on the whole ETC level, beneficiaries will have a more transparent system and documentation to refer to regardless of the programme they are participating in. The need to study and understand various interpretations

of eligibility rules would be reduced to a minimum and therefore the risk of mistakes in reporting would be significantly reduced.

Furthermore, a common set of ETC eligibility rules will ease the work of first level controllers. The delegated act being the first hand reference overruling the national legislations on the level of ETC will also offer more equal and transparent cost accounting within the participating Member States/partner countries.

- The implementation and use of harmonised first level control documents (i.e. first level control check list and report). By this the programme aims to ensure that beneficiaries and FLCs from the region participating in several ETC programmes face the same requirements and procedures when it comes to control. This will simplify the work of the FLC who would use the same documents and answer to the same control requirements regardless of the programme they are involved in. Additionally, this will also simplify the work of the beneficiaries if FLC documents are aligned.
- Interreg Baltic Sea Region aims to simplify the procedures applicable during the project implementation. In this respect it is planned to introduce measures of flexibility into the change procedure, e.g. allowing project and lead partners to implement certain changes in their work plan and budget without the necessary approval of the JS as long as the aims and outputs of the project would be reached. The simplification of the procedure of introducing new partners into the partnership is also envisaged. Furthermore, with a view to the duration of the change procedure, it is planned to streamline the involvement/interaction of the whole monitoring committee.
- On the level of tools for implementation the programme aims to simplify the structure of the forms in order to make them more user-friendly.

It is planned to apply all measures that help to reduce the administrative burden for beneficiaries from the beginning of the new programme period.

8. HORIZONTAL PRINCIPLES

8.1 Sustainable development

Description of specific actions to take into account environmental protection requirements, resource efficiency, climate change mitigation and adaptation, disaster resilience and risk prevention and management, in the selection of operations.

Sustainable development of the region will be an integral part of Interreg Baltic Sea Region and will be covered by all programme priorities. Also disaster resilience and risk prevention and management is addressed in different priorities. Priority 1 ‘Capacity for innovation’, priority 2 ‘Efficient management of natural resources’, and priority 3 ‘Sustainable transport’ tackle a wide range of topics related to economic, environmental and social sustainability. For example, priority 1, among others, aims at supporting solutions to societal challenges, such as climate change, energy and resource efficiency, food supply, welfare, health and demographic change. Priority 2 focusses, inter alia, on

challenges related to environmental protection, resource and energy efficiency, water protection, these also being core topics of sustainable development. It also covers hazards in coastal industries or due to the more extreme weather conditions and maritime spatial planning to prevent risks. Finally, priority 3, supporting sustainable transport, also takes into account the sustainable development of the Baltic Sea Region, for instance in the specific objectives on environmentally friendly shipping and urban mobility. In addition, its specific objective on maritime safety includes disaster resilience and risk prevention and management in maritime transport. More details on specific actions are described in the respective chapters of each priority as well as in the programme manual.

Furthermore, and as described in section 4, Interreg Baltic Sea Region takes a cross-cutting approach to a number of defined horizontal topics, such as sustainable development, climate change, or demographic change to be integrated in the different programme priorities. All projects will be required to include these aspects in their project design and to report on their implementation. This will be followed up in the project monitoring process. More details on this approach and expectations towards projects will be further developed in the programme manual.

8.2 Equal opportunities and non-discrimination

Description of the specific actions to promote equal opportunities and prevent any discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation during the preparation, design and implementation of the cooperation programme and, in particular, in relation to access to funding, taking account of the needs of the various target groups at risk of such discrimination, and in particular, the requirements of ensuring accessibility for persons with disabilities.

The European Union has developed a comprehensive legal and policy framework to address equality and non-discrimination, based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation. In this framework, Interreg Baltic Sea Region intends to promote equal opportunities and to prevent discrimination through its funded projects where suitable.

Consequently, all projects funded by the programme will be assessed for their planned actions and impacts on fostering equal opportunities and on the prevention of discrimination, including accessibility for disabled people. The promotion of equal opportunities and non-discrimination will be regarded, among other horizontal policies, as a positive factor in the project selection for funding. As a general approach and in line with the predecessor programme, all projects will be requested to integrate these horizontal issues in their activities, or at least, to consider the project's influence on these. In practical terms, the projects will have to describe in the application form what impact it will have towards equal opportunities and non-discrimination and to provide examples in case concrete activities/outputs are planned in that respect. This will be followed up during the monitoring of the project implementation, and reported upon in the programme's annual implementation reports.

