Interreg
Central Baltic

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Central Baltic Programme 2021 - 2027

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Last year	2027
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Eligible until	31.12.2027
NUTS regions covered by the programme (including map as separate document)	ESTONIA - Kirde-Eesti, Kesk-Eesti, Põhja-Eesti, Lääne-Eesti, Lõuna-Eesti FINLAND - Satakunta, Varsinais-Suomi, Helsinki-Uusimaa, Kymenlaakso, Pirkanmaa, Kanta-Häme, Päijät-Häme, Etelä-Karjala, Åland LATVIA - Kurzeme, Riga, Pieriga, Vidzeme, Zemgale SWEDEN- Gävleborg, Uppsala, Stockholm, Södermanland, Östergötland, Gotland, Västmanland, Örebro

1. Programme strategy. Main development challenges and policy responses

1.1 Programme area

In continuation of the 2014-2020 cooperation, the participating regions in the Central Baltic Programme 2021-2027 are situated in Estonia, Finland including Åland, Latvia and Sweden. In total there are 27 regions in the programme area (according to the European Union Nomenclature of Territorial Units for Statistics by regional levels 3 classification (NUTS 3)).

The Central Baltic area is in the North-Eastern part of the European Union, uniting the Nordic countries Sweden and Finland with two Baltic countries Estonia and Latvia. The region is relatively distant from the European main population and economic centres. The Central Baltic Programme area includes coastal regions of all programme countries for which the Baltic Sea is an important water body. The Baltic Sea has united the countries over centuries forming a basis for important and strong economic and cultural relations. Finland, Estonia and Latvia share a land border with Russia.

The Central Baltic area covers 251 185 km², which is about 6% of the total land area of the European Union (EU-27). The Programme area includes four metropolitan regions around the capital cities of Stockholm, Helsinki, Tallinn, and Riga. These are all located at the coastline of the Baltic Sea and are relatively well connected with each other and with the European and global economic centres. On the other hand, there are large territories of peripheral, isolated islands and rural regions, for which accessibility inside the region, as well as with the European social and economic centres, is a challenge.

The Central Baltic Programme area covers very diverse regions: there are highly developed, well connected, intensely populated cities and in turn less developed peripheral (in terms of location and accessibility) areas, sparsely populated rural areas as well as archipelago and island regions.

1.2 Summary of main joint challenges

1.2.1. Introduction

There are strong foundations for cooperation in the Central Baltic region. Apart from the joint historical aspects, many connecting and concrete processes exist in the forms of joint education and labour market, environment and economic development, tourism, and joint institutions. All the capital cities are at the coast of the Baltic Sea and the sea is a strong unifying factor of the whole programme area. The regions have been involved in EU cross-border cooperation since the beginning of Interreg.

The Central Baltic programme as such has already a long history. The programme has been existing in its current form from 2007 and cooperation links in the region are well established and developed. The region has formed into a functional cross-border cooperation area with joint interests, striving for cohesion.

Within the region, two specifically well integrated sub-functional areas are recognised: South-Finland and Estonia have a long history of cooperation in trade, labour market, relations of people and institutions and there is a high volume of mobility between countries. Strong cultural links and linguistic closeness add to the integration. The other sub-functional area consists of the Archipelago and island areas within Central Baltic region. They have similar geographic, cultural, and natural characteristics as well as similar challenges for example in accessibility and sparse population. The programme recognizes the importance of these two sub-functional areas and will continue turning special attention to their development through cross-border cooperation. This support enables the regions in these functional areas to be more integrated which brings benefit to the whole Central Baltic region.

The programme recognises the good bilateral relationships between the countries in the region, and thus embraces also bilateral cooperation projects that provide cross-border added value.

The programming work started by mapping the priorities and strategic interests for cross-border cooperation based on regional and national strategies and development plans. A mandate letter to start compiling the new programme was composed to the Managing Authority by the member states and Åland. A regional analysis was compiled, considering a broad variety of aspects from economic development to labour market, and from environment and resource efficiency to education and social inclusion. Each chapter was then concluded with the description of the key challenges relevant for the cross-border cooperation in the Central Baltic programme area. These challenges, obstacles and opportunities form the key elements of the programme content and have been the basis for choosing the policy objectives.

The programming work has been affected by the COVID-19 pandemic, due to which the Joint Programming Committee has mostly not been able to meet face to face for discussions, but meetings and discussions have been carried out remotely. Cooperation has been carried out with other CBC programmes active in the Baltic Sea area to avoid overlaps in different programmes and to increase coherence.

1.2.2. Central Baltic focus on businesses and markets (Policy Objective 1)

Specific objective (iii): Enhancing growth and competitiveness of SMEs, including by productive investments

The Central Baltic country economies are dominated by SME's and microenterprises. There is great unused potential, but it is challenging to access to new markets and develop products. Because of the small size of the companies, it is difficult to participate to global competition where big companies dominate. The cooperation between companies is currently weak, and it would be useful and beneficial for the companies to work together for example to enter new markets. The R&D investments are rather low in small enterprises. This makes product development and other developmental tasks difficult and slows down fully using the potential.

