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SECTION 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

(Reference: Article 27(1) of Regulation (EU) No 1303/2013 of the European Parliament and of the Council¹ and point (a) of Article 8(2) of Regulation (EU) No 1299/2013 of the European Parliament and of the Council²)

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

The chapter presents the programme territory and provides a list of key development assets and challenges in the South Baltic area that may be addressed through the cross-border cooperation. The elaborative geographical and socioeconomic description of the South Baltic area is included in the separate document ('Socioeconomic and SWOT analysis of the South Baltic cross-border cooperation area').

The summary serves as a point of departure for unfolding a programme strategy which aims to improve an economic, social and territorial cohesion of the area and – at the same time – to contribute to the European Union's 2020 Strategy for smart, sustainable and inclusive growth.

The programme territory

The South Baltic Programme comprises the coastal regions of five EU member states: Germany, Denmark, Sweden, Lithuania and Poland (see Fig. 1)

Fig. 1: Eligible area of the South Baltic Programme 2014 - 2020

¹ Regulation (EU) No 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No 1083/2006 (OJ L 347, 20.12.2013, p. 320).

² Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal (OJ L 347, 20.12.2013, p. 259).



Source: EUROSTAT, Extracted on 18.09.13, HIE-RO, BBR

The programme area includes the following administrative units at the NUTS III level:

- in Germany – districts (*Landkreise*) of Mecklenburg-Vorpommern: Nordwestmecklenburg, Rostock, Vorpommern-Rügen, Vorpommern-Greifswald and district-free city (*kreisfreie Stadt*): Rostock;
- in Denmark - Regional Municipality of Bornholm and Region Zealand (subregions: Østsjælland, Vest- og Sydsjælland);
- in Sweden - counties of: Kalmar, Blekinge, Skåne and Kronoberg;
- in Lithuania - counties of Klaipėda, Tauragė and Telšiai;
- in Poland - subregions of: Miasto Szczecin, Szczeciński, Stargardzki, Koszaliński, Słupski, Starogardzki, Gdański, Trójmiejski and Elbląski.

Due to an administrative reorganisation of districts and district free cities conducted in Mecklenburg-Vorpommern (DE) in 2011, the total area covered by the programme has been enlarged in comparison to the period 2007-2013, amounting to 118,5 thousand square kilometres in the programming period 2014-2020.

Geographical specificities

The South Baltic area shows a distinct blue and green pattern, featuring the sea basin, coastal landscapes and extensive green areas with numerous lakes and streams. The location of the Baltic Sea in the very centre of the territory requires, on one hand, more efforts to accomplish collaboration aims related e.g. with the cross-border integration of economic, educational and labour markets. On the other, it is a joint economic and environmental asset, and a natural platform for cooperation building on long-dating trade exchange contacts manifested in joint cultural heritage. However, despite the shared history, the recognition of the common South Baltic identity in the local and regional communities is low.

The South Baltic area has a non-metropolitan, mostly rural character, with scattered settlement structures. The population is concentrated in a few large urban centres, which are the main

poles of social and economic development. The area is inhabited by about 8.9 million people (2011) whereof half live in the Polish coastal regions.

The South Baltic area contains territories of five EU member states with different levels of socio-economic development. The single market opportunities and policies facilitating the free movement of people, goods, services and capital triggered convergence processes but these have not yet managed to level significant socioeconomic disparities within the programme area.

Since early 1990s, the emerging cross-border ties established within the framework of Euroregions (Pomerania, Baltic) have resulted in many diverse collaboration networks spreading across the South Baltic area and involving: regional and local authorities, business organisations, research and academic institutions, and non-governmental organisations. The cooperative networks were strengthened by joint projects under the South Baltic Programme 2007-2013 and provide a solid fundament for the years ahead. However, there is a limited number of actors taking part in the joint activities and reaping the benefits of cross-border cooperation for local development policies.

Key development assets and challenges for cross-border cooperation

Economy

Building on the programme area's potential for blue and green growth (see below under 'strategic orientation'), the South Baltic area records, generally, positive economic growth tendencies, which are at a higher pace than for the EU-28 average and which are fuelled by notable increase rates in Poland and Lithuania (e.g. GDP per capita). In many parts, knowledge-intensive services and research-intensive industries are on the rising curve, with the sector of creative industry benefitting from a concentration of research facilities, universities and highly qualified labour force in the urban areas.

The regional economies are reliant on small and medium size enterprises representing a wide variety of blue and green sectors, with a prominent role of maritime branches, tourism, forest economy and food production.

However, the economic attainment of the SME sector varies across the territory, with visible urban-rural and east-west disparities. Acute divides are observed, in particular, as regards: innovation capacity, commercialisation rate of new products, services and processes, and the export potential – likewise in the values of public and in-house R&D expenditures. A challenge consists in connecting a potential of the relatively strong and fast growing knowledge-based and creative industry (developed especially in the northern part of the South Baltic area and in the metropolitan areas) - with non-technological, traditional economic branches dominant in the rural areas and in the south-eastern part.

A shared problem for the South Baltic SMEs, especially in the rural areas, is a low level of international activities, which leads to an absence in international clusters and networks, and insignificant trade exchange values beyond national borders.

These challenges may be addressed through combined and coordinated actions of intermediary structures (like business support organisations) across the national borders to provide cross-border utilities (e.g. learning and networking platforms, business advisory services and matchmaking actions etc.) – in order to help upgrade the business practices and ensure higher internationalisation degree of the business activities. The high number of upper-secondary and

tertiary education graduates across the South Baltic area is the asset waiting to be adequately exploited in that relation.

Human resources

The South Baltic regions experience dynamic and diversified demography and migration processes causing even deeper disparities in the already much diversified population density. The negative net migration balance in Mecklenburg-Vorpommern, the coastal regions of Lithuania and some coastal areas in Poland, due to search for better education and job opportunities (towards both large urban centres and other countries), low and decreasing birth rate (characteristic for the eastern part of the South Baltic area) and ageing society, decline trends in the rural areas (resulting in depopulation, risk of poverty and social exclusion, and worsening access to e.g. educational services etc.), constitutes a challenge threatening the stability of socio-economic development.

Along with the generally positive tendencies in economic growth, recent years show increasing household incomes in all parts of the South Baltic area. While the unemployment trends and the employment rates for men and women vary between the South Baltic regions, the negative impact of the economic and financial crisis on the area's overall employment level remains visible. Moreover, many programme regions share the challenges of increasing long-term and youth unemployment, also among graduates from colleges and universities, accompanied by a steadily decreasing number of young people entering the labour market.

It is noteworthy that the youth unemployment rates in the South Baltic area are in disparity with the well-developed educational infrastructure featuring a high number of universities and vocational colleges with an extensive array of curricula covering nearly all aspects of sciences and humanities. Also, the numbers of graduates with a tertiary education in such countries as: Denmark, Lithuania and Sweden are higher than the EU-28 average. Further, the South Baltic area records a good performance of educational systems, characterised by a low rate of early school leavers.

The inflow of tertiary education graduates and a solid educational base in the South Baltic area is a resource that needs to be better utilised for connecting knowledge- and research-intensive industries across the borders. There is a need to tie together labour markets in the South Baltic area, in order to prevent brain drain, offer better employment opportunities and match the educational skills and workplaces in knowledge-intensive services and research-intensive industries. An organised, cross-border approach to such measures as: training, qualification courses and advice services may help better balance the existing mismatch, resulting in a difficulty to recruit qualified labour force by South Baltic companies.

Environment and tourism

The extensive and relatively unspoiled green areas in the South Baltic regions are able to provide attractive holiday, working and living conditions for both tourists (visitors) and residents. However, the concentration of economic activities in the urban centres (e.g. industry, households and increasing transportation) and coastal areas (e.g. related with tourism, marine activities etc.) brings significant environmental pressures. Nutrient loads (nitrogen and phosphorus) from various diffuse and point sources in the South Baltic catchment area lead to a higher eutrophication of the Baltic Sea waters as well as to a fragmentation and losses in biodiversity. Eutrophication, in turn, poses a threat for coastal tourism and life quality for both residents and visitors. The life quality is also affected by noxious air quality in thickly populated places resulting from the use of solid fuels.

The strong positive trend in the use of renewable resources in the energy production is hampered by still inefficient absorption processes, related with e.g. existing technical and administrative burdens in e.g. transport and storage of renewable energy.

At the same time, the South Baltic area shows a high resource potential to develop green technology branches in cooperation with SMEs, manufacturing industries and R&D institutions. Important in that respect is an uptake of innovative green technologies for the purpose of sustainable environmental management aiming at a decrease in the discharge volumes.

The South Baltic area boasts a large number of natural and cultural heritage sites (national and landscape parks, nature reserves, UNESCO World Heritage Sites, World Biosphere Reserves, NATURA 2000 sites, historical sites etc.), with still unexplored opportunities for qualified tourism in particular in the hinterland areas, some coastal sections and islands. Although tourism is one of the most important, export-oriented economy sectors in the South Baltic area, determining economic viability of small settlements in the rural areas remote from the main cities, the tourist use intensity in the South Baltic area is considerably unbalanced. It shows a distinct seasonal pattern, with high indices along the sea coast in the summer season (conventional sojourn tourism) and with low values of tourist stays and tourist facilities in the hinterland areas.

A necessity arises to skilfully exploit the economic potential of vast and valuable green areas and cultural heritage sites in the South Baltic area, with due consideration for environmental protection needs, and to develop cross-border solutions attracting sustainable tourist activities throughout the year. The tourism sector should also be more capable of adapting innovative methods to increase its sustainability, by deriving from other economic sectors, like: creative industry or ICT (information and communication technology).

Transport

Vast parts of the South Baltic area suffer from modest potential accessibility, with indices below the EU-28 average. This results from the scattered settlement structures and a distance to the populated metropolitan areas (such as Berlin, Copenhagen-Malmö and Gdansk-Gdynia). Following the EU accession, large transport infrastructure investment programmes have been carried out in Lithuania and Poland, co-financed by the EU Cohesion Fund and Structural Funds, to reduce disparities in the access to infrastructure in comparison to the western EU neighbours. Still, differences in infrastructure endowment between the programme regions are noticeable.

The quickly growing interregional travels in the South Baltic area, in both north-south and east-west direction have been to a large extent compensated by private car transportation and the use of trucks, particularly in the eastern part of the programme area and in less populated regions. The advancing car-based mobility pattern and an emerging east-west divide in modal split (as rail transport has a strong foothold in Denmark and Sweden in contrast to quickly dropping figures in Lithuania and Poland, particularly) pose a serious challenge to the goals promoted by the European Commission in the White Paper on Transport 2011, including an ambition to shift 30% of road freight over 300 km to other modes such as rail or waterborne transport, by the year 2030. Curbing of this negative trend in the South Baltic area requires a provision of adequate and high quality public transport and intermodal freight services, harmonised across the state borders, as well as greening measures exploiting the multimodal potential of the transport hubs and links, improving their logistics efficiency and reducing their environmental footprint.

The transport system of the South Baltic area, in addition to the above deficiencies, lacks

region-to-region airborne connections across the Baltic Sea (despite the overall steep growth in air passenger transport in the EU-28) and more frequent railway and ferry connections to improve the direct connectivity. This requires joint efforts to attract operators and to develop appropriate framework conditions to sustain new and improved lines.

Thematic scope of the programme

The above specified territorial imbalances and common challenges for the South Baltic area are reflected in the scope of the programme, following the principles of: strategic focus, thematic concentration, alignment with the Europe 2020 strategy objectives and the best added value in the context of cross-border cooperation - taking into account the EU Strategy for the Baltic Sea Region.

In the period of 2014-2020, the South Baltic Programme will focus on the following thematic objectives (TO) and investment priorities (IP):

TO 3 - Enhancing the competitiveness of small and medium sized enterprises

- IP 3 (b) – developing and implementing new business models for SMEs, in particular with regard to internationalisation
- IP 3 (d) - supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes

TO 6 – Protecting the environment and promoting resource efficiency

- IP 6 (c) – conserving, protecting, promoting and developing natural and cultural heritage
- IP 6 (f) promoting innovative technologies to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

TO 7 - Promoting sustainable transport and removing bottlenecks in key network infrastructures

- IP 7 (c) – developing and improving environment-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility

TO 8 – Promoting employment and supporting labour mobility

- IP (ETC) – promoting sustainable and quality employment and supporting labour mobility by integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training

TO 11 – Enhancing institutional capacity and an efficient public administration

- IP (ETC) - enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions

Whenever referred to as ‘ETC’, the selected investment priorities support the sharing of human resources, facilities and infrastructures across borders in accordance with Article 6 of the Regulation of the European Parliament and of the Council on specific provisions for the support from the European Regional Development Fund to the European Territorial Cooperation goal.

Strategic orientation of the South Baltic Programme

The central location of the sea basin (affecting the transportation patterns and socio-economic

convergence processes in the programme area), the maritime character of historical trade relations, the joint asset of extensive and relatively undisturbed natural areas, and the shared importance of economy branches utilising the rich natural resources (both land- and sea-related) are illustrative fields that point at an essential role of the blue and green economy for the sustainable regional growth in the South Baltic area. The potential of cooperative networks between the area's knowledge-intensive services and research-intensive industries, the availability of business actors investing in and promoting clean and energy efficient technologies, and the untapped resource of tertiary education graduates are exemplary assets shared by the programme regions that may be better deployed for the prosperity of blue and green economy sectors.

At the same time, the South Baltic regions show considerable disparities in the socio-economic characteristics, exemplified by urban-rural and west-east divides in the economic attainment of the SME sector, innovation capacity, demographic, migration and labour market trends or mobility patterns that need to be addressed by joint actions across the borders.

These issues are at the core of the strategic intervention by the South Baltic Programme, driven by the overall objective: **'To increase the blue and green growth potential of the South Baltic area through cross-border cooperation'**.

By directing the intervention to the stimulation of blue and green growth by means of joint cross-border actions between the programme regions, the programme will:

- Maximise the impact of the programme towards tangible results;
- Show complementarity to other EU-funded interventions that aim to reinforce economic, social and territorial cohesion of the programme regions;
- Meet the priorities of smart, sustainable and inclusive growth of the Europe 2020 Strategy;
- Support the implementation of the European Union Strategy for the Baltic Sea Region and the Integrated Maritime Policy;
- Continue and strengthen collaboration between institutions, organisations and networks facilitated by the South Baltic Programme 2007-2013.

'Green growth' is a term to describe a path of economic growth, which utilises natural resources in a sustainable manner. It implies fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which the well-being of the current and future generations relies.

In line with policy and research definitions, the South Baltic Programme encompasses the following **sectors** of the so called **'green economy'**: (1) renewable energy; (2) green construction; (3) clean transportation; (4) environmental management; (5) agriculture, forestry and land management; (6) food manufacturing and processing; (7) sustainable (green/eco) tourism.

The above sectors cover: manufacturing, production, trading, public services, governmental and regulatory framework as well as research, design and consulting.

A similar and often changeably used term of **'green technologies'** relates to environmentally friendly (clean) inventions, which promote sustainable management of resources and take into account: energy efficiency, recycling, safety and health concerns etc. The term relates to methods, approaches, solutions, materials, devices, products and services applied in a wide range of activities. These usually include: production and transmission of renewable energy, water purification, air purification, sewage treatment, environmental remediation, solid waste management, energy conservation and life-cycle solutions, chemistry, food manufacturing and processing, housing, and many more.

'Blue Growth' is part of the Europe 2020 strategy and addresses the economic potential of the

oceans, seas and coasts for sustainable growth and jobs, to be developed in harmony with the marine environment and through cooperation between public and private partners, including SMEs. In concordance with the European Commission's Communication on 'Blue Growth - Opportunities for Marine and Maritime Sustainable Growth', the term "blue economy" can be related to the following sectors:

- Blue energy – offshore wind power, tidal and wave power, ocean thermal energy conversion;
- Aquaculture;
- Maritime, coastal and cruise tourism;
- Deep-sea and short-sea shipping;
- Marine mineral resources (seabed mining);
- Marine biotechnology (e.g. resources in the pharmaceutical and cosmetic industries);
- Desalination;
- Coastal protection;
- Maritime security & surveillance and environmental monitoring.

Applied to the sectors most relevant for the South Baltic area, the blue and green growth context is, consequently, visible in the profile of the chosen thematic objectives and intervention priorities – translated to the programme priority axes and specific objectives.

Priority axes and specific objectives of the South Baltic Programme

The South Baltic Programme is composed of five priority axes responding to the identified key assets and challenges. They correlate with the thematic objectives under ERDF and – at the level of specific objectives – with the investment priorities.

