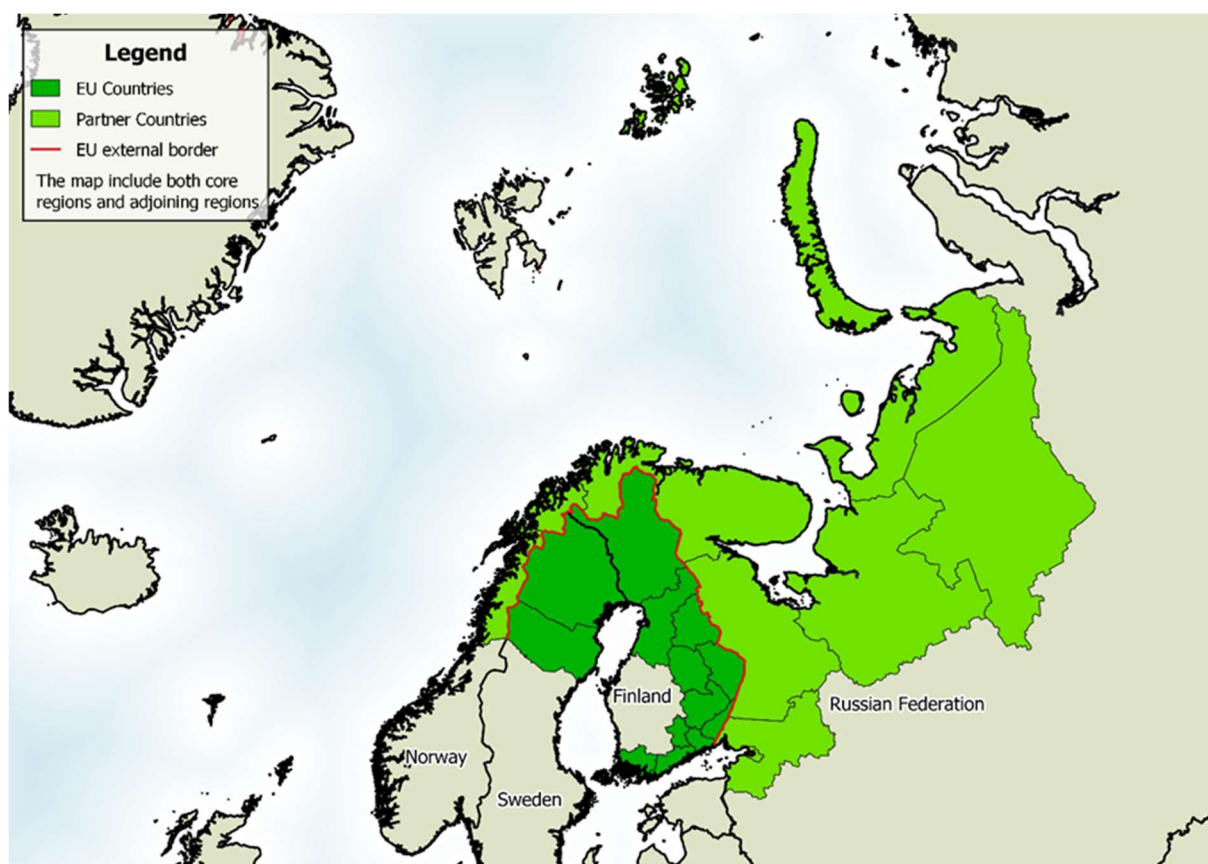


Orientations for the Interreg NEXT cooperation between Finland, Sweden, Norway and Russia



Annex 1 – Cooperation between Finland, Sweden, Norway and Russia is the first of the five annexes accompanying the “*Joint paper on Interreg NEXT Strategic Programming 2021 – 2027*”, proposed by DG REGIO and European External Action Service (EEAS).