Examples for such activities or results of projects funded by Interreg Baltic Sea Region could be infrastructure adapted for disabled or elderly people's needs and limited accessibility (covered by priority 3), or targeted and inclusive business support addressed for protected or under-represented groups and their particular needs (covered by priority 1).

However, these actions and their positive impact would be a side effect of funded projects rather than a main focus of the programme as there is a wide range of other European programmes (e.g. ESF) specifically targeting the issue of equal opportunities and non-discrimination. Therefore, any further reaching specific actions or measures on programme level to promote these principles are not intended. Moreover, as the target groups of the programme are rather wide (e.g. public organisations, private bodies, universities, etc.), there are no particular target groups identified at programme level, which may have a reduced access to support or are at risk of discrimination.

More details on how these principles are implemented in the programme and expectations towards projects will be described in the programme manual.

8.3 Equality between men and women

Description of the contribution of the cooperation programme to the promotion of equality between men and women and, where appropriate, the arrangements to ensure the integration of the gender perspective at cooperation programme and operation level.

Equality between men and women is a core issue cross-cutting all policies of the European Union. Consequently, the gender perspective, supporting equality between men and women, is an integral part of Interreg Baltic Sea Region and all its funded projects.

In general, project applicants are expected to take gender equality into consideration. As already described in chapter 8.2., the promotion of gender equality is regarded as a positive factor when projects are selected for funding. In the application form, the projects will have to indicate whether they will contribute to gender equality, and to provide examples in case concrete activities/outputs are planned. Their implementation will be followed up during the project monitoring process, and reported upon in the programme's annual implementation reports.

However, these actions and their positive impact would be a side effect of funded projects rather than a main focus of the programme as there is a wide range of other European programmes (e.g. ESF) specifically targeting the issue of gender equality. Therefore, any further reaching specific actions or measures on programme level to promote this principle are not intended.

More details on how the gender perspective is integrated in the programme and expectations towards projects will be described in the programme manual.

9. SEPERATE ELEMENTS

9.1 Major projects to be implemented during the programming period

Table 23: List of major projects

Project	Planned notification / submission date (year, quarter)	Planned start of implementation (year, quarter)	Planned completion date (year, quarter)	Priority axes / Investment priorities

9.2 Performance framework of the cooperation programme

Table 24: Performance framework (summary table)

Priority axis	ID	Indicator or key implementation step	Measurement unit, where appropriate	Milestone for 2018	Final target (2023)
1 - Capacity for innovation	FI01	Certified Expenditure	Euros	20,591,661.00	102,958,307.00
1 - Capacity for innovation	KIS01	No. of documented learning experiences of selected operations (forecast provided by beneficiaries)	learning experiences	32	32.00
1 - Capacity for innovation	PSO01	No. of documented learning experiences	learning experiences	0	32.00
2 - Efficient management of natural resources	FI01	Certified Expenditure	Euros	20,591,661.00	102,958,307.00
2 - Efficient management of natural resources	KIS01	No. of documented learning experiences of selected operations (forecast provided by beneficiaries)	learning experiences	32	32.00
2 - Efficient management of natural resources	PSO01	No. of documented learning experiences	learning experiences	0	32.00
3 - Sustainable transport	FI01	Certified Expenditure	Euros	16,087,235	80,436,178.00
3 - Sustainable transport	KIS01	No. of documented learning experiences of selected operations (forecast provided by beneficiaries)	learning experiences	26	26.00
3 - Sustainable transport	PSO01	No. of documented learning experiences	learning experiences	0	26.00
4 - Institutional capacity for macro-regional cooperation	FI01	Certified Expenditure	Euros	3,103,890	15,519,446.00
4 - Institutional capacity for macro-regional cooperation	PSO08	No of transnational meetings held to facilitate implementation of the EUSBSR targets	meetings	30	60.00

9.3 Relevant partners involved in the preparation of the cooperation programme

As described in section 5.6 a reference group was setup at the beginning of the programming process to ensure involving relevant stakeholders from the region. The reference group was composed of following institutions:

Arctic Council, Barents Euro-Arctic Council, Barents Regional Council, Council of Baltic Sea States, Nordic Council of Ministers, BSR Seven Islands co-operation, Baltic Sea States Subregional Co-operation, Conference of Peripheral Maritime Regions / Baltic Sea Commission, Union of the Baltic Cities, Baltic Metropoles, Baltic 21, VASAB, Baltic Sea Chambers of Commerce Association, Baltic Development Forum, Baltic Sea Forum, Baltic Sea Tourism Commission, CBSS / Baltic Sea Region Energy Co-operation, The Helsinki Commission, Baltic Sea Trade Union Network, Baltic Sea NGO Forum, Baltic Intergroup of the European Parliament, Committee of the Regions - Baltic Group, Baltic Sea Parliamentary Conference, STRING, METREX, Centrum Balticum, The Baltic Institute of Finland, Northern Sparesely Populated Areas, Northern Dimension Partnership on Transport and Logistics (NDPTL), ESPON ENECON as well as all National Coordinators, policy area coordinators and horizontal action coordinators of the EU Strategy for the Baltic Sea Region

9.4 Applicable programme implementation conditions governing the financial management, programming, monitoring, evaluation and control of the participation of third countries in transnational and interregional programmes through a contribution of ENI and IPA resources

The provisions described in the entire cooperation programme apply to all participating countries including Russia. The applicable programme implementation conditions governing the financial management, programming, monitoring, evaluation and control with regard to the participation of Russia in the programme through a contribution of ENI are defined in section 5.

Those specific programme implementing provisions shall also be established in the respective financing agreement with Russia. This agreement shall be signed between the European Commission, the government of Russia and that of Germany, the Member State hosting the managing authority of the programme.

The financing agreement must be signed by all parties at the latest by 30 September 2016.

Documents

Document title	Document type	Document date	Local reference	Commission reference	Files	Sent date	Sent By
Annex 2.10: Agreement signed by Russia	Confirmation of agreement in writing to the contents of the cooperation programme	26-Jun-2015		Ares(2015)3764713	Annex 2.10: Agreement signed by Russia	11-Sep-2015	nliesron

Submitted annexes by the Commission implementing regulation laying down the model of the programme

Document title	Document type	Programme version	Document date	Local reference	Commission reference	Files	Sent date	Sent By
Annex 1: Ex-ante evalutaion of the Cooperation Programme - Final Report	Report of the ex-ante evaluation	1.2	21-May-2014		Ares(2014)4086535	Ex-ante evalutaion of the Cooperation Programme - Final Report	05-Dec-2014	nneumute
Programme Snapshot 2014TC16M5TN001 2.0	Snapshot of data before send	2.0	11-Sep-2015		Ares(2015)3764713	Programme Snapshot 2014TC16M5TN001 2.0 de	11-Sep-2015	nliesron
Annex 2.10: Agreement signed by Russia	Confirmation of agreement in writing to the contents of the cooperation programme	2.0	26-Jun-2015		Ares(2015)3764713	Annex 2.10: Agreement signed by Russia	11-Sep-2015	nliesron

Annex 3: SWOT Analyses related to Priority Axes 1-3

Annex 3.1. SWOT analysis priority axis 1 'Capacity for innovation'