PRIORITY AXIS 1: Strengthening international activeness and innovation capacity of the South Baltic blue & green economy

- **Specific Objective 1.1:** Increase the presence of blue and green sector SMEs from the South Baltic area on international markets through joint cross-border actions.
- **Specific Objective 1.2:** Improve the transfer of innovation for the benefit of blue and green sector SMEs through joint cross-border actions.

PRIORITY AXIS 2: Exploiting the environmental and cultural potential of the South Baltic area for the blue and green growth

- **Specific Objective 2.1:** Increased development of the South Baltic area's natural and cultural heritage assets into sustainable tourist destinations.
- **Specific Objective 2.2:** Increased use of green technologies in order to decrease the pollution discharges in the South Baltic area.

PRIORITY AXIS 3: Improving cross-border connectivity for a functional blue and green transport area

- **Specific Objective 3:** Improve the quality and environmental sustainability of transport services in the South Baltic area.

PRIORITY AXIS 4: Boosting human resource capacities for the area's blue and green economy

- **Specific Objective 4:** Increase the share of youth and skilled labour force working in the blue and green economy sectors of the South Baltic area through joint cross-border actions.

PRIORITY AXIS 5: Increasing cooperation capacity of local actors in the South Baltic area for the blue and green growth

- **Specific Objective 5:** Improve the cooperation capacity of local South Baltic area actors through

participation in cross-border networks.

The table below (Table 2) presents topical interrelations of the South Baltic Programme architecture (priority axes and specific objectives) with the ERDF framework, and the liaisons with the strategic reference documents at the EU and macroregional level.

More detailed elaboration of each priority axis is laid down in section 2.

An overview of relations between the priority axes and specific objectives of the South Baltic Programme – the thematic objectives and investment priorities under the ERDF – and selected strategic reference documents

Programme priority axis	ERDF thematic objective	ERDF investment priority	Programme specific objective	Europe 2020 flagship initiatives	EU Strategy for the Baltic Sea Region	Integrated Maritime Policy
PA 1: Strengthening international activeness and innovation capacity of the South Baltic blue & green economy	TO 3 – Enhancing the competitiveness of SMEs	3 (b) – developing and implementing new business models for SMEs, in particular with regard to internationalisation	Increase the presence of blue and green sector SMEs from the South Baltic area on international markets through joint cross-border actions	An industrial policy for the globalisation era	PA SME – Promote entrepreneurship and strengthen the growth of SMEs	Blue growth
		3 (d) - supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in growth and innovation processes	Improve the transfer of innovation for the benefit of blue and green sector SMEs through joint cross-border actions	Innovation Union	PA SME – Promote entrepreneurship and strengthen the growth of SMEs PA Innovation – Exploiting the full potential of the region in research and innovation	Blue growth
PA 2: Exploiting the environmental and cultural potential of the South Baltic area for the blue and green growth	TO 6 – Protecting the environment and promoting resource efficiency	6 (c) – conserving, protecting, promoting and developing natural and cultural heritage	Increased development of the South Baltic area's natural and cultural heritage assets into sustainable tourist destinations	Resource-efficient Europe	PA Tourism – Reinforcing cohesiveness of the macro-region through tourism	Blue growth
		6 (f) promoting innovative technologies in to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution	Increased use of green technologies in order to decrease the pollution discharges in the South Baltic area	Resource-efficient Europe	PA Agri - Reinforcing sustainability of agriculture, forestry and fisheries PA Hazards – Reducing the use and impact of hazardous substances PA Nutri – Reducing nutrient inputs to the sea to acceptable levels PA Energy -	Blue growth

					Improving the access to, and the efficiency and security of the energy markets HA Sustainable development and bio-economy	
PA 3: Improving cross-border connectivity for a functional blue and green transport area	TO 7 - Promoting sustainable transport and removing bottlenecks in key network infrastructures	7 (c) – developing and improving environment-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	Improve the quality and environmental sustainability of transport services in the South Baltic area	Resource-efficient Europe An industrial policy for the globalisation era	PA Transport – Improving internal and external transport links PA Ship – Becoming a model region for clean shipping	Blue growth
PA 4: Boosting human resource capacities for the area's blue and green economy	TO 8 – Promoting employment and supporting labour mobility	8 (ETC) – promoting sustainable and quality employment and supporting labour mobility by integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training	Increase the share of skilled labour force working in the blue and green economy sectors of the South Baltic area through joint cross-border actions	An agenda for new skills and job Youth on the move	PA Internal Market - Removing hindrances to the internal market PA Education – Developing innovative education and youth	-
PA 5: Increasing cooperation capacity of local actors in the South Baltic area for the blue and green growth	TO 11 – Enhancing institutional capacity and an efficient public administration	11 (ETC) - enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions	Improve the cooperation capacity of local South Baltic area actors through participation in cross-border networks	An agenda for new skills and job	PA Culture - Developing and promoting the common culture and cultural identity HA Promo – Boosting joint promotion and regional identity building actions HA Involve – Strengthening multi-level governance including involving civil society, business and academia	-

All the selected thematic objectives are directly connected and interlinked with the EU Strategy for the Baltic Sea Region.

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

Selected thematic objective	Selected investment priority	Justification for selection
TO 3 – Enhancing the competitiveness of SMEs	3 (b) – developing and implementing new business models for SMEs, in particular with regard to internationalisation	<p><i><I.1.4 type='S' maxlength='1000' input='M'></i></p> <ul style="list-style-type: none"> • low internationalisation capacity of the SMEs from the South Baltic area, in particular representing the programme regions in Poland and Lithuania as well the rural areas in each region • in some programme regions - insufficient organisational support by intermediary structures and low availability of international business advisory services and matchmaking actions for expansion of the SMEs to international markets within and beyond the South Baltic area.
	3 (d) - supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in growth and innovation processes	<ul style="list-style-type: none"> • varying SME innovation capacities between the programme regions as a factor that weakens the competitiveness of the area's blue and green economy as well as the convergence processes between the regions • unexploited potential for innovation transfer through cross-border networking and clustering between the more and less innovation capable regions in the South Baltic area • high share of upper-secondary and tertiary education graduates across the South Baltic area as an asset to be better exploited for international triple helix cooperation and innovation transfer for the local SMEs
TO 6 – Protecting the environment and promoting resource efficiency	6 (c) – conserving, protecting, promoting and developing natural and cultural heritage	<ul style="list-style-type: none"> • unbalanced seasonal pattern and tourism use intensity in the South Baltic area • high potential of green areas in the South Baltic territory to provide opportunities for active holiday and leisure activities • high quality of natural and cultural heritage sites, with unexplored opportunities for cross-border services and products in blue and green tourism
	6 (f) promoting innovative technologies in to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution	<ul style="list-style-type: none"> • environmental pressures resulting from concentration of population and economic activities in urban centres and coastal areas • higher eutrophication and biodiversity loss hazards in consequence of nutrient discharges in the South Baltic catchment areas • noxious air quality problems resulting from the use of solid fuels • high potential of the South Baltic area to develop green technology branches based on vast natural resources, incl. renewables
TO 7 - Promoting sustainable transport and removing bottlenecks in key network infrastructures	7 (c) – developing and improving environment-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, and multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility	<ul style="list-style-type: none"> • predominant car-based mobility pattern, with high reliance on cars and trucks in interregional travels, due to insufficient intermodal services in freight and passenger transport • unsatisfactory direct connectivity of the programme regions due to drawbacks in maritime, railway and air passenger services • north-south freight traffic and quickly growing east-west freight flows across the South Baltic area in need of greening measures and service

Selected thematic objective	Selected investment priority	Justification for selection
		efficiency solutions
TO 8 – Promoting employment and supporting labour mobility	8 (ETC) – promoting sustainable and quality employment and supporting labour mobility by integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training	<ul style="list-style-type: none"> • mismatch of education and the needs of employers in knowledge-intensive services and research-intensive industries of the South Baltic area • difficulties to attract qualified labour force • high unemployment in many programme regions driven by dynamic population trends (e.g. negative net migration balance in some regions, demographic change and disparities in the population density between urban and rural areas, rural decline challenges, increasing long-term unemployment etc.)
TO 11 – Enhancing institutional capacity and an efficient public administration	11 (ETC) - enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions	<ul style="list-style-type: none"> • extensive network of partners, organisations and institutions in the South Baltic area, but with a limited number of actors taking part in the joint activities and reaping the benefits of cross-border cooperation for local development policies • a distinct maritime context of development in the South Baltic area determined by the sea basin location and long tradition of trade exchange across the sea – but with low recognition of the common South Baltic identity in the local and regional communities • a need to increase the capacity and know-how of local actors in the South Baltic area to make them more active in cross-border cooperation networks

1.2 Justification for the financial allocation

The allocation of available programme funds has been based on the following aspects:

- aim to support the increase of the blue and green growth potential of the South Baltic area, focusing on the priorities of the Europe 2020 Strategy,
- experiences of the South Baltic programming period 2007-2013,
- the character and estimated financial size of the actions undertaken in each priority,
- socio-economic diagnosis of the programme regions,
- consultation results with relevant stakeholders, expressed in surveys conducted among beneficiaries and based on results communicated during works of the Task Forces.

Around 89% of the available programme allocation has been allotted to four thematic objectives, i.e. TO3, TO6, TO7 and TO8. Additionally 5% of the total budget has been allocated to TO11. TA 6 %.

PRIORITY AXIS 1: Strengthening international activeness and innovation capacity of the South Baltic blue & green economy

Around 12% of programme funds, amounting to EUR 9,97 m ERDF have been allocated to Priority 1, with the aim to support the smart growth. The allocation reflects the character of projects planned to be implemented (mainly soft measures) within this Priority, aiming at inclusion of the business support structures in its actions, as well as an estimated project size of around EUR 1 m ERDF (EUR 20 k – EUR 0,3 m ERDF for small projects).

The experience from the 2007-2013 programming period shows that there is a growing interest for internationalisation and innovation of SMEs. This was reflected in the demand, where altogether 14 projects applied within the Measure 1.1 (Entrepreneurial development), requesting c.a. twice more funds than available. Therefore, the proposed budget increase, by almost 50% in comparison to the programming perspective 2007-2013, may even better contribute to an increased competitiveness and growth, allowing to diminish the economic disparities within South Baltic Programme regions, and at the same time - to increase the visibility of the whole region.

The allocation has been equally divided between both measures, in order to support the innovation capacities of SMEs in the South Baltic area as well as their internalisation.

PRIORITY AXIS 2: Exploiting the environmental and cultural potential of the region for the blue and green growth

The planned ERDF allocation to Priority 2 is of around EUR 39,89 m, corresponding to 48% of the programme ERDF.

This allocation reflects the character of projects planned to be implemented within this priority as well as estimated project size of around EUR 1 – 1,5 m ERDF (EUR 20 k – EUR 0,3 m ERDF for small projects), allowing for the pilot and small-scale investments in blue and green technologies.

The considerably higher allocation as compared to other priorities is justified by the very wide range of activities within this field of intervention, from natural and cultural heritage protection and promotion, to the development and promotion of innovative green technologies and resource efficiency. The programme goal to increase the blue and green growth potential of the region can only be reached through the sustainable use of the resources and with respect of the environment.

The allocation, furthermore, reflects the growing interest of potential beneficiaries and regional stakeholders, expressed already in the programming period 2007-2013 with more than 50 projects applying within the Measures 2.1, 2.2 and 2.3 (supporting the sustainable use of resources, the protection of environment and resource efficiency), requesting more than EUR 52 m ERDF, which was c.a. 50% more than available. Therefore, in order to meet the demand the proposed allocation is increased by c.a. 40%.

The allocation has been equally divided between both measures, in order to support on one hand promotion of natural and cultural heritage and on the other development and promotion of innovative green technologies.

PRIORITY AXIS 3: Improving cross-border connectivity for a functional blue and green transport area

The planned ERDF allocation to Priority 3 is around EUR 15,79 m, corresponding to 19% of the programme ERDF.

This allocation reflects the character of projects planned to be implemented, usually more complex in their setup and of more strategic nature influencing bigger parts of the SB area, as well as estimated project size of around EUR 1 – 2 m ERDF (EUR 20 k – EUR 0,3 m ERDF for small projects), allowing for the pilot and small-scale investments in development of environment-friendly and low-carbon transport services.

The allocation reflects the demand for making the transport modes more efficient, sustainable and safe. The experiences of implementing the activities in the field of improvement of

connectivity in the programming period 2007-2013 show high demand for more complex and bigger projects, and justifies the significant increase (i.e. 75%) in financial resources for the next years.

The programme's overall goal to boost the blue and green growth, as well as the objectives of Priorities 1, 2, 4 and 5, can be reached based on the condition of the well accessible and functional transport systems in the area. At the same time, there is a strong need observed to make especially the freight transport systems more "green".

PRIORITY AXIS 4: Boosting human resource capacities for the region's blue and green economy

Around 10% of programme funds, amounting to EUR 8,31 m ERDF have been allocated to Priority 4, with the aim to support a high-employment economy.

This allocation reflects the character of projects (soft activities) planned to be implemented within this Priority as well as estimated project size of around EUR 1 m ERDF (EUR 20 k – EUR 0,3 m ERDF for small projects).

The blue and green economy requires well educated labour force and an intake of young graduates matching the requirements in the blue and green professions. Still, visible negative trends in the programme area, i.e. high migration rates of young and qualified, high unemployment rates, increasing youth unemployment and the blue and green economy's demand for skilled labour force justify the increase of allocation (by 23%) for the activities aiming at improving the employment situation of the region, as compared to programming period 2007-2013, when around EUR 6,74 m ERDF was dedicated for this goal.

PRIORITY AXIS 5: Increasing cooperation capacity of local actors in the South Baltic area for the blue and green growth

The planned ERDF allocation to Priority 5 is of around EUR 4,16 m, corresponding to 5% of the programme ERDF, aiming to support the capacities of public administration to contribute to smart, sustainable and inclusive blue and green growth.

The experience gained under the South Baltic Programme 2007-2013 has revealed the need to strengthen the capacity of local actors (e.g. municipalities, NGOs, public service providers, cultural institutions etc.) to get engaged in cross-border cooperation, thus allowing them to benefit from the exchange with partners from abroad and to use cross-border cooperation more strategically for local development needs. It was in particular visible in the limited numbers of newcomers taking part in the projects. At the same time there is a clear expectation to involve local actors in the cross-border activities; therefore it is justified to allocate financial resources for this purpose.

The allocation reflects the capacity-building character of projects planned to be implemented within this priority as well as estimated project size of around EUR 20 k – EUR 0,5 m ERDF.

Table of allocation:

PRIORITY AXIS 1:	TO3	9 972 000,00	12%
1.1 Internationally active blue and green SMEs	b	4 986 000,00	6%
1.2 Innovative blue and green SMEs	d	4 986 000,00	6%

PRIORITY AXIS 2:	TO6	39 888 000,00	48%
2.1 Natural and cultural heritage	c	19 944 000,00	24%
2.2 Green technologies	f	19 944 000,00	24%
PRIORITY AXIS 3:	TO7 c	15 789 000,00	19%
PRIORITY AXIS 4:	TO8 ETC	8 310 000,00	10%
PRIORITY AXIS 5:	TO11 ETC	4 155 354,38	5%
PRIORITY AXIS 6: Technical Assistance	TA	4 986 022,62	6%
TOTAL		83 100 377,00	100%

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

This table is generated automatically by the SFC based on information inserted under other sections of the cooperation programme.

Priority axis	ERDF support (in EUR)	Proportion (%) of the total Union support for the cooperation programme (by Fund) ³			Thematic objective ⁴	Investment priorities ⁵	Specific objectives corresponding to the investment priorities	Result indicators corresponding to the specific objective
		ERDF ⁶	ENI ⁷ (where applicable)	IPA ⁸ (where applicable)				

³ Presentation of the shares corresponding to ENI and IPA amounts depends on management option chosen.

⁴ Title of the thematic objective (not applicable to technical assistance).

⁵ Title of the investment priority (not applicable to technical assistance).

⁶ European Regional Development Fund

⁷ European Neighbourhood Instrument

⁸ Instrument for Pre-Accession Assistance

SECTION 2. PRIORITY AXES

Section 2.A. A description of the priority axes other than technical assistance

2.A.1 Priority axis (repeated for each priority axis)

PRIORITY AXIS 1: Strengthening international activeness and innovation capacity of the South Baltic blue & green economy

PRIORITY AXIS 2: Exploiting the environmental and cultural potential of the South Baltic area for the blue and green growth

PRIORITY AXIS 3: Improving cross-border connectivity for a functional blue and green transport area

PRIORITY AXIS 4: Boosting human resource capacities for the area's blue and green economy

PRIORITY AXIS 5: Increasing cooperation capacity of local actors in the South Baltic area for the blue and green growth

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

Not applicable for the programme.