Notwithstanding that, the future cross-border cooperation on the EU’s external borders is designed on the principles of the territorial cooperation between EU’ Member States; the cooperation with partner countries represents a unique dimension with its own specificities. The Interreg NEXT programmes are bound both to contribute to the development of cross-border and sea-basin areas they cover, but also, to foster people-to-people contacts, in particular between regional and local stakeholders across borders

This document does not represent the negotiating position of the European Commission and the EEAS, but it rather aims at providing ideas, options and orientations on the thematic focus of the future programmes. It is based on key strategic and political frameworks covering the area, on external expertise as well as on input provided by the programmes authorities and Russia and takes into account lessons learned from the previous and current programming periods.

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Executive summary

The cluster area of cooperation consists of four participating countries: Finland, Sweden, Norway and Russia. It includes the North Calotte, the Russian European Arctic and all regions at the Finnish-Russian border. It is covered by three ENI CBC programmes: **South-East Finland – Russia CBC 2014-2020**, **Karelia CBC 2014-2020** and **Kolarctic CBC 2014-2020**.

Finland and Russia have a border of 1,300 km, covering mainly rural, sparsely populated regions, with a population of approximately 13.9 million. The differences between the Finnish and the Russian sides of the programme area (population, economic structure, standard of living) make cooperation challenging. At the same time, Finland is one of the most important external economic partners for Russia, especially for the industrialised city of St. Petersburg and for the Leningrad region. Russia's GDP per capita is lower with a growing gap to with the other countries in the cluster area.

The guiding principles for drawing this Annex are the following:

1. Coherence with other programmes and EU strategies and policies in the area - the EU Strategy for the Baltic Sea Region (EUSBSR), the EU Arctic policy, the Northern Dimension.
2. Contribution to major policy goals proposed by the new Commission.
3. The thematic concentration principle.

Following the analysis of the area, the principle of thematic concentration and the added-value which could in particular be provided by the future Interreg NEXT, the following policy objectives are found to be the most relevant for support for the whole cluster area:

- **Policy Objective 2** (focusing on transition to low carbon energy, water availability, quality and pollution and air pollution, circular economies and waste management, climate change and natural risks, biodiversity and natural resources and air pollution)

- **Policy Objective 1** (focusing on innovation and entrepreneurship).

South-East Finland – Russia Interreg NEXT Programme could additionally exploit the potential of the new **Policy Objective 5** (*“Europe and its neighbourhood closer to their citizens”*) or capitalise on results achieved by projects falling under **Policy Objective 4** (*“A more social Europe and its neighbourhood”*).

For the whole cluster area there is also a strong potential for cooperation under the two **Interreg specific objectives**: **ISO1** – *“A better cooperation governance for Europe and its neighbourhood”* and **ISO2** - *“A safer and more secure Europe and its neighbourhood”*, where the already traditional cooperation on mobility and connectivity could be embedded.

A general recommendation for the whole cluster area is to support **“people-to-people”** cooperation and ensure a participative approach, fostering exchanges between the EU and the local and regional authorities of Russia.

Due importance needs to be paid to the governance of the programmes that will be able to build on cooperation governance model developed for internal Interreg programmes during the past 30 years. The programmes should strongly coordinate among each other from the programming phase.

Based on the analysis of the thematic and functional areas, the political dimension and the need to start implementing the future programmes on time it is recommended to continue with the current geography for this cluster area.