There are emerging but still fragile regional and cross-border clusters of economic sectors and technology start-up ecosystems. These clusters need support and help to reach their full potential. The capacities to provide services for start-up ecosystems are still quite weak in the countries. The start-up scene is relatively young, but it has an established role in the economies, and it would benefit from better integrated services. There is a need to strengthen the awareness and mindset for entrepreneurship. In addition to dealing with numbers and finance the entrepreneurs need a set of skills that enable them to identify and make the most of their opportunities, as well as to overcome and learn from setbacks and succeed in variety of settings.

There are large differences within the Central Baltic region in terms of economic development (measured in GDP). Nordic countries are among the most developed countries in Europe, while regions in Latvia and Estonia have lower GDP. Balancing the goals for economic development and sustainable use of resources is challenging.

There is great potential in exploiting the opportunities of circular economy, but the regional critical mass is missing for profitable business models and solutions.

There is underexploited potential for new business development in sectors such as ICT, low-carbon solutions, silver economy, green and blue economy. Smart specialization strategies in Central Baltic regions lack proper resources for implementation and coordination.

Competitiveness

Regarding competitiveness, Finland and Sweden are the top countries of the Central Baltic region. In the 2019 Global Competitiveness report Sweden was in 8th place and Finland in 11th. Estonia was ranked 31st and Latvia 41st. All the countries received full marks on macroeconomic stability. The lowest scores for almost all the CB countries were received on market size.

Central Baltic technology start-up scene

According to a survey made by the EU Start-up Monitor, European start-ups are creating many jobs. On average, companies currently have 12.8 employees from different countries and are planning to hire another 7.5 people within the next twelve months. Many start-ups are born global, which means that they operate across borders and in some cases open an office in more than one country already when starting operations.

Geography is a decisive factor for start-up success. While the location is mostly seen as a choice of one spot, transnational mobility and networks of founders have partially overcome the boundaries. Therefore, the start-ups are proposing a new way of looking at networks of locations bound together by founder inter-connectivity. They use the image of highway systems to depict the fluidity among start-up ecosystems. A highway is defined as a strong connection measured by the recognition of a place by founders from another location. This is an important proxy for the attractiveness and for the connection among start-up hubs as founders tend to choose the locations, they feel close and familiar with.

One of the finances-related indicators for new establishments is data on venture capital investments. Venture capital investment is a subset of a private equity raised for investment in companies not quoted on stock market and developing new products and technologies. It is used to fund an early-stage (seed and start-up) or expansion venture. The largest venture capital investments have taken place in Sweden and Finland. The biggest differences are found in Estonia and the situation is steadiest in Finland.

Innovation

If measured by the European Innovation Scoreboard the Central Baltic countries have been rated differently in terms of innovation capacity and activities. The metropolitan areas of Sweden and Finland have gained the highest rating, being classified as the Innovation Leaders of the region. Estonia has been identified as a Strong Innovator and Latvia as a Moderate Innovator. Sweden was the 2019 EU innovation leader, followed by Finland, Denmark, and the Netherlands. Regarding investments into R&D, Finland and Sweden are above and Estonia and Latvia are below the EU 27 average. In all countries the expenditure on R&D has been steady between the period of 2013 and 2018.

Challenges and obstacles

- Central Baltic countries economies are dominated by SME-s and microenterprises
    - It is difficult to participate in global competition
    - The level of R&D investments is rather low
    - The cooperation between companies is weak
- Weak regional and local supply chains
    - Supply chains are regionally underrepresented
    - The critically important regional supply chains need strengthening
- Unused potential in emerging but still weak regional clusters of different economic sectors
    - Potential to access the new markets
    - Strengthening of the regional supply chains
    - Potential for product development
- Emerging but still fragile regional technology start-ups ecosystem
    - The capacity to provide services is weak
    - The need to strengthen the awareness and culture/mindset
- The creation of new business start-ups is challenging, as in many sectors the “regional champions” as creators of opportunities are missing, and new companies have to encounter global competition immediately
- There is underexploited potential for new business development in sectors such as ICT, low-carbon solutions, silver economy, green and blue economy.
- Balancing the goals for economic development and sustainable use of resources:
    - Exploiting the opportunities within circular economy is challenging as regional critical mass is missing for profitable business models and solutions
- Smart specialization strategies in Central Baltic regions lack proper resources for implementation and coordination

1.2.3. Central Baltic focus on the environment (Policy Objective 2)

Specific objective (vi): Promoting the transition to a circular economy

There are environmental (climate change, extractive mining, air pollution, soil degradation, waste treatment), economic (unsustainable production and consumption patterns, premature obsolescence), and social (migration pressure, rampant consumerism, ecological unconcern, lost jobs in linear economy) factors that stress the need for a circular economy approach in the Central Baltic region. The growing importance of services in the economy reduces the demand for natural resources, and digitalisation facilitates leasing, sharing, and renting. The lifespan of products should be extended, and waste recyclability should be improved. Increases in resource prices promotes the need to improve production efficiency and the reuse of materials.