Strengths	Weaknesses
• A number of regions in the BSR ranked high on the EU Innovation Scoreboard • SMEs constitute 99% of all companies in BSR, therefore are backbone of BSR economy • Strong regional clusters and innovation milieus • Sectoral specialisation in several sectors requiring higher technology, among others: ICT, agro-food, healthcare/wellness, biotech, cleantech, energy (notably renewables), advanced materials and maritime • Sectoral specialisation based on natural assets and industrial traditions: construction, wood, paper and pulp, minerals and metals, food & drinks • Unique tradition of broad-based partnerships driving innovation developments and good conditions for the development of networks • Wide range of research and innovation infrastructures across the Baltic Sea Region	• Strong regional disparities in innovation performance dividing the BSR into a region with different speeds • Lack of experience of regional and national authorities in designing and implementation of smart specialisation strategies • Uneven distribution of the research and innovation infrastructures across the BSR and different cooperation traditions • Weak attraction of capital and human resources from outside the BSR • Limitation of clusters to one region and weak cooperation between them • Insufficient capacity of innovation intermediaries (for example, technology centres, incubators, chambers of commerce, development and innovation agencies) hindering development of the BSR • Insufficient coverage of SMEs with support measures (e.g. access to information, networks, early stage financing, etc.) for activating innovation potential • Insufficient demand for some existing research capacity and inefficient knowledge transfer mechanisms from research to enterprises • Limited innovation capability of enterprises (especially SMEs) in the BSR leading to limited absorption and utilisation of new knowledge • Insufficient exploitation of non-technological innovation (domination of the technological push) and demand-driven innovation
Opportunities	**Threats**
• Maintaining a strong human capital base by strengthening knowledge flows between the BSR countries and by acquisition of external resources • Diversification of innovation support depending on level of regional innovativeness • High potential for excelling in non-technological innovation including cultural and creative industries and social innovation, as well as eco-innovation • Improved framework conditions for enterprises to innovate and discover new research and business opportunities, e.g. through response to large societal challenges and cross-sectoral collaboration • Developing of world-class clusters and innovation milieus based on regional strengths • Improved framework conditions for developing smart specialisation strategies (several regions with clear sectoral focus and launched cluster efforts) • Strengthening BSR research and innovation infrastructure • Creation of BSR research and innovation platforms attractive to investments from outside the region	• Increased regional disparities in innovation performance inside the BSR countries • Deepening of the innovation gap between BSR and other regions on European and global scale due to insufficient exploitation of innovation potential, in particular non-technological innovation • Growing risk that there is no demand for existing research capacity • Failure to prioritise policy actions towards research infrastructures due to focusing on narrow institutional needs without broader strategic vision • Missed new growth opportunities in BSR due to lack of the national and regional smart specialisation strategies and/or inefficient implementation • Failure to involve entrepreneurial actors in discovering promising areas of future specialisation (instead of bureaucratic fostering of areas to excel) and providing incentives for entrepreneurial activities in line with the strategies • Weakened BSR innovation output due to insufficient involvement of entrepreneurs in developing non-technological innovation

Annex 3.2. SWOT analysis priority axis 2 'Efficient management of natural resources'

Strengths	Weaknesses
• Rich regional resources in terms of vast nature areas and high biodiversity value • Large variety of available renewable energy resources (e.g. biomass, wind, water) • Vast diversity of marine resources, many of which are still untapped (e.g. algae harvesting or blue biotechnology), which allow for future growth in the maritime and blue growth sectors • Well-developed regulatory framework for the water and resource management, e.g. EU Marine Strategy Framework Directive giving a higher status to protection of the marine environment and regional co-operation, the Nitrates and Water Framework Directives • Agreed reduction targets for phosphorus and nitrogen at the pan-Baltic level (the HELCOM Baltic Sea action plan) • Many regions in the BSR with extensive experience in the environmental economy • Good achievements of some cities and regions with efficient district heating systems • Existing regional forum for dialogue on energy policy and global climate change issues with an emphasis on promotion of energy efficiency, use of renewable energy and other sustainable supply sources: the Baltic Sea Region Energy Cooperation BASREC • Good scientific knowledge base for management of the marine environment • Good achievements in renewable energy production in several BSR countries • An established more coherent approach to maritime issues, with increased coordination between different policy areas, through the Integrated Maritime Policy	• Impaired environmental state of the Baltic Sea caused by eutrophication and hazardous substances, particularly acute in the southern and eastern parts of the sea • Lack or no cooperation between different sectors that have an impact on the water quality, e.g., tourism and coastal protection • Insufficient capacity of administrations and industries at regional and national level on implementation of requirements concerning hazardous substances • Shortcomings in the existing monitoring and reporting systems and their infrastructure on the environmental quality of the Baltic Sea: the data is not always complete, consistent and comparable between countries • Low level of communication and contacts between the EU countries and the partner countries (Russia, Belarus) having a major impact on the Baltic Sea environmental issues such as eutrophication • Lack of legally binding commitments to implementation of the existing agreements, e.g. HELCOM Baltic Sea action plan • Low level of harmonisation and coordination of national management plans and legislation related to marine environment to combat the long-term deterioration of the Baltic Sea and use marine resources in a sustainable way • Poor understanding of climate effects on the marine environment • Insufficient preparation for addressing risks and vulnerabilities arising from climate change • Weak transnational cooperation around the use of marine resources and space • Low energy efficiency and insufficient energy saving • Insufficient capacity of public authorities and enterprises to facilitate production and use of renewable energy • A non-integrated energy market • Lack of transnational energy planning thus hampering the use of potential for efficiency gains • Dependence on the imports of fossil fuels • High greenhouse gas emission attributed to the use of fossil fuels • Poor integration of energy efficiency aspects into the regional planning • Slow transition to low energy cities and regions