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

For all priority axes:

<i>Fund</i>	ERDF
<i>Calculation basis (public or total)</i>	total

2.A.4 Investment priority (repeated for each investment priority under the priority axis)

(Reference: point (b)(i) of Article 8(2) of Regulation (EU) No 1299/2013)

PRIORITY AXIS 1: Strengthening international activeness and innovation capacity of the South Baltic blue & green economy

Investment priority (ERDF) 3 (b) - developing and implementing new business models for SMEs, in particular with regard to internationalisation

Investment priority (ERDF) 3 (d) - supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in growth and innovation processes

PRIORITY AXIS 2: Exploiting the environmental and cultural potential of the South Baltic area for the blue and green growth

Investment priority (ERDF) 6 (c) - conserving, protecting, promoting and developing natural and cultural heritage

Investment priority (ERDF) 6 (f) - promoting innovative technologies in to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution

PRIORITY AXIS 3: Improving cross-border connectivity for a functional blue and green transport area

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

PRIORITY AXIS 4: Boosting human resource capacities for the area's blue and green economy

Investment priority (ERDF) 8 (ETC) - promoting sustainable and quality employment and supporting labour mobility by integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and joint training

PRIORITY AXIS 5: Increasing cooperation capacity of local actors in the South Baltic area for the blue and green growth

Investment priority (ERDF) 11 (ETC) - enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions

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

<i>ID</i>	
<i>Specific objective</i>	Increase the presence of blue and green sector SMEs from the South Baltic area on international markets through joint cross-border actions
<i>The results that the Member States seek to achieve with Union support</i>	Result: increased presence of blue and green sector SMEs from the South Baltic area on international markets. The South Baltic area economy is reliant on small and medium size enterprises operating in a wide variety of sectors, with a strong role of blue and green sectors represented by e.g.: maritime branches, tourism, forest economy, food production etc. Pursuing the blue and green

	<p>growth path in the South Baltic area towards knowledge-based and innovative economy requires presence of economic players on international markets, which is still insufficient. South Baltic SMEs, in particular located in rural areas and owned by women, tend to act locally. Very low numbers (only a few per cent) of the companies are active on international arenas and involved in international trade, and even fewer operate on the markets outside the European Union (e.g. in the Far East).</p> <p>This situation results, inter alia, from scarce knowledge, financial and personnel resources at the disposal of the companies, and - in some parts of the South Baltic area – from insufficient assistance by business support organisations in getting access to information about opportunities, conditions and routines of international market operations (including first customer contacts). Expansion of the SMEs within and beyond the South Baltic area requires efficient cross-border learning and networking platforms, business advisory services and matchmaking actions to assist them in moving from domestic to international business practices.</p> <p>This measure is dedicated to a more active presence of blue and green sector SMEs on international markets – including other South Baltic regions, other European countries and third markets (e.g. the Far East). It aims at helping mitigate growing disparities in the economic standings between South Baltic urban and rural areas (e.g. in internationalisation levels of SMEs).</p>
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<i>ID</i>	
<i>Specific objective</i>	Improve the transfer of innovation for the benefit of blue and green sector SMEs through joint cross-border actions
<i>The results that the Member States seek to achieve with Union support</i>	Result: increased innovation capacity of blue and green sector SMEs in the South Baltic area. Innovation – in the programme terms – addresses

an idea, practice, object, tacit knowledge, know-how, technical knowledge, intellectual property, discovery or invention, which is generated either through research conducted at universities (e.g. in cooperation with external partners) or is developed by a non-academic organisation (e.g. enterprise). The transfer of innovation is thus defined as a move of the aforementioned material or immaterial objects into an environment where they can lead to social and/or commercial benefits at local, regional, national or global levels. The green and blue innovation in this sense includes also a non-technological innovation as a one of the important pillars for regional development. The programme focuses its support on the experimentation with new approaches and solutions to be transferred and practically tested in a cross-border context.

The South Baltic area has a relatively strong and fast growing creative industry, with high innovation performance of the regional economies in the north-western part and in densely populated urban areas. However, a potential for spreading the generated innovation across the borders is still to be fully exploited as such innovation transfer processes are usually confined to the immediate geographical areas or just to the adjacent regions.

At the same time, the transition economies of the programme regions in Poland and Lithuania demonstrate low survival rates and growth trajectories among SMEs, the innovation capacity of which is rather poor (e.g. measured by the number of patents). Less developed business support and financing structures in the eastern South Baltic regions hamper the development of innovative products and services in the blue and green sector. A similar gap in innovation performance exists between the urban and rural areas in all programme regions.

The transfer of innovation between the more and less advanced regions in the South Baltic area faces several difficulties, related with:

- no practical experience in exploiting the innovation and synergy potential resulting from a combination of knowledge-based and creative industries with traditional economic sectors (like e.g. tourism);
- low level of cooperation between SMEs and R&D

	<p>institutions, especially in non-technological innovation processes, partly due to lack of supporting structures;</p> <ul style="list-style-type: none"> • poor competences of the business development in R&D institutions for supporting SMEs in non-technological innovation. <p>Territorial disparity in SME innovation capacity between the north-western and the south-eastern parts of the programme area as well as between the urban and rural territories weakens convergence processes between the regional economies. To improve competitiveness of blue and green sector SMEs, the common South Baltic area asset of a high share of upper-secondary and tertiary education graduates must be better used (e.g. through cross-border triple-helix cooperation).</p> <p>This measure is dedicated to actions raising the innovation capacity of blue and green sector SMEs within the South Baltic area. It aims at helping mitigate growing disparities in the economic standings between South Baltic urban and rural areas (e.g. in innovation capacity of SMEs in non-technological branches).</p>
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<i>ID</i>	
<i>Specific objective</i>	Increased development of the South Baltic area's natural and cultural heritage assets into sustainable tourist destinations
<i>The results that the Member States seek to achieve with Union support</i>	<p>Result: increased popularity of the natural and cultural heritage areas/sites as sustainable tourism destinations.</p> <p>Tourism is one of the most important economy sectors in the South Baltic area, determining economic viability of small settlements or rural areas beyond commuting distance from main towns and cities. It is a good source of employment, especially for youth, women and newcomers with foreign background; however, the average income generated in this economic branch is among the lowest ones, resulting from a seasonal (summer-intensive) pattern of the conventional, sojourn tourism along the sea coast.</p>

Moreover, the tourist use intensity in the South Baltic area is considerably unbalanced, with high indices along the coast and low tourist stay figures in the hinterland areas.

The sea basin, the coastal zone as well as the extensive and relatively unspoiled green areas on land, shared by all programme regions, are able to provide opportunities for active holiday and leisure activities that could extend the tourist season and diversify the currently prevailing tourism patterns. Numerous and diversified natural and cultural heritage assets in the South Baltic area (national parks, landscape parks and nature reserves protecting land and underwater habitats, UNESCO World Heritage Sites, World Biosphere Reserves, NATURA 2000 sites, historical sites etc.) have a high, yet not exploited economic potential, with the environmental protection set as a primary goal.

The Programme will tackle this shared asset through promoting the so called ‘blue and green’ tourism. ‘Blue tourism’ refers to the activities connected with the marine and maritime sector as the ‘green tourism’ (sometimes referred to as ‘ecotourism’, ‘responsible tourism’ or ‘nature-based tourism’) constitutes a form of sustainable tourism defined by the World Tourism Organisation as: *‘tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities’*.

Blue and green tourism thus applies to sustainable segments of tourism featuring destinations where natural and cultural heritage are the primary attractions. In addition to environmental and cultural factors, an integral part of blue and green tourism is the promotion and support of recycling, energy efficiency, water conservation and creation of economic opportunities for local communities.

Such segment of tourism is equally attributable to green areas, coastal areas and water basins. In case of the latter, it deals with a more sustainable and efficient use of resources over time as regards the marine ecosystems.

The programme will seek for deploying potential for blue and green tourism throughout the South

	<p>Baltic area, encouraging e.g. cross-border tourist trails linking natural and cultural heritage sites, jointly developed and marketed strategies, packages of e-services etc. The cross-border development and promotion of blue and green tourism services and products requires innovative approaches to the management of natural and cultural heritage sites. Such approaches should help deploy their economic benefit potential, while not compromising environmental protection needs and satisfaction of visitors and citizens. For that reason, they may involve other economic spheres (e.g. creative industry, information and communication technologies etc.).</p>
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<i>ID</i>	
<i>Specific objective</i>	Increased use of green technologies in order to decrease the pollution discharges in the South Baltic area.
<i>The results that the Member States seek to achieve with Union support</i>	<p>Result: increased use of green technologies by South Baltic area stakeholders benefitting from the cross-border cooperation.</p> <p>The nitrogen and phosphorus discharges to the Baltic Sea from coastal point sources have significantly decreased in recent years with elimination of main pollution sites of municipal/industrial character located in the coastal zone. In effect, the latest HELCOM list (as of July 2013) records no environmental hot spots in the South Baltic area. However, riverine loads from diffuse sources (e.g. agricultural activities or scattered dwellings) as well as high surface runoffs of nutrients induced by more and more frequently occurring heavy precipitation events still remain of the major common problems in the programme regions.</p> <p>Considerable environmental pressures in the South Baltic area result from the concentration of economic activities in the urban centres (e.g. industry, households and increasing transportation) and coastal areas (e.g. related with tourism). In the thickly populated zones, the untreated runoff of stormwater from paved surfaces and consequent sewage overflow cases may cause severe health problems, potentially</p>

	<p>resulting from excessive nitrate doses in drinking water. Nutrient remediation measures are also necessary in land reclamation after heavy industrial activities (e.g. mining or refineries) and land development.</p> <p>Nutrients discharged into the Baltic Sea waters from diffuse and point sources (also via communal infrastructures) lead to a higher eutrophication of Baltic Sea waters as well as fragmentation and losses in biodiversity. Blue green algae blooms, an effect of eutrophication, are regarded the most important nuisance in the South Baltic area. Some research indications point that an increased frequency or duration of such blooms may cause a serious harm to the tourism industries, especially in the beach tourism sector and recreational fishing. Also, such branches as boating, coastal cruises and real estate business might be negatively influenced by this problem.</p> <p>A similar challenge of maintaining good aesthetic and recreational values of the landscape for tourists and residents in the South Baltic area is attributed to noxious air quality in populated places, resulting from the use of solid fuels by individual households, companies and district heat providers.</p> <p>The strong positive trend in the use of renewable resources in the energy production is hampered by still inefficient absorption processes, related with e.g. existing technical and administrative burdens in e.g. energy transport and storage.</p> <p>At the same time, the South Baltic area shows a high resource potential to develop green technology branches in cooperation with SMEs, manufacturing industries and R&D institutions. Important in that respect is a better uptake of innovative green technologies in environmental management in order to decrease the air and water pollution discharge volumes.</p>
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<i>ID</i>	
<i>Specific objective</i>	Improve the quality and environmental sustainability of transport services in the South Baltic area
<i>The results that the Member</i>	Result: improved and more environmental

<p><i>States seek to achieve with Union support</i></p>	<p>sustainable passenger and intermodal cargo services in the South Baltic area.</p> <p>The South Baltic area features a predominant car-based mobility pattern, with high reliance on cars and trucks in interregional travels particularly in the eastern part of the programme area and less populated regions. In the passenger traffic, one of the reasons behind such a situation is an insufficient quality of public intermodal services when moving across the borders, as exemplified by: incompatible ticketing systems, lack of combi-tickets, not harmonised timetables, unavailability of information on public transport offer in transfer sites or lack of shuttle services between a passenger terminal and a city centre or a railway station. Similar harmonisation and compatibility challenges occur in the rail/intermodal freight sector.</p> <p>At the same time, the regions in the South Baltic area are in need of new maritime and air passenger services to improve the direct connectivity. This requires efforts to attract operators and develop appropriate framework conditions to sustain new and improved lines.</p> <p>Both the north-south freight traffic and the quickly growing east-west freight flows across the South Baltic area lack sustainable logistics solutions, integrated logistics concepts, harmonised regulations, smart innovation platforms, efficiently operating transshipment points etc. Such transport greening measures shall help reduce environmental footprint and improve logistics efficiency of long-haul supply chains.</p> <p>The transport system of the South Baltic area, in addition to the above deficiencies, lacks region-to-region airborne connections across the Baltic Sea (despite the overall steep growth in air passenger transport in the EU-28) and more frequent railway and ferry connections to improve the direct connectivity. This requires joint efforts to attract operators and develop appropriate framework conditions to sustain new and improved lines.</p>
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<p><i>ID</i></p>	
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<p><i>Specific objective</i></p>	<p>Increase the share of skilled labour force working in the blue and green economy sectors of the South Baltic area through joint cross-border actions</p>
<p><i>The results that the Member States seek to achieve with Union support</i></p>	<p>Result: better prepared labour force for workplaces in blue and green sector companies in the South Baltic area.</p> <p>Pursuing the blue and green growth path in the South Baltic area relies on the access to skilled labour force that would drive the development of innovative and internationally active enterprises (see Measure 1.1 and 1.2), implement proficient management schemes for the natural and cultural heritage assets (Measure 2.1), skilfully utilise green technologies and renewable energy resources (Measure 2.2), and deliver greener and more efficient transport services (Priority 3).</p> <p>The difficulty in recruiting qualified staff by the South Baltic companies is an important challenge for growth and innovation in the South Baltic economy. It requires joint cross-border actions to attract the proficient labour force to blue and green sectors of the South Baltic economy.</p> <p>At the same time, the South Baltic area has an untapped resource of vocational and tertiary education (university and college) graduates suited for the employment in the blue and green economy sectors but missing out on job opportunities because of insufficient match of skills, work profiles and their locations. Furthermore, the international mobility of young and skilled residents of the programme region leads to brain drain.</p> <p>This functional mismatch needs to be addressed in the cross-border context. Labour markets of the programme regions should be better integrated, allowing the skilled employees, including young graduates, to exploit employment opportunities in the blue and green economy sectors throughout the South Baltic area. This calls for a better coordination of actions between enterprises, labour market agencies, educational institutions and business support organisations of the programme regions in connecting the qualifications of the skilled labour force with job career offers in the blue and green sector companies.</p> <p>The cross-border cooperation of the above</p>

	<p>stakeholders should also address the need to better prepare university and college graduates to enter the labour market and obtain employment contracts in the blue and green economy sectors. It requires an organised multi-stakeholder approach in developing training programmes, qualification courses, advice services, and matchmaking platforms and products for the target group in order to better serve employment requirements in blue and green economy professions.</p>
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<i>ID</i>	
<i>Specific objective</i>	Improve the cooperation capacity of local South Baltic area actors through participation in cross-border networks
<i>The results that the Member States seek to achieve with Union support</i>	<p>Result: improved involvement of local community actors in cross-border cooperation networks.</p> <p>The South Baltic area has an extensive network of partners, organisations and institutions, including city twinning activities, euroregional cooperation and social/cultural initiatives, which promote contacts between local communities across the borders. However, as observed in the implementation of the South Baltic Programme 2007-2013, only a few local community actors could mobilise resources to take part in cross-border cooperation projects and were capable of using the cross-border cooperation as an instrument for local policy development. In particular, local actors like local municipalities, NGOs and public service providers (e.g. schools, cultural institutions, hospitals, police, fire brigade etc.) had difficulties to bundle necessary resources for participation in larger cross-border cooperation projects encompassing the whole programme area. Whenever such an involvement was successful, these actors delivered a valuable input for the benefit of the project.</p> <p>The low international activity of small community actors in the South Baltic area results from the lack of institutional capacity, experience and competencies in developing project ideas, getting</p>

	<p>involved in cross-border initiatives and translating the outcomes to the local development work. Thus, there is a need to organise support to this specific target group in order to extend the spectrum of participants in cross-border cooperation networks and to better use the cross-border cooperation as an instrument in local development policies and strategies.</p> <p>The priority is expected to serve as a test ground for newcomer institutions that would like to prepare themselves for bigger European Territorial Cooperation projects. It should also encourage local actors to be more visible in the networks implementing the various priorities of the EU Strategy for the Baltic Sea Region. Further, the priority should contribute to a better recognition of a the South Baltic common identity in the local and regional communities – based on the distinct maritime context of development in the South Baltic area determined by the sea basin location and long tradition of trade exchange across the sea.</p>
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Table 3: Programme specific result indicators (by specific objective)

(Reference: point (b)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Specific objective Increase the presence of blue and green sector SMEs from the South Baltic area on international markets through joint cross-border actions

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ⁹	Source of data	Frequency of reporting
	To be defined	<i>Absolute numbers</i>	<i>0</i>	<i>2014</i>	<i>To be defined</i>	<i>Project reports</i>	<i>To be defined</i>

Specific objective **Improve the transfer of innovation for the benefit of blue and green sector SMEs through joint cross-border actions**

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ¹⁰	Source of data	Frequency of reporting
	To be defined	<i>Absolute numbers</i>	<i>0</i>	<i>2014</i>	<i>To be defined</i>	<i>Project progress reports</i>	<i>To be defined</i>

⁹ Target values may be qualitative or quantitative.