I. Analysis of the cluster area¹

1. The cluster area of cooperation consists of four participating countries: Finland, Sweden, Norway and Russia. It includes the North Calotte, the Russian European Arctic and all regions at the Finnish-Russian border.
2. This cluster area is covered by three ENI CBC programmes:
South-East Finland – Russia CBC 2014-2020²;
Karelia CBC 2014-2020³;
Kolarctic CBC 2014-2020⁴.
3. Based on the geography of these three cooperation programmes, eligible and adjoining regions within the cooperation have a population of approximately 13.9 million.
4. Finland and Russia have a border of 1,300 km, covering mainly rural, sparsely populated regions.
5. Finland, Sweden and Norway are characterised by high GDP per capita, with a positive trend during the past years. Russia's GDP per capita is significantly lower, but has been turning to positive in the last two years, after a negative trend starting from 2014. Unemployment rates vary significantly. Finland has a higher rate of unemployment than the EU average, Norway has the lowest unemployment rate in the cluster area, while Russia has an overall low rate with nonetheless wide disparities among the regions (9,4% in St. Petersburg in 2017 and 25,4% in Nenets region).
6. The cluster area shows similar demographic trends with nearly static population growth rates, negative net migration and a relatively high urbanisation.
7. Overall, differences between the Finnish and the Russian sides of the programme area (population, economic structure, standard of living) make cooperation challenging. At the same time, Finland is one of the most important external economic partners for Russia, especially for St. Petersburg and for the Leningrad region. Russia is also a very important partner for the Finnish side.
8. In particular, St. Petersburg is a region of Russia with an above average level of economic development, even though the shortage of labour force has become a serious limit to economic growth. St. Petersburg and the Leningrad region are highly industrialised (all types of production and transportation are represented); the region is becoming one of the most important automotive industry centres in Russia.
9. GDP (at market prices) in 2018 was of 234,453.0 million EUR in Finland, 471,207.9 million EUR Sweden and of 367,893.7 million EUR in Norway.⁵ In all these three countries, GDP per capita is among the highest in the EU.⁶
10. Russia's GDP per capita is lower, with a growing gap with the other countries in the cluster area.

¹ **Important Note:** the situational analysis of the cluster area is based in part on data collected at national level. Conclusions should be interpreted in the light of these limitations in terms of data. Where regional data is available, this is used to fine-tune the analysis of the regions composing the cluster area. For the purposes of this study “adjoining regions” are considered as regions composing the cluster area.

² <https://www.sefrcbc.fi/cbc-2014-2020/>

³ <http://www.kareliacbc.fi/en/programme-document>

⁴ <https://kolarctic.info/kolartic-2014-2020/>

⁵ http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=nama_10_gdp&lang=en

⁶ https://ec.europa.eu/eurostat/statistics-explained/index.php/GDP_per_capita,_consumption_per_capita_and_price_level_indices#Relative_volumes_of_GDP_per_capita

Table -1 GDP per capita (constant 2010 US\$)

	trend 2014-2017	2017
Finland	1.3%	\$ 47,600
Sweden	1.4%	\$ 56,600
Norway	0.6%	\$ 91,500
Russian Federation	-0.5%	\$ 11,500

Source: World Bank indicators, statistics at national level

With regards the unemployment rate, only Finland has a higher rate than the EU average (7.6%). While Norway has the lowest unemployment, the rate notably increased between 2014 and 2017.

Table -2 Unemployment rate

	Trend 2014-2017	2017
Norway	4.5%	4.2%
Russian Federation	0.3%	5.2%
Finland	-0.1%	8.6%
Sweden	-4.1%	6.7%

Source: World Bank indicators, statistics at national level

ENI CBC Programmes 2014 – 2020 covering the cluster area

Map of the South-East Finland – Russia CBC Programme



Source - Joint Operational Programme of the South-East Finland – Russia CBC Programme 2014-2020

Map of the Kolarctic CBC Programme area



Source – Joint Operational Kolarctic CBC Programme 2014-2020

Map of the Karelia CBC Programme



Source: Joint Operational Programme of Karelia CBC Programme

11. All ENI CBC programmes of the cluster area cover four thematic objectives⁷ as per the table below. The environment (TO 6), security (TO 10) and SME development (TO 1) are common priorities that have been selected by all programmes.