Opportunities	Threats
• Growing awareness of the degradation of the Baltic Sea environment among politicians from the Baltic Sea countries • Decreasing trends of certain hazardous substances and improving health status of some top predators • Development of non-intensive agricultural production facilities, enhancing rural labour market, sustainable economy and landscape quality that leads to reduced eutrophication • Growing awareness of opportunities of nutrient recirculation and interest to green technologies • Stronger transnational cooperation through established integrated coastal zone and river basin management at regional level as well as through the HELCOM forum • Positive framework conditions for a strengthened cross-sectoral policy-oriented dialogue, leading to integrated management of nutrient resources and sustainable use of marine waters and coastal areas • Development trend of environmentally sustainable marine businesses to boost blue and green growth economy in the Baltic Sea region • Business opportunities based on a good environmental condition of the Baltic Sea and of a healthy status of its natural resources • Increased political recognition of the potential of the "blue growth" sectors, including at EU level • Growing interest in renewable energy sources at policy level (i.e. Europe 2020 Strategy target: create 20 % of energy consumption from renewables by 2020) • Development trend of producing renewable energy from region's own resources within areas of strengths • Strengthening environmentally-driven business behaviour • Better utilisation of research results for the protection of environment • Emerging markets for energy efficient solutions based on transfer of knowledge	• Increasing nutrient loads to the Baltic Sea due to growing diffuse emissions (application of mineral fertilizer in agriculture) and point sources (industrial animal production facilities, urban waste water treatment systems) insufficient recycling of nutrients, insufficient nutrient removal (especially in the eastern part of the BSR) • Rising amounts of plastic maritime litter in the Baltic Sea, posing a risk to wildlife • Risks posed by formerly unknown, major industrial sources of pollution • Growing risk of environmental hazards (e.g. flooding, strong storms, sea level rise, coastal erosion) due to climate change • Overexploitation of maritime resources due to intensifying and uncontrolled activities especially in the blue growth sectors • Environmental hazards caused by non-sustainable activities of actors within the blue growth and other economic sectors • Economic losses which are caused by a deterioration of the environmental status of the Baltic Sea and its natural resources • Contradictory and competing uses of the Baltic Sea resources due to increased economic activities in the maritime sectors • Weakening efforts to safeguard sustainable development of the Baltic Sea and its catchment area, which increases the imbalance between the countries in the Baltic Sea Region, due to different views on environmental priorities when economic and social override other interests

Annex 3.3. SWOT analysis priority axis 3 'Sustainable transport"

Strengths	Weaknesses
• Legal basis for easy transport of persons and goods as all BSR countries except Russia and Belarus are in the Schengen zone. • Strong maritime shipping and port sector, with a large number of competitive ports around the Baltic Sea and an important role in global maritime logistic chains. • Strong maritime network by ferries with frequent services across the Baltic Sea. • New ferry and vessel fleet operates in western part of BSR. • Strong export oriented economies with profound knowledge on intermodal logistics (especially in the northern and southern parts of the BSR). • Highly developed Baltic Sea environmental monitoring system may contribute to environmentally sustainable transport. • Strong global export base of raw materials in the northern parts of the BSR and the Arctic Circle area. • Liberalised single EU aviation network and dense air transport infrastructure consisting of a network of medium-size international hubs, major international airports with important domestic hub functions, as well as regional airports (important for accessibility of low-density remote areas).	• Separation of the western, eastern, northern and southern parts of the BSR (including islands) by the Baltic Sea. • Disparity in quality and availability of infrastructure in particular in the east-west connections as funding requirements are enormous (backlog of transport infrastructure investments in the new Member States). • Lowest accessibility rates in Europe for northern and eastern part of the programme area. • Lack of harmonisation in regard to infrastructure standards, electricity, traffic control and safety systems of railways limits the mobility of persons and goods. • Underdeveloped rail and road connections in the eastern part of the BSR. The major bottlenecks are on the Via Baltica and RailBaltica corridors, as well as the links with Russia and Belarus. • Insufficient infrastructure and long border crossing procedures between Schengen countries and Belarus/Russia limiting international accessibility for goods and passengers, especially on the Vistula Lagoon. • Low-level of cross-border co-operation for infrastructure planning. • Increased demand for transport on trunk road and rail links in already congested parts of the network in western part. • Due to heavy traffic shipping accidents still remain a challenge. • Maritime safety administration and related functions and tasks are mainly arranged and maintained by individual states on national level. • Implementation of international maritime safety regulations and standards vary a lot between states and even between regions. There is a lack of harmonised interpretation and implementation of safety codes, standards and regulations. • The harmonisation of the Port State Control methods and a sound professionalism of the Port State Control Officers to gain similar level of competence throughout the region are needed. • New interoperability problems might arise with the introduction of novel transport technologies e.g. road toll systems, electric vehicles, new fuels etc. • Growing demand for seaborne freight transport requires major port, port-hinterland, and rail infrastructure investments. • High dependency on fossil fuels in all modes, which leads to one of the major contribution to CO2 emissions.