¹⁰ Target values may be qualitative or quantitative.

Specific objective Increased development of the South Baltic area’s natural and cultural heritage assets into sustainable tourist destinations

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ¹¹	Source of data	Frequency of reporting
	To be defined	<i>Absolute numbers</i>	<i>0</i>	<i>2014</i>	<i>To be defined</i>	<i>To be defined</i>	<i>To be defined</i>

Specific objective Increased use of green technologies in order to decrease the pollution discharges in the South Baltic area.

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ¹²	Source of data	Frequency of reporting
	To be defined	<i>Absolute numbers</i>	<i>0</i>	<i>2014</i>	<i>To be defined</i>	<i>Project progress reports</i>	<i>To be defined</i>

Specific objective Improve the quality of transport services in the South Baltic area

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ¹³	Source of data	Frequency of reporting
	To be defined	<i>Absolute number</i>	<i>0</i>	<i>2014</i>	<i>To be defined</i>	<i>Project progress reports</i>	<i>To be defined</i>

¹¹ Target values may be qualitative or quantitative.

¹² Target values may be qualitative or quantitative.

¹³ Target values may be qualitative or quantitative.

Specific objective Increase the share of skilled labour force working in the blue and green economy sectors of the South Baltic area through joint cross-border actions

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ¹⁴	Source of data	Frequency of reporting
	To be defined	<i>Absolute numbers</i>	<i>0</i>	<i>2014</i>	<i>To be defined</i>	<i>Project progress reports</i>	<i>To be defined</i>

Specific objective Improve the cooperation capacity of small South Baltic area actors through participation in cross-border networks

ID	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023) ¹⁵	Source of data	Frequency of reporting
	To be defined	<i>Absolute numbers</i>	<i>0</i>	<i>2014</i>	<i>To be defined</i>	<i>To be defined</i>	<i>To be defined</i>

¹⁴ Target values may be qualitative or quantitative.

¹⁵ Target values may be qualitative or quantitative.

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

(Reference: point (b)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Investment Priority</i>	3 (b) – developing and implementing new business models for SMEs, in particular with regard to internationalisation
<p>Exemplary actions</p> <ul style="list-style-type: none">• joint development and pilot implementation of innovative business models for internationalisation of blue and green sector SMEs;• market research for blue and green sector SMEs, their clusters and business support institutions in relation to the introduction of new services and products on international markets;• arrangement of activities (e.g. fairs, exhibitions, marketing and joint branding campaigns etc.) promoting products and services of blue and green sector SMEs from the South Baltic area on international markets;• provision of products and services (e.g. cross-border training programmes, counselling, language courses, investment strategies etc.) to improve the capacity of blue and green sector SMEs from the South Baltic area to operate on international markets;• development of internet-based tools to provide targeted information (e.g. through databases and information catalogues) and to facilitate regulatory procedures for activities of blue and green sector SMEs on international markets (e.g. in the fields of public procurement, employment law, social security, taxation and standardisation);• awareness raising campaigns and general promotion actions encouraging international trade and business activities of blue and green sector SMEs from the South Baltic area - as an alternative/amendment to national operations; <p>Beyond regular and small-scale cross-border cooperation projects, the Monitoring Committee may decide to co-finance strategic projects under this measure, i.e. projects having a tangible impact on a significant part of the programme area. Furthermore, seed money activities might be supported, defined as drafting activities for a project concept which can be further developed into an application to the South Baltic Programme 2014-2020. The programme reserves the right to define separate selection procedures for the aforementioned project categories.</p> <p>Main target groups</p> <p>SMEs representing blue and green sectors of economy and interested in expanding their business operations to international markets (including other South Baltic regions, other European countries and third markets, e.g. the Far East).</p> <p>Specific territories targeted</p> <p>Whole programme area</p>	

Exemplary types of beneficiaries

- local and regional authorities and their associations
- formal associations, clusters and networks of SMEs (having legal personality)
- chambers of commerce, business support organisations and development agencies
- NGOs and R&D organisations providing international promotion and marketing, research and services (e.g. trainings)

<i>Investment Priority</i>	3 (d) - supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in growth and innovation processes
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Exemplary actions

- provision and testing of cross-border training and capacity-building services for blue and green sector SMEs in order to improve their innovation capacity (e.g. in innovation management etc.);
- provision of business advisory services (e.g. training, market research, counselling etc.) to blue and green sector SMEs from the South Baltic area in introducing new services and products on the South Baltic market through cross-border ventures;
- arrangement of cross-border events to enable exchange of experience and stimulate innovation transfer between blue and green sector SMEs from the South Baltic area;
- development and testing of cross-border smart specialisation strategies and joint branding concepts for new products and services in the blue and green sectors of the South Baltic economy;
- development and testing of cross-border triple-helix cooperation models, platforms and networks with the participation of enterprises, research institutions, universities and public administration, dedicated to a better transfer and absorption of innovation by blue and green sector SMEs from the South Baltic area;

Beyond regular and small-scale cross-border cooperation projects, the Monitoring Committee may decide to co-finance strategic projects under this measure, i.e. projects having a tangible impact on a significant part of the programme area. Furthermore, seed money activities might be supported, defined as drafting activities for a project concept which can be further developed into an application to the South Baltic Programme 2014-2020. The programme reserves the right to define separate selection procedures for the aforementioned project categories.

Main target groups

SMEs representing blue and green sector and developing/transferring innovative products and services within the South Baltic area

Specific territories targeted

Whole programme territory

Exemplary types of beneficiaries

- formal associations, clusters and networks of SMEs (having legal personality)
- chambers of commerce, business development agencies, business incubators, technology parks and other business support and finance organisations
- local and regional authorities
- higher education and R&D institutions
- NGOs providing promotion and services focused on innovation aspects

Investment Priority

6 (c) – conserving, protecting, promoting and developing natural and cultural heritage

Exemplary actions

- preparation and implementation of small-scale pilot investments enhancing blue and green tourism infrastructure and services (e.g. cross-border thematic routes, underwater nature trails, chains of marinas and small ports, etc.);
- joint events (e.g. events, fairs, marketing campaigns), publications, studies, and creation of cross-border strategies and products promoting the South Baltic area as a blue and green tourism destination;
- inclusion of natural and cultural heritage sites in the networks and chains of blue and green tourism in the South Baltic area;
- joint marketing the South Baltic area as a blue and green tourism destination and promoting cultural and natural assets of the South Baltic area, including land and underwater sites under formal protection (e.g. national parks, landscape parks and nature reserves protecting land and underwater habitats, UNESCO World Heritage Sites, World Biosphere Reserves, NATURA 2000 sites, historical sites etc.);
- capacity-building actions and joint campaigns enhancing management of natural and cultural heritage sites in the cross-border scale, including exchange of experience, transfer of knowledge and creation of network cooperation among authorities and administrations responsible for the management of natural and cultural heritage sites in the South Baltic area;
- development of joint cross-border ICT tools on blue and green tourism attractions and accommodation facilities in the programme area;
- exchanging know-how and promotion of Eco-Management and Audit Scheme as well as joint eco-labelling actions for environmentally friendly products;

Beyond regular and small-scale cross-border cooperation projects, the Monitoring Committee may decide to co-finance strategic projects under this measure, i.e. projects having a tangible impact on a significant part of the programme area. Furthermore, seed money activities might be supported, defined as drafting activities for a project concept which can be further developed into an application to the South Baltic Programme 2014-2020. The programme reserves the right to define separate selection procedures for the aforementioned project categories.

Main target groups

Visitors (tourists and inhabitants) to the natural and cultural heritage areas/sites in the South Baltic area;

Managers of the regional/local tourist agencies;

Managers of the natural and cultural heritage sites

Specific territories targeted

Whole programme territory

Exemplary types of beneficiaries

- local and regional authorities and their associations
- formal associations, clusters and networks of SMEs (having legal personality)
- chambers of commerce, business development agencies, tourist agencies and other business support and financial organisations
- NGOs providing promotion and marketing services linked directly or indirectly to the tourism sector
- administration of the natural and cultural heritage sites
- forest management institutions
- R&D and educational institutions

<i>Investment Priority</i>	6 (f) promoting innovative technologies in to improve environmental protection and resource efficiency in the waste sector, water sector and with regard to soil, or to reduce air pollution
Exemplary actions <ul style="list-style-type: none">• developing, demonstrating and implementing small-scale green technology investments (pilot projects) in waste management (e.g. re-use, recycling, recovery etc.), water management, heating, air protection, production of energy from renewable sources (e.g. wave, wind and solar energy, biomass, geothermal energy, etc.) and renewable energy storage;• improving and coordinating sustainable energy networks (e.g. development and reorganisation of smart grids, virtual power plants, heating supply, integration of storage);• joint cross-border studies, strategies and action plans to mitigate water and air pollution nuisance in the South Baltic area through the application of innovative green technologies;• elaboration and testing of common cross-border standards in waste and water management, heating and air protection by public entities, in cooperation with universities, research centres, companies and cooperatives of farmers and residents;• development and testing of innovative cross-border solutions aiming at decreasing	

the outflows of nutrients from small and diffuse sources in the catchment areas;

- elaboration of green policy strategies and patterns to overcome challenges and to mobilise regional opportunities for renewable energies and energy efficiency, including models for cooperation with energy service companies on comprehensive energy solutions;
- capacity building actions, transfer of knowledge and exchange of experience on innovative green technology solutions to improve efforts of different actors in protecting the water and air environment, contingency planning and promoting the resource efficiency;

Beyond regular and small-scale cross-border cooperation projects, the Monitoring Committee may decide to co-finance strategic projects under this measure, i.e. projects having a tangible impact on a significant part of the programme area. Furthermore, seed money activities might be supported, defined as drafting activities for a project concept which can be further developed into an application to the South Baltic Programme 2014-2020. The programme reserves the right to define separate selection procedures for the aforementioned project categories.

Main target groups

Public institutions and public equivalent entities in the South Baltic area

Specific territories targeted

Whole programme territory

Exemplary types of beneficiaries

- local and regional authorities and their associations
- public or private (having either public or non-profit character) companies dealing with communal and municipal environmental and energy management (like waste and water, heating, air protection)
- formal associations, clusters and networks of SMEs (having legal personality)
- chambers of commerce, business development agencies and other business support and finance organisations
- NGOs active in the environmental protection and management sector
- schools, higher education and R&D institutions
- cooperatives of farmers and residents (having legal personality)

<i>Investment Priority</i>	7 (c) – developing and improving environment-friendly (including low-noise) and low-carbon transport systems, including inland waterways and maritime transport, ports, and multimodal links and airport infrastructure, in order to promote sustainable regional and local mobility
Exemplary actions	

- preparation and deployment of cross-border transport greening measures, including small-scale (pilot) investments, to lower the environmental impact (footprint) of transport services and to increase their quality and interoperability;
- provision of solutions to improve sustainability, density and quality of air and sea transport services (ferries) in the South Baltic area, incl. facilitation of new links between the programme regions;
- preparation of studies addressing deficiencies in intermodal passenger and cargo services across the borders of the programme regions;
- joint development of smart mobility concepts decreasing the reliance on cars and trucks and better utilisation of public transport services (e.g. through mobility management schemes for less accessible areas and for areas suffering from negative demographic changes etc.);
- joint development of solutions aiming at the use of more environmentally friendly means of transport;

Beyond regular and small-scale cross-border cooperation projects, the Monitoring Committee may decide to co-finance strategic projects under this measure, i.e. projects having a tangible impact on a significant part of the programme area. Furthermore, seed money activities might be supported, defined as drafting activities for a project concept which can be further developed into an application to the South Baltic Programme 2014-2020. The programme reserves the right to define separate selection procedures for the aforementioned project categories.

Main target groups

- transport infrastructure managers and users
- public transport users (passengers)

Specific territories targeted

Whole programme territory

Exemplary types of beneficiaries

- local and regional authorities and their associations
- public transport companies
- transport infrastructure administration
- formal associations, clusters and networks of SMEs (having legal personality) working with transport greening solutions
- chambers of commerce, business development agencies and other business support and finance organisations
- higher education and R&D institutions

<i>Investment Priority</i>	8 (ETC) – promoting sustainable and quality employment and supporting labour mobility by integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives, information and advisory services and
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Exemplary actions

- Development, modification and testing of joint cross-border services connecting vocational and tertiary education graduates as well as employers in the blue and green economy sectors (e.g. cross-border job search platforms, multi-lingual job applications, cross-border employment fairs, employment advice centres, dedicated [post-graduate] study profiles for blue and green sector companies, etc.);
- provision of cross-border training programmes (e.g. in language and cross-cultural skills) and qualification courses for the labour force, including tertiary and vocational education graduates, to suit employment needs in blue and green economy sectors;
- provision of tools or schemes for harmonisation and international recognition of professional or vocational qualifications in the blue and green economy sectors;
- preparation and deployment of cross-border internships, apprenticeships and different forms of exchanges for the labour force aimed at acquiring qualifications necessary for blue and green sector professions in the programme regions;
- joint development of models and solutions supporting self-employment of university and college graduates in blue and green economy sectors;
- transfer of knowledge and exchange of experience to improve efforts of labour market stakeholders in stimulating employment in the blue and green economy sectors of the South Baltic area;
- information services for potential cross-border workers on legal requirements and working conditions in other countries of the South Baltic region.

Beyond regular and small-scale cross-border cooperation projects, the Monitoring Committee may decide to co-finance strategic projects under this measure, i.e. projects having a tangible impact on a significant part of the programme area. Furthermore, seed money activities might be supported, defined as drafting activities for a project concept which can be further developed into an application to the South Baltic Programme 2014-2020. The programme reserves the right to define separate selection procedures for the aforementioned project categories.

Main target groups

- university and college graduates entering the South Baltic labour market
- labour force for workplaces in the blue and green economy sectors
- employers in the blue and green economy sectors

Specific territories

Whole programme territory

Exemplary types of beneficiaries

- local and regional authorities and their associations
- labour offices and labour market administration
- labour unions and employer organisations
- educational and R&D institutions

- formal associations, clusters and networks of SMEs (having legal personality)
- chambers of commerce, business development agencies and other business support organisations
- NGOs working with training and qualification of labour force

<i>Investment Priority</i>	11 (ETC) - enhancing institutional capacity of public authorities and stakeholders and efficient public administration by promoting legal and administrative cooperation and cooperation between citizens and institutions
<p>Exemplary actions</p> <ul style="list-style-type: none"> • actions aiming at cross-border transfer of knowledge and exchange of experience regarding cooperation between citizens and institutions and local development challenges; • joint activities of local self-government administration/agencies and other institutions (e.g. NGOs) contributing to influencing regional, national and EU level policies and decisions affecting the local development; • joint awareness-raising actions among local actor groups to promote the cooperation culture, heritage and common identity of the South Baltic area; • preparation and implementation of joint initiatives (cross-border programmes, trainings, workshops etc.), aimed at strengthening the networking and cooperation capacity of local actors; • preparation and deployment of measures increasing the involvement of local actors (e.g. small municipalities, NGOs, schools, cultural institutions etc.) in project development and intercultural dialogue. <p>Main target groups</p> <p>Small local and regional actors - e.g. local municipalities, NGOs and public service providers (e.g. schools, cultural institutions, hospitals, police, fire brigade etc.).</p> <p>Specific territories</p> <p>Whole programme territory</p> <p>Exemplary types of beneficiaries</p> <ul style="list-style-type: none"> • local and regional authorities and their associations • NGOs involved in networking activities across the national borders • chambers of commerce, business development agencies and other business support organisations • educational and cultural institutions <p>Guiding principles for the selection of operations</p> <p>Projects will be selected based on their ability to:</p> <ul style="list-style-type: none"> • Address the problems to be tackled in a way to justify cross-border actions; • Demonstrate such solutions, technologies and approaches to the identified problems that are innovative (i.e. are not executed by the involved partners on a routine basis) and that are planned, designed and implemented in a cross-border partnership; 	

- Achieve durable and replicable outcomes (possible to be transferred to other geographical areas of the South Baltic Programme);
- Contribute to the sustainable development;
- Promote equal opportunities and non-discrimination;
- Encourage equality between men and women;

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

In the South Baltic Programme 2014-2020 the same guiding principles for the selection of operations are to be used for all priority axes.

Projects will be submitted within dedicated calls for proposals. The rules for the submission of applications as well as the assessment and selection procedures will be described in the Programme Manual.

The detailed project selection criteria shall be approved by the MC during its first meeting.

Project applications will be subject to formal and quality assessment. The assessments will be organised by the JS and will be performed by the JS and, if needed with the support of external experts. The formal and eligibility assessment is carried out by the JS in co-operation with the Member states / Contact Points, which contribute to the eligibility and capacities check of the Partners from their countries.