Thematic Objectives selected by ENI CBC programmes 2014 – 2020

Programme / TO	1	2	3	4	5	6	7	8	9	10
Kol Arctic										
Karelia										
South East Finland – Russia										

Major strategic frameworks and political initiatives covering the cluster area

12. **The EU Strategy for the Baltic Sea Region (EUSBSR)** fosters the cooperation between eight EU Member States (Sweden, Denmark, Estonia, Finland, Germany, Latvia, Lithuania and Poland). The EUSBSR is open for cooperation with neighbouring non-EU countries (Russia, Norway and Belarus).

The Strategy has three overall objectives:

1. Save the sea
2. Connect the region
3. Increase prosperity

13. The EU Arctic policy was set up in the 2016 Joint Communication on the integrated European Union Policy for the Arctic⁸. This Communication also sets out mechanisms for enhancing the collaboration and coordination between different EU funding programmes.

Three priority areas are proposed in the framework of this policy:

- A. Climate Change and Safeguarding the Arctic Environment;
- B. Sustainable Development in and around the Arctic;
- C. International Cooperation on Arctic Issues.

14. Based on the Council Conclusions from December 2019⁹, this Communication is expected to be updated, taking into account the new challenges and opportunities across the Arctic, as well as the growing international interest.

15. Part of the European Territorial Cooperation Objective, known as Interreg, in the framework of the cohesion policy, the Northern Periphery and Arctic 2014-2020 Programme also contributes to the cooperation within the cluster area. The programme operates in a multi-layered policy landscape, and aims to help generating vibrant, competitive and sustainable communities, by harnessing innovation, expanding the capacity for entrepreneurship and seizing the unique growth initiatives and opportunities of the Northern and Arctic regions in a resource efficient way.

⁷ As set in the annex to the ENI CBC Strategic programming document 2014-2020.

⁸ http://eeas.europa.eu/archives/docs/arctic_region/docs/160427_joint-communication-an-integrated-european-union-policy-for-the-arctic_en.pdf

⁹ <https://www.consilium.europa.eu/media/41665/st14952-en19.pdf>

16. Coherence with other programmes and EU strategies and policies in the Baltic Sea Region and the European Arctic:

- CBC Programmes in the cluster area should seek coherence with the objectives of the EUSBSR. CBC programmes should also provide means for an increased cooperation between the EU and Russia on Arctic related issues. CBC programmes could also support the implementation of projects that are related to the Northern Dimension partnerships.

17. Contribution to the major policy goals proposed by the new Commission:

- CBC programmes should also contribute to the main policy objectives of the European Commission under President von der Leyen such as the “European Green Deal” and the EU ambition in becoming climate-neutral until 2050.

Thematic concentration

18. This section presents recommendations based on the five policy objectives of the Cohesion Policy and to the two specific ones of the future Interreg programmes¹⁰ for the 2021-2027 programming period.

19. In order to focus EU support on areas where EU funds can achieve the highest benefit and in view of limited budgetary resources in the future, programmes should concentrate on thematic key areas where joint actions can have the biggest impact.

Policy Objective (PO) 1: “A smarter Europe and its neighbourhood”

20. Finland, Sweden and Norway have above average levels of innovation infrastructure and investment across all indicators and have generally higher levels of innovation than Russia. Internet usage in Russia is similar and in the case of the three Scandinavian countries significantly higher than the EU average.

21. However, in terms of both investment and patent applications, there has been a general decline in the Nordic countries in recent years. Regions in the cluster area also show lower performance than national averages (with the notable exception of St Petersburg).

22. Comparative competitive advantages of St. Petersburg and the Leningrad region are a large domestic market, active position in foreign markets, transport infrastructure, development of education, information and communication, innovation and technology, large tourist resources and good residential provisions.

23. With both high profile UNESCO heritage sites, and isolated communities where tourism is the only industry, tourism is important to the cluster area’s economy.

24. The Karelia and South-East Finland-Russia ENI CBC programmes showed high unemployment and depopulation in rural areas. The Kolartic ENI CBC programme funded innovation that would ensure economic growth without compromising on environment protection.