Different starting point between the Central Baltic countries are an obstacle for developing a common approach. All of them, however, need to accelerate the introduction of circular economy policies. Exploiting the opportunities within circular economy is challenging as the needed regional critical mass is still missing for profitable business models and solutions. The impact of social trends is ambiguous, and to create demand, raising awareness and shifting of the mindset of consumers are important aspects for the transition to circular economy lifestyle.

Challenges and obstacles

- High levels of solid waste produced by industry, service sectors and households combined with insufficient levels of reuse leading to a lack of a circular economy approach
- Identifying the cross-border product value chains
- Considering the whole life cycle in the design of products and services
- Changing the consumer behaviour and increasing awareness

Specific objective (vii): Enhancing nature protection and biodiversity, green infrastructure in particular in the urban environment, and reducing pollution

The Baltic Sea is one of the planet’s largest bodies of brackish water. Due to the special hydrographical and climatic conditions, its environment is vulnerable. Over the past 100 years, the state of the Baltic Sea has been degrading quite dramatically. Human pressures such as overfishing, pollution, and increasingly the effects of climate change are altering the ecological balance, while human activities are depleting renewable resources beyond safe biological limits.

Excessive inflow of nutrients to the coastal and marine environment enhances the growth of phytoplankton, oxygen depletion at the seafloor and a cascade of other ecosystem changes. At least 97 percent of the region was assessed as eutrophied in 2011–2016 according to the HELCOM integrated status assessment. Nutrient inputs from land have decreased because of regionally reduced nutrient loading, but the effect of these measures on the marine ecosystems has not yet realised. Although signs of improvement are seen in some areas, effects of past and current nutrient inputs still predominate the overall status.

Marine litter is a clearly visible problem along the Baltic Sea coastline. Litter also appears under the surface and in many different size classes. The smallest micro litter is invisible to the human eye but reaches the marine food web when organisms ingest it. Larger marine litter deteriorates habitat quality and can cause direct harm to animals when they swallow it or become entangled to it. Around 70 % of the marine litter found in the Baltic Sea is plastic. Plastic materials are of special concern due to their risks to the environment and due to their slow natural degradation.

Man-made chemicals and heavy metals enter the Baltic Sea from numerous sources, including wastewater treatment plants, leaching from household materials and from waste deposits, and as atmospheric deposition from industrial plant emissions. Once in the Baltic Sea, they can cause various types of damage to the ecosystem. Some are highly visible in the form of oil-spills, while others can remain unnoticed or are only apparent when detrimental impacts on the ecosystem or biota are observed. Many contaminants degrade slowly, and their impacts can magnify as they accumulate within the aquatic food web. The contamination status is elevated in all parts of the Baltic Sea compared to natural conditions.

Climate change is an important issue in the Baltic Sea region, where warming is likely to exceed the global average. The warming will be accompanied by a general increase in winter precipitation. During summer, the precipitation may either increase or decrease, with a larger chance of drying in the southern parts of the region. Climatic extremes are also projected to become more severe.

The projected atmospheric changes will be accompanied with an increasing Baltic Sea water temperature, reduced ice cover, and reduced salinity due to increased precipitation and river runoff. The seasonal cycle of runoff will be modified by changes in precipitation and earlier snowmelt. The changes in the physical environment and climate will have several environmental impacts on for example atmospheric chemistry, freshwater and marine biogeochemistry, ecosystems, and coastal erosion.

Challenges and obstacles

- Existing levels and new inflows of nutrients and hazardous substances (including plastics) to the Baltic Sea
- The risk of oil spills at sea and on the coast due to high levels of shipping in the Baltic sea
- Mitigating and adapting to climate change
- Designing the co-existence of man-made and natural environment to support biodiversity

- Decreasing biodiversity in the Central Baltic region

Specific objective (viii): Promoting sustainable multimodal urban mobility

The Baltic Sea is one of the most intensively shipped seas in the world, and the intensity is expected to increase in the future. Maritime transport is historically and currently an important unifying factor for the programme area. It plays an important role in movements of both cargo and passengers between the Central Baltic countries. The most frequent passenger connections run between Southern Finland and Estonia. The Baltic Sea is also an important route for cargo transport to and from Russia. The transport of goods and people is frequent also on land, and the modes of transport are changed between air, land, and sea in numerous transport nodes. Decreasing the CO2 emissions in this multimodal, complex transport system is needed.

The existing North-South transport corridor is distant from some regions, thus leaving their potential underexploited. Developing and maintaining the East-West transport corridor is difficult because of administratively controlled transit flows and increased capacities of Russian ports. A real challenge lies in cross-border infrastructure planning, which needs more active cross-border cooperation.

The Central Baltic regions differ in terms of accessibility. While the capital regions of all countries are well connected with regional and global centres, accessibility is still a challenge for remote areas. For example, islands are only connected by sea and air. Inter-connected multimodal mobility in general, and access to and between the islands needs to be improved in an environmentally friendly way. Mobility solutions that significantly lower CO2 emissions are not very commonly used. Increasing their use is also economically challenging in many parts of Central Baltic region because of low population density and diverse geography.