The JS shall guarantee the impartial assessment of the submitted applications.

The decision on the selection of the operations will be done by the MC according to Article 12 (1) of ETC Regulation.

Any State aid that might be granted will be in conformity with the legal framework of the European Union. The specific State aid rules will be described in the Programme Manual and in the State aid scheme of the programme, if required.

Projects will be selected based on their ability to:

- Address the problems to be tackled in a way to justify cross-border actions;
- Demonstrate such solutions, technologies and approaches to the identified problems that are innovative (i.e. are not executed by the involved partners on a routine basis) and that are planned, designed and implemented in a cross-border partnership;
- Achieve durable and replicable outcomes (possible to be transferred to other geographical areas of the South Baltic Programme);
- Contribute to the sustainable development;
- Promote equal opportunities and non-discrimination;
- Encourage equality between men and women.

The contribution of the project proposals in fulfilling the goals of the EU Strategy for

the Baltic Sea Region will also be assessed. See section 1 Table 2.

Complaints` assessment on the project selection is ensured within the programme. The Managing Authority receives such complaints.

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

Financial instruments are not envisaged.

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

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

Table 4: Common and programme specific output indicators

Investment priority 3 (b) – developing and implementing new business models for SMEs, in particular for internationalisation

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
	No. of cross-border support services/programmes delivered to blue and green sector SMEs to foster their internationalisation	Absolute numbers	10	Project progress reports	Annually
	No. of blue and green sector SMEs benefitting from cross-border support services/programmes fostering their internationalisation	Absolute numbers	350	Project progress reports	Annually

3 (d) - supporting the capacity of SMEs to engage in growth and innovation processes

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
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	No. of established or enhanced cross-border clusters, networks and triple-helix models	Absolute numbers	5	Project progress reports	Annually
	No. of cross-border services/programmes delivered to blue and green sector SMEs to foster their innovation capacity	Absolute numbers	10	Project progress reports	Annually
	No. of blue and green sector SMEs benefitting from cross-border services/programmes fostering their innovation capacity	Absolute number	250	Project progress report	Annually

6 (c) – protecting, promoting and developing natural and cultural heritage

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
	Size of pilot investments co-financed by the Programme in blue and green tourism infrastructure and services	EUR	<i>At least 0,25 million</i>	Project progress reports	Annually
	No. of delivered blue and green tourism services, products and tools	Absolute numbers	<i>At least 50</i>	Project progress reports	Annually

6 (f) promoting innovative technologies in environmental protection and resource efficiency

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
	Size of pilot investments co-financed by the programme in the uptake of green technologies	EUR	<i>At least 1 million</i>	Project progress reports	Annually

	No. of delivered green technology services, products, standards and tools	Absolute numbers	<i>At least 25</i>	Project progress reports	Annually
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7 (c) – developing environment-friendly and low-carbon transport systems including river and sea transport, ports and multimodal links

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
	Size of pilot investments in transport services co-financed by the programme	EUR	<i>At least 1,5 million</i>	Project progress reports	Annually
	No. of delivered strategies, measures and tools aiming at improving the standard, efficiency, interoperability and/or environmental performance of transport services	Absolute numbers	<i>At least 20</i>	Project progress reports	Annually

8 (ETC) – integrating cross-border labour markets, including cross-border mobility, joint local employment initiatives and joint trainings

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
	No. of delivered cross-border employment schemes (i.e. services, model solutions, tools and programmes) and joint trainings supporting employment in the blue and green economy of the South Baltic area	Absolute numbers	<i>12</i>	<i>Project progress reports</i>	Annually
	No. of stakeholders involved in the	Absolute numbers		Project progress reports	Annually

	implementation of cross-border employment schemes and joint trainings		80		
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11 (ETC) - promoting legal and administrative cooperation and cooperation between citizens and institutions

ID	Indicator (name of indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
	No. of local actors involved in cross-border activities	Absolute numbers	150	Project progress reports	Annually
	No. of joint capacity-building activities/events involving local actors	Absolute numbers	100	Project progress reports	Annually

2.A.7. Performance framework

(Reference: point (b)(v) of Article 8(2) of Regulation (EU) No 1299/2013 and Annex II of Regulation (EU) No 1303/2013)

Table 5: Performance framework of the priority axis

Priority axis	Indicator type (Key implementation step, financial, output or, where appropriate, result indicator)	ID	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
PRIORITY AXIS 1: Strengthening international activeness and innovation capacity of the South Baltic blue & green economy	Output indicator		No. of cross-border support services/programmes delivered to blue and green sector SMEs to foster their internationalisation	Absolute numbers	3	10	Project Progress Reports	
	Output indicator		No. of established or enhanced cross-border clusters, networks and triple-helix models	Absolute numbers	2	5	Project Progress Reports	
	Output indicator		No. of cross-border services/programmes delivered to blue and green sector SMEs to foster their innovation capacity	Absolute numbers	3	10	Project Progress Reports	
PRIORITY AXIS 2: Exploiting the environmental and cultural potential of the South Baltic area for the blue and green growth	Output indicator		No. of delivered blue and green tourism services, products and tools	Absolute numbers	10	At least 50	Project Progress Reports	
			No. of delivered green technology services, products, standards and tools	Absolute numbers	5	At least 25	Project Progress Reports	
PRIORITY AXIS 3: Improving cross-border connectivity for a functional blue and green transport area	Output indicator		No. of delivered strategies, measures and tools aiming at improving the standard, efficiency, interoperability and/or environmental performance	Absolute numbers	5	At least 20	Project Progress Reports	

			of transport services					
PRIORITY AXIS 4: Boosting human resource capacities for the area's blue and green economy	Output indicator		No. of stakeholders involved in the implementation of cross-border employment schemes and joint trainings	Absolute numbers	20	80	Project Progress Reports	
PRIORITY AXIS 5: Increasing cooperation capacity of local actors in the South Baltic area for the blue and green growth	Output indicator		No. of local actors involved in cross-border activities	Absolute numbers	40	150	Project Progress Reports	
			No. of joint capacity-building activities/events involving local actors	Absolute numbers	20	100	Project Progress Reports	

Additional qualitative information on the establishment the performance framework
(optional)

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2.A.8. Categories of intervention

Tables 6-9: Categories of intervention

Table 6: Dimension 1 Intervention field		
Priority axis	Code	Amount (€)
1	058 Research and innovation infrastructure (public)	100 000
	059 Research and innovation infrastructure (private, including science parks)	100 000
	060 Research and innovation activities in public research centres and centres of competence including networking	462 000
	061 Research and innovation activities in private research centres including networking	900 000
	062 Technology transfer and university-enterprise cooperation primarily benefiting SMEs	400 000
	063 Cluster support and business networks primarily benefiting SMEs	900 000
	064 Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	950 000
	065 Research and innovation processes, technology transfer and cooperation in enterprises focusing on the low carbon economy and to resilience to climate change	900 000
	066 Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	900 000
	067 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	560 000
068 Energy efficiency and	500 000	

	demonstration projects in SMEs and supporting measures	
	069 Support to environmentally-friendly production processes and resource efficiency in SMEs	300 000
	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)	700 000
	072 Business infrastructure for SMEs (including industrial parks and sites)	600 000
	073 Support to social enterprises (SMEs)	450 000
	074 Development and promotion of tourism assets in SMEs	250 000
	075 Development and promotion of tourism services in or for SMEs	250 000
	076 Development and promotion of cultural and creative assets in SMEs	250 000
	077 Development and promotion of cultural and creative services in or for SMEs	250 000
	082 ICT Services and applications for SMEs (including e-Commerce, e-Business and networked business processes), living labs, web entrepreneurs and ICT start-ups)	250 000
2	009 Renewable energy: wind	500 000
	010 Renewable energy: solar	100 000
	011 Renewable energy: biomass	200 000
	012 Other renewable energy (including hydroelectric, geothermal and marine energy) and renewable energy integration (including storage, power to gas and renewable hydrogen infrastructure)	412 000

013 Energy efficiency renovation of public infrastructure, demonstration projects and supporting measures	300 000
022 Waste water treatment	500 000
023 Environmental measures aimed at reducing and / or avoiding greenhouse gas emissions (including treatment and storage of methane gas and composting)	500 000
060 Research and innovation activities in public research centres and centres of competence including networking	1 500 000
061 Research and innovation activities in private research centres including networking	1 000 000
062 Technology transfer and university-enterprise cooperation primarily benefiting SMEs	1 000 000
063 Cluster support and business networks primarily benefiting SMEs	1 000 000
064 Research and innovation processes in SMEs (including voucher schemes, process, design, service and social innovation)	1 000 000
066 Advanced support services for SMEs and groups of SMEs (including management, marketing and design services)	1 000 000
067 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	1 000 000
069 Support to environmentally-friendly production processes and resource efficiency in SMEs	1 000 000
074 Development and promotion of tourism assets in SMEs	1 500 000
075 Development and promotion of tourism services in or for SMEs	1 500 000

	076 Development and promotion of cultural and creative assets in SMEs	1 500 000
	077 Development and promotion of cultural and creative services in or for SMEs	1 500 000
	079 Access to public sector information (including open data e-Culture, digital libraries, e-Content and e-Tourism)	1 000 000
	083 Air quality measures	1 000 000
	084 Integrated pollution prevention and control (IPPC)	1 000 000
	085 Protection and enhancement of biodiversity, nature protection and green infrastructure	4 000 000
	086 Protection, restoration and sustainable use of Natura 2000 sites	4 000 000
	090 Cycle tracks and footpaths	800 000
	091 Development and promotion of the tourism potential of natural areas	2 000 000
	092 Protection, development and promotion of public tourism assets	2 000 000
	093 Development and promotion of public tourism services	2 000 000
	094 Protection, development and promotion of public cultural and heritage assets	2 000 000
	095 Development and promotion of public cultural and heritage services	2 000 000
	104 Self-employment, entrepreneurship and business creation including innovative micro, small and medium sized enterprises	1 000 000
3	036 Multimodal transport	5 500 000
	043 Clean urban transport infrastructure and promotion (including equipment and rolling stock)	4 500 000

	044 Intelligent transport systems (including the introduction of demand management, tolling systems, IT monitoring control and information systems)	3 000 000
	068 Energy efficiency and demonstration projects in SMEs and supporting measures	700 000
	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)	789 000
	083 Air quality measures	500 000
	084 Integrated pollution prevention and control (IPPC)	800 000
4	067 SME business development, support to entrepreneurship and incubation (including support to spin offs and spin outs)	1 300 000
	073 Support to social enterprises (SMEs)	610 000
	102 Access to employment for job-seekers and inactive people, including the long-term unemployed and people far from the labour market, also through local employment initiatives and support for labour mobility	600 000
	103 Sustainable integration into the labour market of young people, in particular those not in employment, education or training, including young people at risk of social exclusion and young people from marginalised communities, including through the implementation of the Youth Guarantee	600 000
	104 Self-employment, entrepreneurship and business creation including innovative micro, small and medium sized enterprises	1 500 000
	106 Adaptation of workers,	1 000 000

	enterprises and entrepreneurs to change	
	108 Modernisation of labour market institutions, such as public and private employment services, and improving the matching of labour market needs, including through actions that enhance transnational labour mobility as well as through mobility schemes and better cooperation between institutions and relevant stakeholders	600 000
	113 Promoting social entrepreneurship and vocational integration in social enterprises and the social and solidarity economy in order to facilitate access to employment	600 000
	117 Enhancing equal access to lifelong learning for all age groups in formal, non-formal and informal settings, upgrading the knowledge, skills and competences of the workforce, and promoting flexible learning pathways including through career guidance and validation of acquired competences	600 000
	118 Improving the labour market relevance of education and training systems, facilitating the transition from education to work, and strengthening vocational education and training systems and their quality, including through mechanisms for skills anticipation, adaptation of curricula and the establishment and development of work-based learning systems, including dual learning systems and apprenticeship schemes	900 000
5	096 Institutional capacity of public administrations and public services related to implementation of the ERDF or actions supporting ESF institutional capacity initiatives	1 200 354,38

	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	1 477 500
	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	1 477 500

Table 7: Dimension 2 Form of finance

Priority axis	Code	Amount (€)
1	01 – Non-repayable grant	9 972 000
2	01 – Non-repayable grant	39 888 000
3	01 – Non-repayable grant	15 789 000
4	01 – Non-repayable grant	8 310 000
5	01 – Non-repayable grant	4 155 354,38

Table 8: Dimension 3 Territory

Priority axis	Code	Amount (€)
1	07 – not applicable	9 972 000
2	07 – not applicable	39 888 000
3	07 – not applicable	15 789 000
4	07 – not applicable	8 310 000
5	07 – not applicable	4 155 354,38

Table 9: Dimension 6 Territorial delivery mechanisms		
Priority axis	Code	Amount (€)
1	07 – not applicable	9 972 000
2	07 – not applicable	39 888 000
3	07 – not applicable	15 789 000
4	07 – not applicable	8 310 000
5	07 – not applicable	4 155 354,38

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 for to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate)

(Reference: point (b)(vi) of Article 8(2) of Regulation (EU) No 1299/2013)

Not applicable - The use of TA does not involve actions specific to priority axes.

<i>Priority axis</i>	

2.B. A description of the priority axes for technical assistance

(Reference: point (c) of Article 8(2) of Regulation (EU) No 1299/2013)

2.B.1. Priority axis

<i>ID</i>	
<i>Title</i>	Technical Assistance

2.B.2. Fund and calculation basis for Union support (repeated for each fund under the priority axis)

<i>Fund</i>	ERDF
<i>Calculation Basis</i>	total

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2.B.3. Specific objectives and expected results

(Reference: points (c)(i) and (ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Specific objective (repeated for each specific objective)

<i>ID</i>	
<i>Specific objective</i>	To ensure a professional and efficient programme management and implementation
<i>The results that the Member States seek to achieve with Union support</i> ¹⁶	<i>Not applicable – the support to the priority axis for TA does not exceed EUR 15 m.</i>

¹⁶ Required where the Union support to technical assistance in the cooperation programme exceeds EUR 15 m.

2.B.4. Result indicators¹⁷

Not applicable – the support to the priority axis for TA does not exceed EUR 15 m.

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

Not applicable – the support to the priority axis for TA does not exceed EUR 15 m.

(Reference: point (c)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

ID	Indicator	Measure ment unit	Baseli ne value	Baseline year	Target value¹⁸ (2022)	Source of data	Frequenc y of reporting

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

(Reference: point (c)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

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

(Reference: point (c)(iii) of Article 8(2) of Regulation (EU) No 1299/2013)

<i>Priority axis</i>	Technical Assistance
<p>The main objective of the technical assistance priority axis is to ensure a professional and efficient programme management and implementation, which will result in the sound use of the ERDF funds and in reaching the programme's objectives.</p> <p>The technical assistance costs will comprise preparatory, management, monitoring, implementation, evaluation, information, dissemination and control activities of the</p>	

¹⁷ Required where objectively justified by the given the content of the actions and where the Union support to technical assistance in the cooperation programme exceeds EUR 15 m.

¹⁸ The target values can be qualitative or quantitative.

programme as well as activities to reinforce the administrative ability to implement the programme. Technical assistance will be used to finance the realisation of tasks of the Managing Authority, the Joint Secretariat and the Contact Points as described in Chapter 5.1.3., particularly:

- project proposals assessment, monitoring of project implementation,
- Monitoring Committee and working groups meetings,
- Programme information and promotion activities, dissemination of results, including seminars, partner search forums, projects data bases, consultations, conferences, etc.,
- installation and maintenance of computerised systems for management, monitoring and evaluation,
- the programme assessment and evaluation, expert analyses,
- costs of the institutions involved in programme implementation.

In accordance with Article 17 of Regulation 1299/2013, 6% of the programme's total budget (i.e. EUR 4 986 022,62 ERDF) will be allocated to this priority axis.

The activities of the Contact Points will be eligible for financing from technical assistance starting from 1 July 2014.