¹⁰ <https://interreg.eu/about-interreg/>

Most relevant areas for cooperation	
<i>Innovation</i>	<ul style="list-style-type: none"> • The cluster area can capitalise on its proximity to areas of high innovation (southern areas of Nordic countries/St Petersburg). • Cooperation can increase economies of scale and scope for innovation, potentially increasing the attractiveness of the labour market and attracting investment from adjacent regions. • Cooperation between tourism stakeholders can improve the cluster area's tourism offer and generate greater visibility.
<i>Entrepreneurship</i>	<ul style="list-style-type: none"> • Making use of good business conditions in the cluster area's countries, cooperation can enable sharing best practice and sharing of innovative facilities for supporting SMEs.
Potential cooperation actions:	
<i>Innovation</i>	
<ul style="list-style-type: none"> • Creation of joint or complementary research infrastructure; • Exchanges or joint R&D programmes to increase cooperation between the universities and the R&D centres of the area; • Creation of spin-offs able to operate at cross-border level; • Creation of cross-border living labs, technology centres to support R&D and technology transfer; • Cross border innovation advisory services 	
<i>Entrepreneurship</i>	
<ul style="list-style-type: none"> • Creation or support to existing clusters or networks; • Joint branding (e.g. at trade fairs) 	

Policy Objective (PO) 2: “A greener low-carbon Europe and its neighbourhood”

25. Nordic countries' industries are more energy-efficient than Russian industry. Overall, energy intensity is reducing throughout the cluster area. The countries of the cluster area widely use renewable energy sources, though lower in Russia. There is a high potential for greater exploitation of renewable energy sources, but attention should be paid to limiting emissions of Particulate Matter and Black Carbon from biomass and coal, which is already causing extra global warming.
26. The region's inland water shows a high degree of pollution from the industrial sector, especially in Russia.
27. At the level of the cluster area, Sweden and Finland have high levels of industrial waste. Radioactive-waste is also an issue in this cluster area.
28. Much of the cluster area is characterised by similar climate conditions, therefore effects of climate change are predicted to be similar. Climate change is likely to affect traditional industries and conditions of life.
29. The cluster area is home to highly sensitive ecosystems. Biodiversity receives a higher level of protection in Scandinavian countries than in Russia. The cluster area includes several protected areas near national borders.
30. For Arctic areas in particular, a major challenge will be to safeguard the environment against the impacts of transport and primary resource extraction. The reduction in summer ice cover will open up new Arctic shipping routes, but increased maritime traffic will place

greater environmental pressure on marine and coastal environments, for example through black carbon diesel engine emissions. Onshore and offshore primary resource extraction is also expected to intensify. Climate change is a major factor in considering the development of infrastructure in northern sparsely populated areas. Infrastructure will need to be adapted to the effects of warming climate on ice and permafrost (subsidence and landslides), more frequent storms and coastal erosion.

31. In the 2014-2020 period all ENI CBC programmes operating in the cluster area funded activities to protect the environment, reducing pressure placed on the environment by economic activities (natural resources, access to Arctic shipping routes, tourism). In the case of the Karelia ENI CBC programme, high pollution of water in the Russian part of the programme area is also considered an important issue.
32. In December 2019, the new European Commission presented the European Green Deal¹¹, a comprehensive package of measures aimed at enabling European regions, citizens and businesses to benefit from sustainable green transition. The proposed actions include a sharp cutting of emissions, increased research and innovation on green solutions, and the preservation of the natural environment.

Supporting investments in green technologies, sustainable solutions and new businesses, the Green Deal Green Deal can serve as a key reference for the future Interreg NEXT programmes to successfully achieve the goals set out by policy objectives.