Challenges and obstacles

- Lowering of the CO2 emissions of transport systems
- Improving the access to and within the islands and archipelagos in an environmentally friendly way
- The low level of use of mobility solutions with significantly lower CO2 emissions due to economic challenges in many parts of Central Baltic region because of low population density and diverse geography
- The distance of existing North-South transport corridors from some regions and their underexploited potential
- The difficulty of developing and maintaining the East-West transport corridors due to administratively controlled transit flows and increased capacities of Russian ports

- Sustainability of urban areas, including challenges of integrated planning of urban environments, including how to involve relevant actors (cross-sectoral cooperation)
- The lack of planning and governance of cross-border infrastructure and services

1.2.4. Central Baltic focus on the labour market (Policy Objective 4)

Specific objective ESF (i): Improving access to employment of all jobseekers, in particular youth and long-term unemployed, and of inactive people, promoting self-employment and the social economy

The development of the employment situation has moved in a positive direction during 2014-2019. The employment rates have risen, unemployment and long-term unemployment has been decreasing. The gender pay cap has been narrowing in every country.

The good development of the employment situation was interrupted by the COVID-19 pandemic. Due to the containment regulations unemployment has increased dramatically in every region of the Central Baltic programme countries. It tends to increase among the more vulnerable groups of society (youth, pre-retirement, retirement, people with special needs, minorities). The crisis has an especially strong impact on sectors such as international tourism, entertainment, creative industries, events, and event organising. This may cause increase in the use of envelope salaries in sectors hardest hit by the crisis.

The share of teleworkers rose drastically during pandemic. The proportion of workers who started teleworking because of Covid-19 was 59% in Finland, 42% in Sweden, 36% in Estonia and 32% in Latvia. Regardless of this, the flexible forms of working are still underused. To some extent, social care responsibilities still hinder the access of women to the labour market.

There is a noticeable amount of cross-border commuting especially between FIN-EST, LAT-EST, and FIN-SWE. This labour movement would benefit from more coordinated joint labour market services. Currently there are no such services in place.

The number of vacancies notified to the Swedish Public Employment Service is at a high level, which is an indication that many employers still have significant recruitment needs. In the Swedish labour market, the knowledge requirements are high, and they have increased over time. For applicants without any form of upper secondary education, the chances of finding a job are poor. There is a strong, long-term upward trend in employment in occupations on tertiary education level. In the next few years, there are expected to be additional jobs in occupations at secondary education level. Competition for certain jobs at this level will continue to be tough, as jobseekers with tertiary-level education are also applying for these jobs.

The demand for employees in highly skilled professions in Latvia will most likely increase. The fastest decline in demand for labour will be in the low-skilled occupations in all sectors. Considering the demographic trends, the supply of adequately skilled workers could significantly decrease in future, and therefore the importance of secondary vocational education will continue to increase. Based on the existing higher education supply structure, the most significant workforce shortage in the higher education group will be experienced in engineering, science, and ICT. Due to the ageing of society and higher demand for medical services in both the internal and external markets, a noticeable shortage of healthcare and social care professionals will continue.

The number of people employed in Estonia is forecasted to rise slightly in the next few years. The highest increase in employment rates is foreseen in the programming sector and in research and development -related activities. With the ageing of the population, the proportion of health care and social services sector is expected to rise. A decrease is expected in the number of people employed in agriculture, the manufacture of clothes, retail trade, the public sector due to a decrease in the number of students in education.

Currently most of the employed persons in Finland work in the service sector. The sectors employing the largest number of people are commerce, transport, hotel and catering services, education, as well as health and social services. Employment in the service sector will continue to increase in the future.

The rigidness of the education system causes a mismatch between skills taught and skills needed in the societies. The traditional education is not addressing the entrepreneurial attitude and entrepreneurship sufficiently. In lifelong learning there is a challenge of outdated education of certain groups, e.g. highly educated elderly people, and immigrants with high education.

Challenges and obstacles

- The mismatch of the skills available and jobs needed in labour market
- How to “translate” the competitive skills and future labour market needs into teaching processes
- Seniors (senior entrepreneurship) in new business development are an underexploited resource
- Gender pay gap
- The increase in foreign labour potentially creating tensions in the societies
- Challenges in coordinating labour market services across borders for joint labour market (esp. FIN-EST and LAT-EST and FIN-SWE)
- Social care responsibilities hinder the access to labour market
- Flexible forms of work are underused

1.2.5. Central Baltic focus on public services and solutions (Interreg Specific Objective 1)

Specific objective (i): Enhance the institutional capacity of public authorities, in particular those mandated to manage a specific territory, and of stakeholders

There are challenges and obstacles related to the administrative, regulatory, language and cultural barriers in public administration in the Central Baltic countries. Institutional capacity and governance -related issues especially in the public sector are many times structural in nature. They provide good potential for positive changes in policies if addressed in a cross-border context, increasing the impact of the programme. This type of cooperation has also the potential to lead to enhanced regional and local response when coordinating actions across borders to crisis management capacity and to avoid negative cross-border spill-over effects.