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

(Reference: point (c)(iv) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 11: Output indicators

ID	Indicator	Measurement unit	Target value (2023) (optional)	Source of data
	Established and operating programme institutions financed from the technical assistance (Managing Authority, Joint Secretariat, Contact Points)	Number of operating institutions	7	Subsidy Contracts/Agreements

	Operating computerised systems management, monitoring and evaluation	for and	Number of operating data processing systems	1	MA
	Operating website of the programme		Number of operating websites concerning the programme	1	JS

2.B.6. Categories of intervention

(Reference: point (c)(v) of Article 8(2) of Regulation (EU) No 1299/2013)

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	Code	Amount (€)
Technical Assistance	120 Preparation, implementation, monitoring and inspection	
Technical Assistance	121 Evaluation and studies	
Technical Assistance	122 Information and communication	

Table 13: Dimension 2 Form of finance		
Priority axis	Code	Amount (€)
Technical Assistance	01 Non-repayable grant	EUR 4 986 022,62

Table 14: Dimension 3 Territory		
Priority axis	Code	Amount (€)
Technical Assistance	07 Not applicable	EUR 4 986 022,62

SECTION 3 FINANCING PLAN

(Reference: point (d) of Article 8(2) of Regulation (EU) No 1299/2013)

3.1 Financial appropriation from the ERDF (in EUR)

(Reference: point (d)(i) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 15

Fund	2014	2015	2016	2017	2018	2019	2020	Total
<i>ERDF</i>								
<i>IPA amounts (where applicable)</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>ENI amounts (where applicable)</i>	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
<i>Total</i>								

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

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

1. *The financial table sets out the financial plan of the cooperation programme by priority axis. Where outermost regions' programmes combine cross-border and transnational allocations, separate priority axes will be set out for each of these.*
2. *The financial table shall show for information purposes, any contribution from third countries participating in the cooperation programme (other than contributions from IPA and ENI)*
3. *The EIB¹⁹ contribution is presented at the level of the priority axis.*

Table 16: Financing plan

	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) (2)	Co-financing rate ** (f) = (a)/(e)	For information	
					National funding (c)	Public funding	National private funding (1) (d)			Contributions from third countries	EIB contributions
<i>Priority axis 1</i>	ERDF	Public eligible costs	9 972 000,00	2 339 111,11	-*	-*	12 311 111,11	81%	n/a	n/a	
<i>Priority axis 2</i>	ERDF	Public eligible costs	39 888 000,00	9 356 444,44	-*	-*	49 244 444,44	81%	n/a	n/a	
<i>Priority axis 3</i>	ERDF	Public eligible costs	15 789 000,00	3 703 592,59	-*	-*	19 492 592,59	81%	n/a	n/a	

¹⁹ European Investment Bank

Priority axis 4	ERDF	Public eligible costs	8 310 000,00	1 949 259,26	-*	-*	10 259 259,26	81%	n/a	n/a
Priority axis 5	ERDF	Public eligible costs	4 155 354,38	974 712,76	-*	-*	5 130 067,14	81%	n/a	n/a
Priority axis 6	ERDF	Public eligible costs	4 986 022,62	1 662 007,54	1 662 007,54	0,00	6 648 030,16	75%	n/a	n/a
Total	ERDF	Public eligible costs	83 100 377,00	19 985 127,70	19 985 127,70	0,00	103 085 504,70	80,61%	n/a	n/a
Total	Total all Funds	Public eligible costs	83 100 377,00	19 985 127,70	19 985 127,70	0,00	103 085 504,70	80,61%	n/a	n/a

* to be decided at a later stage

** The co-financing rate from ERDF for Polish, Lithuanian and German beneficiaries will amount up to 85% of their eligible project costs while Swedish and Danish beneficiaries will receive up to 75% of ERDF co-financing. The co-financing rate indicated in the above table represents average contribution for all programme countries. As regards the technical assistance (priority axis 6) all the institutions will receive 100% co-financing from ERDF, regardless their location.

- (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

(Reference: point (d)(ii) of Article 8(2) of Regulation (EU) No 1299/2013)

Table 17

Priority axis	Thematic objective	Union support	National counterpart	Total funding

TOTAL				

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

(Reference: Article 27(5) of Regulation (EU) No 1303/2013)²⁰

Priority axis	Indicative amount of support to be used for climate change objectives (€)	Proportion of the total allocation to the programme (%)
Total		

²⁰ This table is generated automatically on the basis of tables on categories of intervention under each priority axis. .

SECTION 4. INTEGRATED APPROACH TO TERRITORIAL DEVELOPMENT

4.1. Community-led local development

Not applicable

4.2. Sustainable urban development

Not applicable

Table 19: Sustainable urban integrated actions – indicative amounts of ERDF support

Fund	Indicative amount of ERDF support (in EUR)
ERDF	

4.3. Integrated Territorial Investment (ITI)

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) (€)

TOTAL	

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)

In the policy framework, macroregional strategies are regarded as broad-based integrated instruments covering several Member States and regions, and focusing on the alignment of policies and funding to increase policy coherence and overall impact of public spending. The European Union Strategy for the Baltic Sea Region (EUSBSR) - the first macro-regional strategy in Europe - aims at reinforcing cooperation between 8 EU Member States (Sweden, Denmark, Estonia, Finland, Germany, Latvia, Lithuania and Poland) and the EU neighbouring countries in order to jointly address several challenges and coordinate appropriate policies to achieve a sustainable development.

The latest EUSBSR Action Plan from February 2013 distinguishes three objectives (Save the Sea; Connect the Region; Increase the Prosperity) with altogether 17 Priority Areas and 5 Horizontal Actions. They represent the main areas where the EUSBSR can contribute to improvements, either by tackling the main challenges or by seizing key opportunities.

In the period of 2007-2013, the South Baltic Programme provided a substantial input to the implementation of the EUSBSR through joint actions increasing competitiveness of the regions and enhancing integration among people and institutions. The projects co-funded by the programme addressed as many as 12 Priority Areas in the past Strategy setup, with particularly strong interest in actions promoting the attractiveness and entrepreneurship in the Baltic Sea Region. The programme also delivered six projects directly contributing to the implementation of the Action Plan for the Strategy – ‘*MarTechLNG on marine competence, technology and knowledge transfer for LNG*’ (flagship project in PA Ship), ‘*Art Line*’ (flagship project in PA Culture), ‘*Enjoy South Baltic! Joint actions promoting the South Baltic area as a tourist destination*’ (flagship project in PA Tourism), ‘*Hardwoods are good - supporting entrepreneurs of the forestry hardwood chain in the South Baltic Region*’ (part of the flagship project ‘Sustainable forest management in the Baltic Sea Region’), ‘*South Baltic Training Programme*’ (part of the flagship project ‘Baltic Training Programme’ in PA Education) and ‘*SEASIDE - Maritime Heritage Atlas of the South Baltic*’ (origin of the flagship project ‘Baltic Heritage Atlas’ in PA Culture)..

The coordination mechanism of the EUSBSR in raising awareness of shared challenges and opportunities and in mobilising stakeholders for joint actions shall be fully exploited

in the current South Baltic Programme. The Strategy gives an important guidance to the South Baltic Programme in selecting priorities, thematic areas and joint actions, and thereby helps addressing the key challenges and assets in a more targeted manner. As the accomplishment of the Strategy objectives is dependent upon multi-level governance, involving all relevant public and private stakeholders in a dialogue and policy decision-making is crucial for the success of the South Baltic Programme.

Driven by the strategic objective to support the joint development and testing of innovative solutions across national borders, the South Baltic Programme 2014-2020 plays an active role in the implementation of the EUSBSR. The Monitoring Committee will thus decide how to assess submitted project applications against their contribution to the Action Plan of the Strategy or potential macroregional effects. Furthermore, targeted calls for the strategic/flagship projects implementing one or several of the actions in the EUSBSR could be envisaged.

Already in the preparatory stage, the Priority Area Coordinators and Horizontal Action Leaders were approached by the programme bodies for consultation in designing the programme architecture. In result, the thematic priorities chosen for the South Baltic Programme 2014-2020 not only reflect the priorities of the Europe 2020 Strategy and the Integrated Maritime Policy (blue growth) but closely align to the strategic priorities under the EUSBSR (cf. Section 1 Table 2). The established cooperation ties with the Strategy implementation bodies will continue towards regular exchanges of project ideas, the organisation of joint promotion and dissemination activities as well as the identification of potential partners and cooperation areas for the Strategy actions and flagships.

Priority axis 1 (*Strengthening international activeness and innovation capacity of the South Baltic blue & green economy*) corresponds to the ‘Increase Prosperity’ objective in the EUSBSR and the two priority areas: **PA SME** – Promote entrepreneurship and strengthen the growth of SMEs, and **PA Innovation** – Exploiting the full potential of the region in research and innovation.

Priority axis 2 (*Exploiting the environmental and cultural potential of the South Baltic area for the blue and green growth*) is associated with two EUSBSR objectives (‘Save the Sea’ and ‘Increase Prosperity’) and has linkages to five priority areas: **PA Tourism** – Reinforcing cohesiveness of the macro-region through tourism; **PA Agri** - Reinforcing sustainability of agriculture, forestry and fisheries; **PA Hazards** – Reducing the use and impact of hazardous substances; **PA Nutri** – Reducing nutrient inputs to the sea to acceptable levels; **PA Energy** - Improving the access to, and the efficiency and security of the energy markets; and the horizontal action: **HA Sustainable development and bio-economy**.

Priority axis 3 (*Improving cross-border connectivity for a functional blue and green transport area*) fulfils the EUSBSR objectives of ‘Connect the Region’ and ‘Save the Sea’, and liaises with two priority areas: **PA Transport** – Improving internal and external transport links; and **PA Ship** – Becoming a model region for clean shipping.

Priority axis 4 (*Boosting human resource capacities for the area’s blue and green economy*) contributes to the ‘Increase Prosperity’ objective and the two priority areas of **PA Internal Market** - Removing hindrances to the internal market (e.g. Action - Remove remaining unjustified barriers to the cross-border provision of services); **PA**

Education – Developing innovative education and youth (e.g. Action: To meet the challenge of demographic changes and to combat youth unemployment).

Priority axis 5 (*Increasing cooperation capacity of local actors in the South Baltic area for the blue and green growth*) addresses the ‘Increase Prosperity’ objective and the priority area of **PA Culture** - Developing and promoting the common culture and cultural identity. It also adheres with two horizontal actions: **HA Promo** – Boosting joint promotion and regional identity building actions; and **HA Involve** – Strengthening multi-level governance including involving civil society, business and academia.

Further, the South Baltic Programme intends to increase its visibility and policy impact through encouraging the relevant projects to become flagship initiatives in the implementation of the EU Strategy for the Baltic Sea Region.

SECTION 5. IMPLEMENTING PROVISIONS FOR THE COOPERATION PROGRAMME

5.1 Relevant authorities and bodies

Table 21: Programme authorities

(Reference: point (a)(i) of Article 8(4) of Regulation (EU) No 1299/2013)

Authority/body	Name of authority/body and department or unit	Head of authority/body (position or post)
Managing authority	Minister of Infrastructure and Development, Poland	Minister of Infrastructure and Development, Poland
Certifying authority, where applicable	Not applicable	Not applicable
Audit authority	General Inspector for Treasury Control at the Ministry of Finance, Poland (supported by a Group of Auditors)	General Inspector for Treasury Control at the Ministry of Finance, Poland

Table 22: The body to which payments will be made by the Commission is:

<input checked="" type="checkbox"/> the managing authority	<i>Ministry of Infrastructure and Development in Poland</i>
<input type="checkbox"/> the certifying authority	

Table 23: Body or bodies carrying out control and audit tasks

(Reference: points (a)(ii) and (iii) of Article 8(4) of Regulation (EU) No 1299/2013)

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	Sweden: centralised system: Director of the Swedish Agency for Economic and	Sweden: centralised system: Director of the Swedish Agency for Economic and

	<p>Regional Growth (Tillväxtverket),</p> <p>Denmark, Germany, Lithuania: decentralised system,</p> <p>Poland: centralised system - Voivode of the Pomorskie Voivodeship, Voivode of the Zachodniopomorskie Voivodeship and Voivode of the Warmińsko-Mazurskie Voivodeship</p>	<p>Regional Growth (Tillväxtverket),</p> <p>Denmark, , Lithuania: decentralised system;</p> <p>Germany: decentralised system; state-authorized public accountant who will be approbated programme specifically by the Ministry of Economics, Construction and Tourism Mecklenburg-Vorpommern</p> <p>Poland: centralised system - Voivode of the Pomorskie Voivodeship, Voivode of the Zachodniopomorskie Voivodeship and Voivode of the Warmińsko-Mazurskie Voivodeship</p>
<p>Body or bodies designated to be responsible for carrying out audit tasks</p>	<p>General Inspector for Treasury Control at the Ministry of Finance, Poland, supported by a Group of Auditors</p>	<p>General Inspector for Treasury Control at the Ministry of Finance, Poland</p>

5.1.2 Procedure for setting up the joint secretariat

(Reference: point (a)(iv) of Article 8(4) of Regulation (EU) No 1299/2013)

The Joint Secretariat will be established based on the implementation arrangements set for 2007-2013 programming period.

The JS shall be financed from the technical assistance. International staff shall be employed in the JS. The number and qualification of staff shall correspond to the functions carried out by the JS. The tasks of the JS will be laid down in a separate agreement with the MA and included in individual job descriptions.

The JS will be located in Gdańsk, Poland.

5.1.3 Summary description of the management and control arrangements

The regulations are the binding documents. The description of the different roles of the

institutions is presented below.

The Member States are represented in the programme by:

Sweden: Ministry of Enterprise, Energy and Communications,

Denmark: Director of the Danish Business Authority,

Germany: Mecklenburg-Vorpommern: Ministry of Economics, Construction and Tourism Mecklenburg-Vorpommern,

Lithuania: Ministry of the Interior of the Republic of Lithuania,

Poland: Minister of Infrastructure and Development

1. appointment of the Managing Authority (also carrying out functions of the Certifying Authority), the Audit Authority and the Monitoring Committee of the programme,
2. establishment of the national provisions required for programme implementation and ensuring that they function effectively and in accordance with the provisions and principles of the programme,
3. establishment of the First Level Control system for the verification and certification of project costs and ensuring that the system functions effectively and in accordance with the provisions and principles of the programme,
4. ensure that the expenditure can be verified by the First Level Controllers within a period of three months from the submission of the documents by the beneficiary,
5. assessment of complaints on the First Level Control results, if applicable (not applicable for Lithuania, Sweden, Mecklenburg-Vorpommern),
6. ensure that the national system of prevention, detection and correction of irregularities is functioning correctly,
7. reporting of irregularities with a value exceeding EUR 10 000 EU contribution and the results of actions taken in connection with such irregularities to the European Commission,
8. taking the financial liability in case of failure to recover amounts unduly paid by the programme from the beneficiary (Article 27 of the ETC Regulation and 122 of the Common Provisions Regulation).

The Monitoring Committee:

1. approve the Programme Manual and the criteria for selecting projects,
2. adopt amendments to the Programme Manual and the approved selection criteria, if needed,
3. select of projects for funding,
4. establishment of the eligibility rules for the programme, if decided,
5. assessment of complaints on project selection,
6. monitoring of the progress made towards implementing the programme, as referred in the Article 49 (1) of the Common Provisions Regulation,
7. approve the annual and final reports on the implementation of the programme,
8. be informed on the projects' results implemented within the programme,
9. review financial management and the implementation of the programme,
10. propose amendments of the programme document and be consulted in regards to the changes proposed by the Managing Authority,
11. approve/ suggest the proposals for the reallocation of funds among the priority axes of the programme,
12. approve the Communication Plan for publicity and information measures of the

- programme and monitor its implementation as well as provide recommendations for improving its implementation,
13. be informed about the main publicity and information activities carried out within the programme,
 14. be informed by the Managing Authority of the programme about the results, conclusions and recommendations from the evaluations carried out,
 15. perform other functions and tasks originating from its Rules of Procedure,
 16. be consulted on the institutional structure of the programme. Furthermore, the Monitoring Committee shall be updated about the management processes between and within the programme institutions, with reservation to constraints deriving from national law,
 17. approve the Evaluation Plan.

The Managing Authority (also carrying out functions of the Certifying Authority):

The Managing Authority will implement Article 125 of the CPR, with exception of item 4a.

Tasks to be performed directly by the Managing Authority:

1. monitoring the implementation of the programme indicators,
2. development of programme documents and their updates,
3. signing of an agreement with the Joint Secretariat,
4. conducting systemic controls in the Joint Secretariat,
5. establishing and imposing financial corrections due to incorrect implementation of the Subsidy Contract by a beneficiary,
6. satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by a designated First Level Controller,
7. assessment of complaints on the implementation of the Subsidy Contract,
8. conducting evaluations,
9. ensuring adequate information and publicity of the programme,
10. signing Subsidy Contracts and Annexes to contracts with beneficiaries,
11. making payments to the beneficiaries,
12. accounting of financial transactions,
13. recovery of debts,
14. ensuring the collection of data in a IT system,
15. inform the Monitoring Committee on the projects' results implemented within the programme, on the main publicity and information activities carried out within the programme, on the results, conclusions and recommendations from the evaluations carried out,
16. consult the Monitoring Committee on the institutional structure of the programme,
17. update about the management processes between and within the programme institutions, with reservation to constraints deriving from national law,
18. preparing Evaluation Plans,
19. selecting projects for durability controls,
20. -approve the Joint Secretariat procedures on irregularities.