<i>Most relevant areas for cooperation</i>	
<i>Transition to low carbon energy</i>	<ul style="list-style-type: none"> • <i>With the transition to low-carbon energy sources taking place faster in Nordic countries than in Russia, cooperation could be an opportunity to share best practice, with a focus on clean renewable energies.</i> • <i>Potential for more ambitious action (for example, communities of energy users and producers) would depend on political circumstances.</i>
<i>Air quality</i>	<ul style="list-style-type: none"> • <i>In view of the abundance of biomass and increasing maritime transport, attention should be paid to limiting emissions of air pollutants.</i>
<i>Water availability, quality and pollution</i>	<ul style="list-style-type: none"> • <i>The cluster area is characterised by abundance of water and in some spot high level of pollution.</i> • <i>Pollution can have effects far beyond its sources therefore addressing pollution is a relevant areas for cooperation.</i> • <i>Cooperation can assist in shared management of water basins.</i>
<i>Circular economies and waste management</i>	<ul style="list-style-type: none"> • <i>Because industrial and nuclear waste is problematic in a number of countries in this cluster, while recycling of municipal waste is globally lower than the EU average, cooperation can extend best practice in the area of waste management and circular economy and can lead to regional waste management solutions.</i>

¹¹ https://ec.europa.eu/info/sites/info/files/european-green-deal-communication_en.pdf

<i>Climate change and natural risks</i>	<ul style="list-style-type: none"> • The region is being characterised by similar climate conditions, jointly developed responses to the effects of climate change could achieve economies of scale. • Where this type of risks transcends borders, cooperation would allow coordinated responses. • Cooperation between communities adapting to the effects of climate change on traditional industries and culture will lead to exchange of best practice and create solidarity.
<i>Biodiversity and natural resources</i>	<ul style="list-style-type: none"> • Biodiversity receiving a higher level of protection in Member States, cooperation could encourage dissemination of best practice among partner countries. • Several protected areas in Member States (Finland and Sweden) are near national borders. Cross-border coordination could improve management of these protected areas.

Given the high relevance of many areas of cooperation, the support under this PO is strongly encouraged. Potential cooperation actions:

<i>Water availability, quality and pollution</i>	<i>Circular economy and waste management</i>
<ul style="list-style-type: none"> • Sharing of best practices in water quality monitoring and management; • Pilot actions and small investments in water treatment in remote areas and isolated communities; • Joint management of cross-border river basins. • Joint management of maritime ecosystems and biodiversity protection; • Pilot action and small joint investments (e.g. in harbors) to address maritime pollution and eutrophication; • Planning and implementation of joint monitoring and alert systems (for natural hazards). 	<ul style="list-style-type: none"> • Joint actions for sustainable waste management (with a focus on remote and isolated areas); Investments and pilot actions in developing sustainable products, based on biomaterials; • Share of best practices and pilot actions in hazardous wastes managements and reduction; • Awareness raising campaign on waste production, sorting and sustainable management.
<i>Climate change and natural risks</i>	<i>Biodiversity and natural resources</i>
<ul style="list-style-type: none"> • Monitoring the impact of climate change at a cross border territorial level; • Setting up common alert and emergency management systems; to prevent and manage the risks linked to climate changes; • Join planning for mitigation (emission reduction) and adaptation to climate change; • Public awareness-raising campaigns and trainings of stakeholders related 	<ul style="list-style-type: none"> • Joint management of cross-border protected areas; • Joint monitoring and studying focusing on the dynamics of cross-border biodiversity losses; • Joint action plan and management to protect key species; • Awareness-raising campaigns and training related to the economic and social services provided by biodiversity.