Most of the cross-border obstacles stem from different national legislations on either side of the border, incompatible administrative processes, or the lack of common territorial planning. These should be addressed in a way that will lead to practical solutions and policy improvements, and further to new or improved public services.

There are smart specialisation strategies in place in the Central Baltic region. Due to the lack of proper resources for implementation and coordination the untapped potential of the strategies is not discovered. The regions could benefit from co-development and implementation.

Cross-border infrastructure planning is a relevant challenge due to a lack of cross-border cooperation in the sector. The Central Baltic region is located far from the main European centres. It is sparsely populated and includes isolated island and archipelago areas. Transport infrastructure plays a critical role in the connections regarding border regions and can strongly influence regional development locally as well as in urban areas.

Despite of the good digital competences the physical digital infrastructure is underexploited. Digital solutions and services of public sector lag behind of the needs of societies and the need to achieve more in a cost-efficient way. The use of existing public services and solutions should be made more widespread.

ICTs have become widely available to the public, both in terms of accessibility as well as cost. In Central Baltic country societies are highly digitalised and especially Sweden and Finland when looking at the percentages of households which have internet access and individuals using mobile internet with portable device. Finland and Sweden are also the top two performers of Digital Economy and Society Index.

Digitalisation of industry is lagging and is especially challenging among SMEs.

Challenges and obstacles

- The lack of cooperation in developing and implementing smart specialisation strategies
- Cross-border transport infrastructure planning

- Underexploited physical digital infrastructure
- The digital gap (access to and capacity to use the digital resources) in societies
- Public sector's digital solutions and services lag behind of the needs of societies and the need to achieve more cost efficiency
- The use of existing public services and solutions should be made more widespread
- Digitalisation of industries are lagging and is especially challenging among SMEs
- Obstacles stemming from different national legislations, incompatible administrative processes, or the lack of common territorial planning

1.2.6. Synergies with macro-regional and sea basin strategies

The EUSBSR is the first European macro-regional strategy, which stems from a long tradition of cross-border cooperation in the region. The EUSBSR has been considered in the planning process for the Central Baltic Programme 2021 – 2027, and the general objectives of both programmes are in line with each other. The programme directly contributes to seven out of nine EUSBSR sub-objectives. The EUSBSR Action Plan goals have also been considered when designing the intervention of the programme, and it has been ensured that the actions of the Action Plan have been embedded into it.

The Central Baltic Programme 2021 – 2027 will contribute to the actions plans of the following EUSBSR Policy Areas: PA Nutri, PA Hazards, PA Bioeconomy, PA Ship, PA Transport, PA Tourism, PA Innovation and PA Education. Otherwise, the programme will continue cooperating with and contributing to the EUSBSR for example by identifying the potential flagship projects and contributing to EUSBSR annual forums.

The Central Baltic Programme 2021 – 2027 connects and contributes to the HELCOM Baltic Sea Action Plan and the forthcoming Baltic Sea Regional Nutrient Recycling Strategy mainly through activities funded under Policy Objective 2.

1.2.7. Horizontal principles of the Central Baltic Programme

Sustainable development will be taken into account as a horizontal principle in all Programme implementation. Sustainable development will be included in programming at all stages. The objective is to ensure that all Programme activities are socially, ecologically, culturally, and economically sustainable. The impact on the environment, climate and human wellbeing should be positive. Projects will also be reviewed from the viewpoint of risks regarding climate change. Climate change mitigation and adaptation is important to prevent negative impacts on the ecosystems.

Guaranteeing equal opportunities and preventing discrimination are important principles in all Programme stages. No-one should be discriminated based on sex, racial or ethnic origin, religion or belief, disability, age, or sexual orientation. Instead, Programme and project activities should, where possible, increase the possibilities of all groups to participate in the society.

In addition to the general principle of anti-discrimination the Programme will pay attention to gender equality. An assessment will be made as to the relevance of gender in the projects, based on the information provided by them. This principle will be considered for all projects and priorities. Gender equality will also be considered in Programme implementation, for example when recruiting staff and in all personnel policy.

Contribution to the horizontal principles is foreseen as an assessment criterion and the information provided by the projects in the applications for funding is assessed. Projects with a negative impact on sustainable development, equal opportunities, anti-discrimination, and gender equality will not be funded.