Duties delegated to the Centre of European Projects:

1. cross-checking,
2. providing assistance for the Managing Authority, Member States, First Level

Controllers and beneficiaries in the use of the IT system.

CA tasks to be performed directly by the Managing Authority:

1. drawing up and submitting to the European Commission payment applications,
2. drawing up the annual accounts,
3. certifying the completeness, accuracy and veracity of the annual accounts,
4. maintaining accounting records in a computerized form of expenditure declared to the European Commission,
5. keeping an account of amounts recoverable and amounts withdrawn following cancellation of all or part of the contribution of an operation.

The Joint Secretariat in Gdańsk, Centre of European Projects, Poland:

1. managing the project application process for all projects, including the organisation of calls for proposals (including the drafting of Terms of Reference and the preparation of applicants' packs), information and advice to applicants (specified below) as well as the assessment of submitted applications. The formal assessment is done in cooperation with Contact Points / Members States
2. preparing Subsidy Contracts and Annexes,
3. monitoring the progress made by projects through the collection and monitoring of project progress reports, including the verification of activities, outputs, results and financial implementation,
4. ensuring projects change management,
5. verification on the completion of projects (the completeness of the documents necessary for payments),
6. collection and analysis of information on programme implementation; preparation of proposals for the Monitoring Committee,
7. providing translation services during the implementation of the programme,
8. providing assistance in the development of changes to the programme documents,
9. inform about irregularities in accordance with procedures approved by the Managing Authority and the relevant guidelines of the Ministry of Infrastructure and Development,
10. preparing and organising of the Monitoring Committee meetings, including the preparation of the necessary supporting documents,
11. carrying out written procedures in accordance with the Rules of the Monitoring Committee,
12. preparing draft decisions for the Monitoring Committee,
13. ensuring the implementation of the Monitoring Committee decisions,
14. organising working meetings necessary for the implementation of the programme,
15. preparing annual Communications Plans,
16. providing assistance for partner search activities and completing the application form,
17. maintaining and updating the programme's website,
18. preparing and implementing the programme's annual information and promotion activities together with an indicative budget,
19. organising meetings, info days and partner search forums for potential beneficiaries,
20. organising Lead Beneficiary seminars and training workshops on project implementation for beneficiaries,
21. organising annual programme conferences, dissemination events and good practice fairs for institutions and stakeholders involved in the implementation of the programme,

22. supporting the regional information, promotion and communication activities organised by the Contact Points (e.g. by participating in relevant regional info days, promotion workshops and dissemination events),
23. preparing, publishing and distributing promotional materials (e.g. brochures, publications, videos etc.),
24. cooperating with the media,
25. checking the compliance of projects with the publicity requirements of the programme (logo, European Union flag),
26. developing and implementing dissemination and capitalisation activities to increase the sustainability and leverage of funded operations (e.g. thematic consolidation of results achieved by past and running operations, dissemination of good practices, establishment of media and capitalisation partnerships with other ETC programmes, Pan-Baltic organisations, EUSBSR Priority Area Coordinators/Horizontal Action Leaders etc.),
27. facilitating the creation of cross-project partnerships within and beyond the South Baltic Programme,
28. coordination of the Contact Points:
 - a. monitoring and verifying the progress reports submitted by the Contact Points,
 - b. reviewing and approving the annual work plans submitted by the Contact Points,
 - c. coordinating the implementation of the Contact Points activities, inter alia by organising regular (online) Contact Points-Joint Secretariat meetings.

The Joint Secretariat is supported in fulfilling its tasks by the Contact Points financed from the technical assistance budget, located in Marshall Offices in Poland, in Public Establishment “Joint Technical Secretariat” in Lithuania (VSI “Jungtinis techninis sekretoriatas”) and entities designated by other Member States participating in the programme. The JS and the Contact Points shall provide the service for the programme area.

The Contact Points:

Management and coordination:

1. cooperating with the Managing Authority, the Joint Secretariat, in the implementation and promotion of the programme,
2. collaborating with regional and local level organisations,
3. preparation of annual work plans, to be elaborated in close cooperation with the Joint Secretariat,
4. reporting to the Managing Authority and the Joint Secretariat about the regional activities carried out according to/ in addition to the agreed work plan,
5. technical contributing to organization of the programme meetings taking place in the regions/Member States (incl. Monitoring Committee meetings),
6. support tasks for national delegations of the Monitoring Committee.

Programme promotion, project development and trainings:

1. coordinating, preparing and implementing the programme’s promotion and information activities in the regions (including the organisation of local/regional info days and promotion workshops),
2. providing information about the programme to potential applicants in English and/or national languages (incl. direct contact, phone, e-mail, regional websites etc.),
3. supporting the Joint Secretariat in organising programme-wide events such as “European Cooperation Day”, info days, partner search forums, Lead Beneficiary

- seminars and seminars on project implementation,
4. preparing and/or assisting the Joint Secretariat in the preparation of brochures, leaflets (both electronic and hard copies) and other publications,
 5. distributing of programme advertisement materials,
 6. holding responsibility for regional networking activities (e.g. cross-project partnerships),
 7. supporting of project development and generation,
 8. consulting applicants on how to correctly fill in the formal application form,
 9. informing potential beneficiaries about the First Level Control requirements,
 10. providing advice to partners of running operations (e.g. general information about First Level Control, contracting requirements, public procurement procedures etc.).

Communication, dissemination and capitalisation of programme achievements:

1. organising local and regional dissemination activities,
2. participating in external events at local/regional level to disseminate the results achieved by the programme,
3. ensuring public relations with media at regional and local levels,
4. supporting the communication activities of the Joint Secretariat, e.g. by contributing to the updating of the programme website and newsletter as well as by sharing relevant information (e.g. on events and project results in the regions) with the Joint Secretariat,
5. contributing to the capitalisation activities of the Joint Secretariat, e.g. by identifying and recording good practices and project results achieved in the regions, by facilitating the cross-project dissemination of results at regional level and by identifying potential target groups for the capitalisation process at programme level,
6. helping the Joint Secretariat in organising programme-wide dissemination events and good practice fairs.

The First Level Controllers:

Verification that the co-financed product and services have been delivered and that expenditure declared by the beneficiaries has been paid by them and that it complies with applicable Union and national law, the programme and the conditions for support of the operation.

The Audit Authority:

Ensuring that audits are carried out on the management and control systems on an appropriate sample of operations and on the annual accounts.

The Managing Authority

The implementation and staffing arrangements for the MA will basically be kept from the 2007-2013 programming period. The internal organisation of the MA, the principles of subordination, scopes of authorizations and entitlements to sign documents as well as scopes of tasks of organizational units (including requirements foreseen in Art. 125 and 126 of the Regulation 1303/2013) are determined in the organisational Rules of Procedure.

The obligations of each Member State as well as the ways of regular communication between the MA and Member States will be determined in a Memorandum of Understanding.

The Monitoring Committee

The MC will be appointed within three months period starting from the date of passing to the MA the decision about the approval of the cooperation programme by the EC. Within this deadline each Member State shall appoint representatives to sit in the MC. MC members responsibilities, MC composition, rules on the MC members' impartiality and decision making process etc. will be set-out in the Rules of Procedure of the MC. These Rules of Procedures will be adopted at the first MC meeting.

Arrangements for Management Verifications

Each participating country will designate the First Level Controller(s) responsible for carrying out the verifications in relation to all beneficiaries on its territory. The method of designation of a controller (including staffing and budgetary arrangements) will be decided upon by each participating country separately and may vary between them according to the first level control system chosen.

To ensure coherence among systems and controllers from all participating countries and transparency of control work performed the MA provides minimum standards and give practical guidance how to carry through the First Level Control.

The Audit Authority

The body acting as the Audit Authority (AA) is the General Inspector of Treasury Control. The Function of the General Inspector of Treasury Control fulfils the Secretary or Undersecretary of State in the Ministry of Finance. The General Inspector performs its duties through the Department for Protection of the European Union Financial Interests of the ministry of Finance and 16 treasury control offices. In treasury control offices separate organizational units responsible for the audit of EU funds were created.

The Audit Authority shall ensure that the audit activities are compliant with internationally accepted audit standards. The Audit Authority is independent of the Managing Authority. The Audit Authority has the sole responsibility for planning and selection of operations covered by the audit, as well as how to perform audit activities and report on findings and recommendations taken.

The Audit Authority will be assisted by a Group of Auditors comprising a representative of each participating country. The Group of Auditors will be set up at the latest within three months of the date of notification of the Commission decision adopting a programme. It will draw up and approve its own Audit Strategy (describing the competencies and main responsibilities of the AA and Group of Auditors) and Rules of Procedure and it will be chaired by the Audit Authority. The method of designation of a member of the Group of Auditors (including staffing and budgetary arrangements) will be decided by each participating country separately and may vary between them according to the system chosen.

Arrangements concerning payment procedure

In accordance with Art. 27 of the ETC Regulation the contribution from the ERDF to the programme will be paid into a single bank account. The programme bank account will be opened within three months period starting from the date of passing to the MA the decision about the approval of the cooperation programme by the EC.

The description and flow chart indicating the flows of ERDF and national co-financing from the EU to the beneficiaries will be specified in the Programme Manual.

Arrangements concerning monitoring

For the purpose of the monitoring of the programme implementation monitoring and in order to implement the e-cohesion requirements, beneficiaries/partners and the programme institutions (including the First Level Controllers) will be using an IT system. The programme's e-cohesion system is development and will be operational at the stage of signing Subsidy Contracts.

The data will be compiled at programme level and will be used for preparation of the annual implementation and final implementation reports to the EC (according to Article 50 of CPR Regulation and Article 14 of the ETC Regulation).

Arrangements concerning resolution of complaints

Assessment of complaints against the project selection – relevant provisions in that regard will be included in the programme manual. The procedure will be described in detail in the MC Rules of Procedure.

Assessment of complaints against FLC result – information in this regard will be included in the Programme Manual and the Memorandum of Understanding.

Assessment of complaints against the implementation of Subsidy Contract - information in that regard will be included in the Subsidy Contract with the lead beneficiary, the Programme Manual and the Memorandum of Understanding.

Arrangements in case of implementing difficulties

In case of implementation difficulties the participating country/countries concerned will support the MA/JS to clarify the distinct case(s). Details will be specified in the Memorandum of Understanding.

Arrangements concerning public procurement provisions

The implementation of the projects is carried out in accordance with the Community and national rules on public procurement. More detailed provisions will be provided in Memorandum of Understanding and at the level of Subsidy Contract and Partnership Agreement.

Arrangements concerning the closure of the programme

The MA and MSs will ensure an appropriate closure of the programme. The closure of the programme will be carried out according to respective provisions issued by the EC.

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

(Reference: point (a)(vi) of Article 8(4) of Regulation (EU) No 1299/2013)

The Member States will bear liability in connection with the use of the programme

ERDF as follows when the programme budget cannot be reduced:

1) In case of financial corrections resulting from the irregularities that can be linked to individual Member States, the Member States concerned will bear the financial consequences in proportion to the relevant irregularity detected on their territory. Art. 27 ETC Regulation stays unaffected.

2) In case of financial correction that is the effect of Art. 144 (4) CPR, results from jointly taken decisions on the programme or when the irregularities resulting in financial corrections cannot be linked to individual Member States, all Member States will be jointly liable in proportion to the ERDF contribution paid out to the respective national project partners involved. The ERDF contribution paid out to the respective national project partners is calculated as of day the final European Commission decision on correction is issued.

3) In case of a financial correction resulting from actions taken by the Managing Authority/the Certifying Authority and/or the Joint Secretariat, liability will be borne by the Member State hosting the aforementioned authorities.

4) In case of the financial correction imposed due to the irregularities not described above, the methodology of sharing the liabilities shall be established in cooperation between the Managing Authority and the Member States.

5.1.5 Use of the Euro

According to Article 28 of the Regulation 1299/2013 the expenditure incurred in a currency other than the euro shall be converted into euro by the beneficiaries using the monthly accounting exchange rate of the Commission in the month during which expenditure was submitted for verification to the First Level Controller.

5.2. Involvement of partners

Involvement of partners during programme preparation

The drafting of the programme was organised in compliance with the partnership principle as referred to in Article 5 of the Regulation 1303/2013 and European Code of Conduct on Partnership adopted by the EC in December 2013.

A Joint Programming Committee (JPC), the main decision making body, and two Task Forces responsible for discussing selected topics were established in September 2012. The JPC as well as Task Forces were composed of national and regional level representatives as well as the two Euroregions active in the Programme area, Euroregion Baltic and Euroregion Pomerania. The Priority Area Coordinators and Horizontal Action Leaders of the EU Strategy for the Baltic Sea Region were invited, consulted and they participated in relevant meetings of the above-mentioned bodies.

By establishing sub-committees, reference groups and workshops, each Member State furthermore organised the involvement of relevant stakeholders at national level in accordance with its institutional and legal framework. Regular consultations with the JPC

and Task Force members allowed the national partnerships to transfer their proposals and contributions to the programme level, thus ensuring the consideration of stakeholder opinions during all stages of the programming process.

In order to identify the common challenges to be tackled by the South Baltic Programme 2014-2020, the JS and the MA organised and carried out a thematic workshop for the members of the JPC and the Task Forces in March 2013. The outcomes of the discussions were communicated and consulted with relevant stakeholders in each Member State and further taken into consideration during the subsequent series of JPC and Task Force meetings.

Moreover, relevant studies, evaluations as well as the outcomes of surveys conducted among beneficiaries of the South Baltic Programme 2007-2013, potential beneficiaries and relevant stakeholders were taken into account during the preparatory works. Among others: the results of the *Evaluation of the effectiveness of the South Baltic Cross-border Co-operation Programme 2007-2014; challenges and aims for the Programme for the period 2014-2020*, the outcomes of the thematic workshops held during the programme's annual event on 23-24 October 2012 in Rönneby and the outcomes of the survey of the *Capacity Building Project*.

Public consultations of the programme document were carried out in June-July 2014. Relevant stakeholders as well as the general public were given the opportunity to share their opinion on the document before its submission to the European Commission.

A full list of partners involved in the preparation of the programme document is provided in section 9.3.

Involvement of partners during programme implementation

According to the Article 5 of the Regulation 1303/2013 and the European Code of Conduct on Partnership, the participation of relevant economic and social partners and civil society representatives in the work of the Monitoring Committee shall be ensured by the Member States.

The Managing Authority shall be informed about the provisions taken by the Member States to ensure the involvement of relevant stakeholders in the consultation and decision-making processes of the MC. Building on their long-standing experience of cross-border cooperation, the two Euroregions active in the South Baltic area, Euroregion Baltic and Euroregion Pomerania, will be represented in the Monitoring Committee through their own joint Euroregional delegation.

SECTION 6. COORDINATION

In order to achieve a good visibility, the South Baltic Programme seeks to ensure coherence and complementarity with other EU-funded programmes operating in the same geographical space. This includes a large number of the European Territorial Cooperation (ETC) programmes, programmes under the ESI, the national funding instruments as well as the relevant sectoral initiatives and programmes.

Coordination with ETC programmes

In the funding period of 2014-2020 the South Baltic Programme geographically overlaps with the transnational Baltic Sea Region Programme (BSR Programme). It also shares parts of the programme area with four cross-border programmes on internal EU borders, namely:

- Öresund – Kattegat – Skagerrak (the Öresund Sub-Programme),
- Mecklenburg-Vorpommern/Brandenburg – Zachodniopomorskie,
- Lithuania – Poland,
- Latvia – Lithuania,

and with the two programmes (Lithuania-Russia and Poland-Russia) co-funded under the ENI CBC (European Neighbourhood Instrument).

The BSR Programme

In comparison with the transnational BSR Programme, the cross-border South Baltic Programme features such economic, social and environmental topics, which are specific for this area and which result from a joint use of infrastructures and facilities as well as from existence of close-range networks built on people-to-people contacts.

The BSR Programme may provide inputs to the South Baltic Programme by setting a transnational framework for cross-border actions and by rendering solutions developed within the transnational framework for testing on the local ground. In the opposite direction, cross-border cooperative networks facilitated under the South Baltic Programme may produce practical solutions to identified development problems, which become applicable even at a scale of the whole Baltic Sea Region. Such solutions may be promoted by the BSR Programme and incorporated into transnational strategies and actions, which would form a basis for specific investments.

An exemplary interaction between the two programmes may be achieved in TO 6 (where the BSR Programme intends to strengthen the sustainable and resource-efficient blue growth in the BSR, and to enhance capacity of public authorities and practitioners in water management to reduce nutrient loads and decreasing discharges of hazardous substances to the Baltic Sea and the regional waters) and in TO 7 (where the BSR Programme pays particular attention to supporting the greening of the region's transport systems, e.g. by increased interoperability of transport modes and more efficient use of existent transport capacities via multimodal transport chains).