Opportunities	Threats
• Improved and frequent ferry and short haul connections can be used as cost efficient solution for the further integration of the regions of the Baltic Sea. Increased sea transport can help to improve capacity on rail and road transport systems. • Establishment and use of communication platforms for transport stakeholders might improve quality of infrastructure planning and efficiency of infrastructure use. • Increased experience with intermodal shipping of products in the eastern part of the BSR due to learning processes from more experienced northern and southern areas. • Growing recognition of BSR as strategic location for the trade between Europe and Asia. • Growing number of port development projects, especially in container terminals (Poland, Latvia, Russia). • Increasing tendency towards port and terminal concentration throughout the region helps to strengthen global BSR competitiveness in the transport sector. • Melting of sea ice in the northern part of the BSR is opening opportunities to increase the region's role as global hub for transport to and from Asia through Arctic waters (shorter, less emissions, less energy). • Better alignment of the EU core and comprehensive TEN-T network and the Northern Dimension Partnership on Transport and Logistics network would support the special transport needs of the Baltic Sea Macro Region. • Stronger implementation of high environmental standards on maritime transport might boost alternative propulsion systems like LNG, biofuels and alternative fuel powered ships. • Efficient interconnections points in urban areas for the trans-European transport network can improve the competitiveness and sustainability of future transport system. • Increased competences of public and private actors in urban areas can facilitate introduction of environmentally friendly transportation. • Successfully introduced new technologies for vehicle and traffic management will be key solution to lower transport emissions. • A more active and tighter commitment from the high level decision makers is required to ensure a good future maritime safety and security level. • The Baltic Sea is designed by IMO as a Particularly Sensitive Sea Area, where passenger ships are not allowed to release raw sewage into the sea that has not been treated for nutrients. • E-navigation has an important role in the future development of navigation safety by means of harmonised collection, integration, exchange, presentation and analysis of maritime information on board and ashore by electronic means	• High dependence of BSR on foreign trade and therefore in need of a well-functioning transport infrastructure for its economic growth. • Slowly narrowing transport infrastructure gaps between eastern (new EU Member States and partner countries) and western countries. The recent economic and financial crises might impede future infrastructure funding. • Environmentally valuable areas might negatively impact transport investments in the eastern part of the BSR. • Reduced content of sulphur in maritime transport fuels due to EU Sulphur Directive and international agreements will increase operating costs of ships and might force operators to shift transport back to the roads. • Failure to fully exploit the potential of profitable Arctic commercial navigation due to missing freedom of navigation and right of innocent passage and due to e.g. drift ice, lack of port, safety and monitoring infrastructure, environmental risks and uncertainties about future trade patterns. • Difficult to uphold air services to least accessible regions in future due to low demand and restrictions on subsidies to air carriers based on EU state aid rules. • The Baltic Sea is especially exposed to the threats from shipping and other human marine activities due its semi-closed environment and shallow, brackish waters. • Regulations and economic competition force shipping companies to operate on verge of profitability and therefore they cannot or are unwilling to direct many resources to safety and security issues or to manning and/or well-being of seafarers. • Regions suffering from demographic change and outmigration might lack sufficient transport infrastructure.