1.3 Justification for the selection of policy objectives and the Interreg specific objectives, corresponding priorities, specific objectives and the forms of support

Selected policy Objective or selected Interreg-specific objective	Selected specific objective	Priority	Justification for selection
Policy Objective 1	(iii) enhancing growth and competitiveness of SMEs, including by productive investments;	More exports by Central Baltic SMEs	The challenges and obstacles related to SME-dominated economies and their capacity to take products and services to new markets.
Policy Objective 1	(iii) enhancing growth and competitiveness of SMEs, including by productive investments	More new Central Baltic scaled-up growth companies	The challenges and obstacles of scaling up and internationalising the activities of new growth companies.
Policy Objective 2	(vi) promoting the transition to a circular economy	Central Baltic circular economy solutions to reduce the use of virgin materials, to	The challenges and obstacles related to high levels of the amounts of waste, low levels of product and material reuse, and low levels of consumer and company awareness.

		reduce waste and to increase the reuse of products	
Policy Objective 2	(vii) enhancing nature protection and biodiversity, green infrastructure in particular in the urban environment, and reducing pollution	Improved Central Baltic coastal and marine environment	The challenges and obstacles related to the poor health of the Baltic sea due to inflows of nutrients, hazardous substances and toxins into the sea.
Policy Objective 2	(viii) promoting sustainable multimodal urban mobility	Decreased CO2 emissions by improvements in intermodal mobility in the Central Baltic region	The challenges and obstacles related to CO2 intensity of transport systems, the lack of multimodal integration, and the low level of use of less CO2 intensive mobility solutions.
Policy Objective 4	ESF (i) improving access to employment of all jobseekers, in particular youth and long-term unemployed, and of inactive people, promoting self-employment and the social economy	Central Baltic efforts to strengthen and improve employment opportunities on labour market	The challenges and obstacles of less competitive groups in the society to access work opportunities, labour market inflexibility, and to increase entrepreneurship of various groups in societies.
Interreg Specific Objective	(i) enhance the institutional capacity of public authorities, in particular those mandated to manage a	Improved Central Baltic public services and solutions for the citizens	The challenges and obstacles related to the administrative, regulatory, language and cultural barriers in public administration.

	specific territory, and of stakeholders		

2. Programme priorities

2.1 More exports by Central Baltic SMEs

2.1.1. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Approach and scope

The approach derives from challenges related to SME-dominated economies and their capacity to take products and services to new markets. The main bottleneck for mature SMEs is identifying and entering the new markets for their products and services Focus on export allows to achieve real economic impact. In addition to marketing and new market entry activities, development of products, processes and skills are relevant activities.

All relevant economic sectors where joint interest to enter new markets is in place are included in the scope of this PSO. Joint efforts of CB companies (SMEs) to enter new markets (markets outside EU/EFTA) and to participate with joint offers towards international organisations (sales to an international organisation (for example UN agencies, WHO, ILO, OSCE) is considered equal to entering a new market) will be supported. The headquarters of the international organisations should be outside of the Central Baltic programme area and the products or services should be for use outside of EU/EFTA areas.

Innovative companies are defined as companies that are targeting higher value added than the sectoral and regional average.

Indicative joint actions supported

- Awareness raising
- Product/service development
- Developing joint offers of products and services
- Process development and digitalisation of processes
- Skills development and quality management
- Market information and research
- Branding and marketing of products and services
- Sales support activities on target markets: visits to target markets and buyers visits to CB region, fairs, market expert services
- Experience exchange and learning as result of joint implementation

The list above is not in order of priority. Any project should use a suitable mix of these actions based on the project topic. The chosen mix of actions must be relevant for achieving the contribution to both the project and programme results.

Regarding the project approach, the joint elements should be clearly described. A cluster-based approach is encouraged.

Eligible markets

Markets outside of EU/EFTA, international organisations

Potential partners

Non-commercial organisations relevant and capable for implementing new market entry projects, for example non-commercial organisations with competence and experience on export and product development, sectoral associations, chambers of commerce or regional development agencies.

This priority contributes to the actions of EUSBSR Policy Areas Innovation and Tourism.

2.1.2. Indicators

Output indicators:

1. Number of participating companies

2. Organisations cooperating across borders

Result indicators:

1. Companies with achieved sales and contracts to new markets

2.1.3. Main target groups

Established, mature innovative SMEs of different sectors with international cooperation experience and capacity.

2.2 More new Central Baltic scaled-up growth companies

2.2.1. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Approach and scope

The approach derives from the challenges of scaling up and internationalising the activities of new growth companies. New (a maximum of five years from start of operation) companies with potential to grow and to use the potential of CB start-up ecosystems will be supported. They should have the necessary product development capacities and ambition to grow. They should target scaling up (raising investments, establishing presence outside of the home market or developing business models) their businesses.

Potential participant companies' ambition to grow is identified by partner organisations.

Indicative joint actions supported

- Awareness raising
- Product development
- Process development and digitalisation
- Skills development
- Market opportunities research
- Branding and marketing
- Business model development and expansion of operations
- Experience exchange and learning as result of joint implementation

The list above is not in order of priority. Any project should use a suitable mix of these actions based on the project topic. The chosen mix of actions must be relevant for achieving the contribution to both the project and programme results.

Regarding the project approach, the joint elements should be clearly described.

Potential partners

Non-commercial organisations with competence and experience for new business development, product development, internationalisation such as business development organisations, science parks, associations of companies and regional development agencies.

This priority contributes to the actions of EUSBSR Policy Area Innovation.