The exchange of information between the South Baltic Programme, the Central Baltic Programme and the BSR Programme took place already in the preparatory stage of the programme documents. In the implementation process regular exchange meetings will be arranged to ensure complementarities whilst avoiding double funding.

Other cross-border programmes

The South Baltic Programme demonstrates a clear profile based on the cross-border and cross-sectoral dimension of the envisaged actions and on exclusive selection of such cooperation topics, which match the territorial and socio-economic specificity of the whole programme area. Bilateral projects eligible in other ETC programmes should be given priority only if they have a high model value and/or if more countries are invited to participate as e.g. associated organisations.

There is a synergy potential between actions co-funded within the frameworks of the South Baltic Programme and some other cross-border programmes. This potential shall be exploited for the harmonious development of the South Baltic territory. The exemplary fields are presented below:

- The CBC Öresund–Kattegat–Skagerrak Programme: actions in TO 7 (c) – sustainable transport; and TO8 (ETC) - integrating cross-border labour markets.
- The CBC Mecklenburg - Vorpommern/Brandenburg - Zachodniopomorskie Programme: has set similar programme priorities and selected in particular TO 6 (c) and in TO 7 (c); however it is not focused on cooperation in the Baltic Sea area.
- The Lithuania–Poland Programme: actions in TO 8 to improve the situation on the labour market and in TO 6 to protect the environment and to preserve the cultural and natural heritage contribute to better quality of life.
- The CBC Central Baltic Programme: actions in TO 3 (d) to strengthen the innovation capacity and internationalisation of SMEs, TO 6 (c) to develop natural and cultural heritage sites into sustainable tourist attractions, TO 6 (f) to promote the uptake of innovative methods and technologies in the water sector and TO 7 (c) supporting low carbon transport solutions and improved services of existing small ports.

The thematic synergies and the established cooperation ties between the South Baltic Programme and the Central Baltic Programme have paved the ground for regular exchanges on project ideas and approved operations as well as the generation of complementary actions (e.g. “mirror projects”). Furthermore, the mutual uptake of project results shall be encouraged to enhance the impact of both programmes on the territory of the Baltic Sea Region.

The South Baltic Programme also overlaps partly with two cross-border co-operation programmes implemented within the framework of the European Neighbourhood Instrument (Poland – Russia and Lithuania – Russia) and dedicated to the development of cross-border cooperation on external EU borders. The South Baltic Programme may complement these activities by encouraging co-operation with the Kaliningrad region, under the condition set out in the ERDF regulation that these undertakings will be for the benefit of the EU regions. However, direct support from ERDF for the partners from outside the EU is not allowed within the South Baltic Programme.

Programme-to-programme synergies may be exploited as the Poland – Russia and Lithuania – Russia Programmes funded under the ENI CBC seek, inter alia, to enhance cross-border transport initiatives, develop cross-border tourism and improve conditions for the cross-border development of entrepreneurship.

Coordination with other ESI Funds and national funding instruments

The South Baltic Programme directly corresponds to the Cohesion Fund investments and ERDF programmes (national and regional) operational in the South Baltic area. It contributes to the preparation of investments responding to specific socio-economic development needs. Although budgets and scope of the investment programmes are far

bigger than that of the South Baltic Programme, the latter can complement them by adding a cross-border perspective to the planning and investment processes (e.g. providing the ideas for optimum placing and performance pre-requisites of the investments in the geographically wider scale or addressing cross-border benefits of the actions and investments supported by the national and regional programmes).

The South Baltic Programme – in Priority 2 – operates closely to the European Agricultural Fund for Rural Development (EAFRD) as the latter pursues the long-term strategic objectives of contributing to the competitiveness of agriculture, the sustainable management of natural resources and climate action and the balanced territorial development of rural areas. Similar correlation – particularly in Priority 1, 2 and 4 - is envisaged with the European Maritime and Fisheries Fund (EMFF), which is, inter alia, dedicated to financing of the Maritime Integrated Policy. In that specific area, the EMFF is geared to: promote economic growth, social inclusion; creation of jobs and supporting labour mobility in coastal and inland communities depending on fishing and aquaculture; to enhance the competitiveness and viability of aquaculture enterprises, in particular SMEs; and to protect and restore marine biodiversity and ecosystems.

The South Baltic Programme – in Priority 4 and 5 – through the cross-border perspective - promotes complementary actions to the European Social Fund (ESF), as the latter addresses the employment challenges and supports labour mobility. The ESF will also enhance institutional capacity and efficient public administration in dealing with e.g. social innovation, i.e. testing and scaling up innovative solutions to address social, employment and education needs. Actions co-funded from the ESF will to a greater part place emphasis on combating youth unemployment.

The South Baltic Programme complements the EAFRD, EMFF and ESF instruments operational in the South Baltic area by promoting actions performed in the cross-border and territorial development context, and applying a cross-sectoral (integrated) approach. Thereby, the South Baltic Programme provides complementarity potentials for the national and regional programmes focusing on:

- Business models for SME development and SME capacity in growth and innovation processes (e.g. ERDF programmes for: Mecklenburg-Vorpommern and Denmark, Regional Programme Småland & Islands 2014-2020; Regional Operational Programme for the Zachodniopomorskie Voivodeship 2014-2020; Regional Operational Programme for the Pomorskie Voivodeship 2014-2020; Regional Operational Programme Warmia and Mazury 2014-2020; Poland's National Operational Programme Intelligent Development 2014-2020;
- Protection of the environment and resource efficiency (e.g. Regional Operational Programme for the Zachodniopomorskie Voivodeship 2014-2020, Regional Operational Programme for the Pomorskie Voivodeship 2014-2020, Regional Operational Programme Warmia and Mazury 2014-2020; Poland's National Operational Programme for the Rural Development 2014-2020;
- Sustainable transport and infrastructure bottlenecks (e.g. Regional Operational Programme for the Zachodniopomorskie Voivodeship, Regional Operational Programme for the Pomorskie Voivodeship 2014-2020, Regional Operational Programme Warmia and Mazury 2014-2020; Poland's National Operational Programme Infrastructure and Environment 2014-2020;
- International labour mobility (e.g. ESF programme for: Denmark; Regional Operational Programme for the Zachodniopomorskie Voivodeship, Poland's National

Operational Programme Knowledge Education and Development 2014-2020;

- Blue and green growth in the context of smart specialisation (e.g. ERDF programme for Skåne/Blekinge, Regional Operational Programme for the Pomorskie Voivodeship 2014-2020, Regional Operational Programme for the Zachodniopomorskie Region 2014-2020, Poland's National Operational Programme Fisheries and Sea 2014-2020).

Two countries in the programme area (Lithuania and Poland) receive funding from the EEA Grants and Norway Grants - the financial contributions of Norway, Iceland and Liechtenstein towards the reduction of economic and social disparities in the European Economic Area and to strengthen bilateral relations with 16 EU and EEA Member States in Central and Southern Europe. In the current period (2009-2014), environment and sustainable development is the largest sector, and includes substantial funding targeting climate change and green industry innovation. Other key areas of support are health, education, civil society, research and scholarships, justice and social dialogue. However, in comparison with the South Baltic Programme, intervention under the EEA Grants and Norway Grants demonstrate a bilateral character and are based on direct links between the donor and the beneficiary countries.

Coordination with sectoral initiatives

The South Baltic Programme adds a territorial dimension to sectoral programmes, looking at the area development from a comprehensive territorial, socio-economic and environmental perspective. Through an integrated, cross-sectoral approach the programme tackles common challenges identified jointly in the border regions and attempts to exploit the untapped potentials across the borders in the South Baltic area.

In Priority 1 the South Baltic Programme corresponds with Horizon 2020, which promotes smart specialisation, intends to create innovation-friendly business environment for SMEs, and which links emerging centres of excellence and innovative regions in less developed Member States to leading counterparts elsewhere in Europe. Apart from that, Priority 1 has some commonalities with COSME (Programme for the Competitiveness of Enterprises and Small and Medium-size Enterprises), which, inter alia, enables access of SMEs to markets by offering assistance to find a business partner abroad: in the EU or worldwide.

In Priority 2 the programme liaises with LIFE (European Programme for Environment and the Climate Action), which supports integrated projects in the areas of nature, water, waste, air, climate change mitigation and climate change adaptation. Furthermore, LIFE promotes sectoral plans, programmes or strategies (including the Prioritised Action Framework, the River Basin Management Plan, the Waste Management Plan, and the national mitigation plan or adaptation strategy).

In Priority 3 the programme complements the Connecting Europe Facility (CEF) by addressing regional connectivity issues and opportunities created by the TEN-T core and comprehensive networks for urban and rural areas. Moreover, the programme takes into account the vision for a competitive and resource-efficient transport system promoted by the Commission in the White Paper on Transport. For the CSF Funds, this means focusing, inter alia, on sustainable forms of transport and sustainable urban mobility.

In Priority 4 and 5 the South Baltic Programme links to the Programme for Social Change and Innovation (PSCI), notably in the field of social innovation and social policy experimentation. Specifically in priority 4, the South Baltic Programme provides a cross-

border perspective to the Youth Employment Initiative, which will help young people not in employment, education or training in some South Baltic regions experiencing youth unemployment rates above 25% (e.g. Skåne/Blekinge). Priority 4 liaises also with the EURES (the European network of employment services), 'Creative Europe' initiative (for the cultural and creative sectors) and 'Erasmus +' (aimed to boost skills and employability, as well as modernising education, training, and youth work). Priority 5, in turn, corresponds to 'Europe for Citizens' Programme - meant, inter alia, to improve conditions for civic and democratic participation at Union level.

Coordination mechanisms with the corresponding funds and instruments

Coordination and lack of double financing in relation to national/regional programmes is determined by the cross-border profile of the South Baltic Programme. Coordination between the South Baltic Programme and other financial instruments operating in the same space will be ensured by the programme implementation structures.

Potential complementarities between the South Baltic Programme and other funds and instruments were taken into account when designing the programme intervention logic and defining potential (indicative) actions.

The estimation of possible overlaps and/or synergies will be performed already in the project consultation events arranged by the Joint Secretariat and the national contact points in respective programme priorities. In the assessment stage of the project applications, both the programme Monitoring Committee and the Joint Technical Secretariat will assess the strategic relevance and complementarity of the proposals in the South Baltic Programme in relation to interventions funded at the national/regional level. The Monitoring Committee may suggest modifications to the projects (e.g. through clarification requests or approval conditions) in order to strengthen synergies with particular corresponding programme or instrument.

SECTION 7. Reduction of administrative burden for beneficiaries

(Reference: point (b) of Article 8(5) of Regulation (EU) No 1299/2013²¹)

A 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.

Launched under the South Baltic Programme 2007-2013, the assessment of the administrative burden is an ongoing process which has already led to concrete measures simplifying the management of projects for the beneficiaries. Among others, streamlined procedures for the approval of progress reports have been introduced, allowing for the swift reimbursement of the eligible costs reported by project partnerships to the programme.

Moreover, the JTS of the South Baltic Programme actively contributed to the development of the 'Harmonised Implementation Tools' (HIT), a set of templates, model forms, fact sheets and guidance documents prepared under the lead of INTERACT with the aim to simplify and harmonise the management of ETC projects. Adjusted to the requirements of the South Baltic Programme, the HIT tools will be widely used by the MA/JS in the programming period 2014-2020.

Furthermore, taking into account the past experiences in the implementation of operational programmes, as well as the assumptions and requirements of the new Financial Perspective 2014-2020, the Managing Authority is planning to take the following steps to reduce the administrative burden for beneficiaries in the perspective 2014-2020:

a) in order to improve and better coordinate the implementation of the programme as well as to monitor and plan further measures to reduce the administrative burden for beneficiaries:

- the programme's e-cohesion system will be used by all beneficiaries/partners and the programme institutions (including First Level Controllers);
- organisation of meetings between controller and other representatives of the implementing institutions, enabling the exchange of experiences and harmonization of the methods;
- use of simplified procedures for calculation of project costs and verification of expenditures;
- exchanges of experience with the management bodies of other ETC programmes, e.g. by participating in the networking activities organised by INTERACT.

b) in order to ensure the effectiveness of information and promotion:

²¹ Not required for INTERACT and ESPON.

- organising more meetings of the participatory character (workshops, seminars, consultations) with beneficiaries and the potential beneficiaries;
- strengthening the competences of employees of various bodies involved in the process of programme implementation.

SECTION 8. HORIZONTAL PRINCIPLES

(Reference : Article 8(7) of Regulation (EU) No 1299/2013)

8.1. Sustainable development

The requirement to include the principle of sustainable development (understood as meeting the needs of the present generation without compromising those of future generations) into all European policies is set out in the EU Treaty, so that they contribute in an integrated way to meeting economic, environmental and social objectives.

The principle of sustainable development is fully integrated in the architecture and implementation approach of the South Baltic Programme that addresses the territorial assets and challenges of the South Baltic area in the context of a more durable, more inclusive and more cohesive growth. It is clearly visible in the programme approach of boosting blue and green economy sectors based on the local produce and endogenous capacities.

In particular, the principle of sustainable development is strongly embedded in Priority 2 (*Exploiting the environmental and cultural potential of the South Baltic area for the blue and green growth*), which deals with the topics of a sustainable use of the natural and heritage of the South Baltic areas as well as with the green technologies and environmental management. It also provides a basis for actions under Priority 3 (*Improving cross-border connectivity for a functional blue and green transport area*) that tackles a need of improving transport services between the South Baltic regions through, inter alia, transport greening measures. In Priority 1, 4 and 5, the programme highlights economic and social components of the sustainable development.

Compliance with the sustainable development as a horizontal principle will have to be met by all projects financed under the South Baltic Programme. This aspect will be a subject of assessment in the project selection procedure.

A detailed guidance to the applicants on the issue will be provided in the Programme Manual.

8.2. Equal opportunities and non-discrimination

Promotion of equal opportunities and non-discrimination based on sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation has been adopted by the South Baltic Programme in the programming work and will be applied at various stages of programme implementation. It will also be incorporated in a project selection procedure. The beneficiaries of the projects should ensure that equal opportunities principle is respected and promoted during the implementation of the operations.

This principle, in particular, will be applied to the programme actions dealing with entrepreneurship and human capital (Priority 1 - *Strengthening international activeness and innovation capacity of the South Baltic blue & green economy*; Priority 4 - *Boosting*

human resource capacities for the area's blue and green economy; and Priority 5 (Increasing cooperation capacity of local actors in the South Baltic area for the blue and green growth). It will also address the non-discriminatory involvement of various actors in joint tourism, environmental management and transport activities.

Compliance with the equal opportunities and non-discrimination as a horizontal principle will have to be met by all projects financed under the South Baltic Programme. This aspect will be a subject of assessment in the project selection procedure.

The South Baltic Programme only complements other EU instruments in this aspect (especially the ESF programmes). The support for the purpose of promoting equal opportunities and non-discrimination is not the main goal of the South Baltic Programme.

A detailed guidance to the applicants on the issue will be provided in the Programme Manual.

8.3. Equality between men and women

The gender perspective has been adopted by the South Baltic Programme in the programming work (e.g. in the involvement of both men and women in the programme management structures) and will be applied at various stages of programme implementation. It will also be incorporated in a project selection procedure. The beneficiaries of the projects should ensure that gender principle is respected and promoted during the implementation of the operations (e.g. in the recruitment of personnel).

Compliance with the equality between men and women as a horizontal principle will have to be met by all projects financed under the South Baltic Programme. This aspect will be a subject of assessment in the project selection procedure.

The South Baltic Programme only complements other EU instruments in this aspect (especially the ESF programmes). The support for the purpose of promoting equality between men and women is not the main goal of the South Baltic Programme.

A detailed guidance to the applicants on the issue will be provided in the Programme Manual.

SECTION 9. SEPARATE ELEMENTS²²

9.1. List of major projects for which implementation is planned during the programming period

Table 24: A list of major projects²³

Not applicable

9.2. Performance framework of the cooperation programme

Table 25: Performance framework (summary table)

The performance framework is described in the part 2.A.7

9.3 Partners involved in the preparation of the cooperation programme

Will be filled in after the public consultations

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

Not applicable

²² To be presented as annexes in printed document version

²³ Not applicable to INTERACT and ESPON.

ANNEXES (uploaded to electronic data exchange systems as separate files):

1. Draft report of the ex-ante evaluation, with an executive summary (mandatory)
(Reference: Article 55(2) of Regulation (EU) No 1303/2013)
2. Confirmation of agreement in writing to the contents of the cooperation programme (mandatory)
(Reference: Article 8(9) of Regulation (EU) No 1299/2013)
3. A map of the area covered by the cooperation programme (as appropriate)
4. A citizens' summary of the cooperation programme (as appropriate)