2.2.2. Indicators

Output indicators:

1. Number of participating companies

2. Organisations cooperating across borders

Result indicators:

1. Number of scaled-up new growth companies

2.2.3. Main target groups

Established new companies (a maximum of five years from start of operation) with ambition to grow. All sectors where growth potential and joint interest exists are targeted.

2.3 Central Baltic joint circular economy solutions to reduce the use of virgin materials, reduce waste and increase the reuse of products

2.3.1. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Approach and scope

The approach derives from challenges related to high levels of waste, low levels of product and material reuse, inflows of nutrients and hazardous substances and low levels of awareness.

Three basic components will be targeted within CE: Design of the whole life cycle of products and/or services, awareness raising and behaviour change of consumers as well as producers and service providers. This PSO will not target the efforts to directly reduce the impact of nutrients, toxins and hazardous substances on the Baltic sea by water management activities.

All main categories of waste can be targeted by the projects if the Central Baltic scale can be identified and justified, and where there are opportunities for decreasing waste or increasing the reuse of products or materials. The Central Baltic scale will be defined by the existence of cross-border product/service life cycle or chain, or a solution which extends across CB borders or can be downsized to CB scale.

The key product value chains identified in the EC Circular Economy Action Plan:

1. Electronics and ICT
2. Batteries and vehicles
3. Packaging
4. Plastics
5. Textiles
6. Construction and buildings
7. Food, water, and nutrients

Indicative joint actions supported

- Awareness raising of consumers, organisations
- Mapping the cross border “product life cycles/chains”
- Feasibility studies, plans and designs
- Trainings and skills development
- Development and implementation of methods and technologies to reduce the use of materials, reduce the waste and increase the reuse of materials
- Process developments and digitalisation of processes
- Small scale investments to reduce the use of materials, waste and increase the reuse of materials
- Experience exchange and learning as result of joint implementation

The list above is not in order of priority. Any project should use a suitable mix of these actions based on the project topic. The chosen mix of actions must be relevant for achieving the contribution to both the project and programme results.

Regarding the project approach, the joint elements should be clearly described.

Potential partners

Public and non-profit organisations relevant for the targeted product chains.

This priority contributes to the actions of EUSBSR Policy Area Bio-economy.

2.3.2. Indicators

Output indicators:

1. The number of participating organisations and companies

2. Organisations cooperating across borders

Result indicators:

1. The number of improved product/service cycles/chains

2.3.3. Main target groups

People, communities and businesses benefitting from reduced use of virgin materials, decreased waste, and increased reuse of products and materials.

2.4 Decreased CO2 emissions in Central Baltic region by improvements of intermodal mobility

2.4.1. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Approach and scope

The approach derives from challenges related to CO2 intensity of transport systems, the lack of multimodal integration, and the low level of use of less CO2 intensive mobility solutions.

Existing Central Baltic transport nodes and corridors and improving the mobility solutions in large and small urban transport systems (also the ones servicing hinterlands of the urban areas) are in the scope of this PSO. The goal is to achieve joint mobility solutions and improved intermodal mobility that help reduce CO2 emissions.

Improvements in efficiency and usability of transport nodes and corridors and urban intermodal systems should be achieved as well.

Indicative joint actions supported

- Awareness raising
- Analysis and surveys
- Plans, drawings, and designs
- Planning and investing into digital solutions and processes
- Small scale investments leading to lower CO2 emissions
- Experience exchange activities as joint seminars, study visits, surveys and trainings

The list above is not in order of priority. Any project should use a suitable mix of these actions based on the project topic. The chosen mix of actions must be relevant for achieving the contribution to both the project and programme results.

Regarding the project approach, the joint elements should be clearly described.

Potential partners

Organisations and authorities on national, regional and local level, private companies relevant for improving transport nodes/corridors and achieving CO2 reductions.

This priority contributes to the actions of EUSBSR Policy Areas Ship and Transport.

2.4.2. Indicators

Output indicators:

1. The number of participating organisations and companies

2. Organisations cooperating across borders

Result indicators:

1. Number of improved intermodal transport nodes and corridors with CO2 reductions

2.4.3. Main target groups

People, visitors, businesses as the users of less CO2 intensive, improved transport nodes/corridors, multimodal and mobility solutions.

2.5 Improved Central Baltic coastal and marine environment

2.5.1. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Approach and scope

The approach derives from challenges related to the poor health of the Baltic sea.

The approach is to use existing and new measures to reduce the inflows of nutrients, hazardous substances, plastics, and toxins' inflows to the Baltic Sea. Both preventive and direct measures are supported.

The focus areas with impact to the Baltic Sea have been defined in the national water management plans and marine strategies. The agricultural sector and the impact from urban systems are most relevant to be targeted by joint actions. Projects resulting into direct positive effects to the Baltic Sea are prioritised.

Indicative joint actions supported

- Awareness raising
- Information collection, surveys
- Analysis and surveys, plans, drawings, and designs
- Designing, adapting methods
- Planning and investing into digital solutions and processes
- Joint pilot actions to reduce inflows of nutrients, toxins and hazardous substances
- Small scale investments to reduce inflows of nutrients, toxins and hazardous substances
- Experience exchange and learning as result of joint implementation

The list above is not in order of priority. Any project should use a suitable mix of these actions based on the project topic. The chosen mix of actions must be relevant for achieving the contribution to both the project and programme results.

Regarding the project approach, the joint elements should be clearly described.

Potential partners

Public and non-profit organisations and authorities on national, regional, and local level, as well as private companies relevant for reducing nutrients, toxins and hazardous substances.

This priority contributes to the actions of EUSBSR Policy Areas Nutri and Hazards.

2.5.2. Indicators

Output indicators:

1. The number of participating organisations

2. Organisations cooperating across borders

Result indicators:

1. The number improved urban and agricultural runoff sources

2.5.3. Main target groups

People, communities, and businesses benefitting from reduced emissions.

2.6 Central Baltic Joint efforts to strengthen and improve employment opportunities on labour market

2.6.1. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Approach and scope

The approach derives from the challenges of less competitive groups in the society to access work opportunities, and labour market inflexibility.

The goal is to strengthen and improve employment opportunities on the labour market through joint efforts in the region. The scope of this PSO includes activities towards all counterparts of the labour market (i.e. employers organisations, trade unions, governments) and all sectors where work opportunities (including part time) are available. Facilitating employment supply and demand across borders is also supported, as well as entrepreneurship development activities towards the less competitive age groups and youth.

Indicative joint actions supported

- Awareness raising among target groups
- Designing and implementing trainings
- Incentives and services for employers
- Networking and dialogues between counterparts of labour market
- Digital tools for online skills development and working
- Entrepreneurship enhancing simulations and problem-solving exercises
- Mobility of participants
- Experience exchange and learning as result of joint implementation

The list above is not in order of priority. Any project should use a suitable mix of these actions based on the project topic. The chosen mix of actions must be relevant for achieving the contribution to both the project and programme results.

Regarding the project approach, the joint elements should be clearly described.

Potential partners

Organisations with competence and experience on labour market, organisations representing employees, employers, public authorities, organisations representing disadvantaged groups, and organisations with competence and experience on entrepreneurship.

This priority contributes to the actions of EUSBSR Policy Area Education.

2.6.2. Indicators

Output indicators:

1. Number of participating orgnisations and companies

2. Organisations cooperating across borders

Result indicators:

1. Number of people with increased competitiveness on labour market

2. Number of companies with applied anti-discriminatory policies

3. Number of people with increased entrepreneurship

2.6.3. Main target groups

Less competitive groups (including young people under 25, people in pre-retirement, retired people, immigrants, and people with special needs and other less competitive groups) and companies.

2.7 Improved Central Baltic public services and solutions for the citizens

2.7.1. Related types of action, and their expected contribution to those specific objectives and to macro-regional strategies and sea-basis strategies, where appropriate

Approach and scope

The approach derives from challenges and obstacles related to the administrative, regulatory, language and cultural barriers in public administration. It includes all branches (also outside POs 1, 2 and 4), and levels of public administration experience exchange and learning from each other. These should lead to practical solutions and policy improvements, and/or new or improved public services. The digitalisation of public services is included. The participatory processes taking place when designing the improved solutions and services are also supported. The scope of the PSO does not include joint curricula development within the educational systems.

Indicative joint actions supported

- Awareness raising
- Trainings and networking
- Feasibility studies
- Plans and designs (including strategic and land use planning)
- Improving participatory processes for developing services
- Improving public services and solutions
- Creating joint cross-border services
- Digitalising joint public services

The list above is not in order of priority. Any project should use a suitable mix of these actions based on the project topic. The chosen mix of actions must be relevant for achieving the contribution to both the project and programme results.

Regarding the project approach, the joint elements should be clearly described.

Potential partners

Public sector organisations on local, regional, and national levels

This priority is foreseen to contribute to the actions of several EUSBSR Policy Areas.

2.7.2. Indicators

Output indicators:

1. The number of participating organisations

2. Organisations cooperating across borders

Result indicators:

1. The number of projects achieving new practical solutions and improvements to public services

2. The number of projects achieving new joint public services and digitalised public services

2.7.3. Main target groups

People benefitting from improved services and solutions provided by public sector on all levels.

3. Indication of support to small-scale projects, including small projects within small project funds

The programme allows for small projects to be implemented. The aim is to jointly solve issues on grass-root level. Small projects are seen as an important way to ensure cross-border cooperation. Small projects help to keep the programme approachable and they ensure that projects aren't artificially enlarged. Allowing for small actors to participate in the programme was a clear wish of the stakeholders when compiling the Mandate Letter for programming and when drafting the content of the programme.

The concept of small projects was used in the 2014-2020 period and has been further developed for the period 2021-2027. The concept has been improved by enforcing the elements of simplifications for small projects.

The Application Form will be kept simple to match the small size of the project. The questions concentrate on the objectives of the project and how they will be fulfilled. Similarly, the reporting forms are simpler than for regular projects.

It is envisaged that small projects can be used for all programme priorities. However, they are most realistically applied within the Interreg Specific Objective.