<p><i>to climate change, potential impacts and adaptation strategies;</i></p> <ul style="list-style-type: none"> • <i>Small demonstrative investments and pilot actions for adaptation and mitigation actions.</i> 	
<p><i>Transition to low carbon energy</i></p> <ul style="list-style-type: none"> • <i>Sharing best practices and technologies in buildings, industry and combined heat and power supply in cross-border communities;</i> • <i>Sharing best practices and technologies in wind, biomass and other local sources).</i> 	
<p><i>Air quality</i></p> <ul style="list-style-type: none"> • <i>Set up cross border monitoring and modelling to assess the impact of maritime transport and tourism and to facilitate cross border exchange of peak pollution warnings.</i> • <i>Sharing best practice and technologies to limit emissions of air pollutants in ports, from vessels and from solid fuel (notably wood).</i> 	

Policy Objective (PO) 3: “A more connected Europe with its neighbourhood”

33. The cluster area may have different transport needs as the region covers both isolated areas and key transport corridors (South-East Finland-Russia).
34. Transport and connectivity are funding priorities under all ENI CBC programmes in the cluster area in the 2014-2020 programme period. Programmes underline the barriers to economic growth and service delivery caused by remoteness, the weakness of transport infrastructure and insufficient capacity of the border crossing points. Transport is of key strategic importance for the South-East Finland-Russia corridor. All programmes noted the predominance of north south over west-east road, rail and air connections, which further hampers cross-border cooperation and trade in the region.
35. At the same time, connectivity of border regions could be improved through investment in border-crossing infrastructure and integration of cross-border transport networks. As the internet usage is either similar or (for the Nordic countries) significantly higher than the EU average, the high level of Internet usage could be basis of improving coordination and efficiency of cross-border transport.
36. Evaluations from the current programming period should be taken into account when planning future actions.

Potential cooperation actions:***Sustainable intelligent and intermodal infrastructure***

- *Joint development and modernisation of border crossings' supporting infrastructure*
 - *Preparation activities and/or of transport infrastructures leading to and crossing the border, paying attention to sustainability of transports(e.g. the electrification of road and rail freight transport)*
- *Developing joint strategies/policies/plans for improving the cross-border transport infrastructure (for the east-west corridors)*

Policy Objective (PO) 4 'A more social Europe and its neighbourhood'

37. In the 2014-2020 programming period, the South-East Finland-Russia programme is the only ENI CBC programme in the region with a priority specifically dedicated to education (Priority 2: Innovative, skilled and well-educated area). This priority derives from the need to maintain the region's high-wage economy, and aims to tailor school and lifelong education to business needs..
38. In the 2014-2020 programming period, the Karelia ENI CBC programme funded projects under the Priority "Active Cultural Environment" to improve social inclusion and combat rural depopulation, while the South-East Finland-Russia ENI CBC programme funded support to education so that business and innovation can capitalise on a well-adapted workforce.

Most relevant areas for cooperation

<i>Unemployment and Education</i>		<ul style="list-style-type: none"> • <i>While employment and education are fairly high in the cluster area, peripheral areas have higher youth unemployment levels than national averages. Therefore, there could be scope for cooperation to share best practice and pool resources to jointly develop initiatives related to youth employment in isolated areas.</i> • <i>High level of internet usage could be the basis for innovation in delivery youth education and lifelong learning.</i>
<i>Health and Social Inclusion</i>		<ul style="list-style-type: none"> • <i>Although the cluster area performs well across in terms of health indicators, the future investments should consider some internet based innovative approaches, aiming at improving the delivery of health public services in remote communities.</i> • <i>There may be scope for cooperation in sharing good practices on social inclusion measures.</i>

Potential cooperation actions:

<i>Unemployment and education</i>	<i>Health and social inclusion</i>
<ul style="list-style-type: none"> • <i>Initiatives to remove legal, administrative and language barriers preventing labour force movement.</i> • <i>Joint analysis of regional skills gaps.</i> 	<ul style="list-style-type: none"> • <i>Sharing best practice and co-design and delivery of e-health initiatives aimed at improving health services in remote communities.</i>

- | | |
|---|--|
| <ul style="list-style-type: none"> • <i>Jointly developed training programmes aimed at young people in isolated areas.</i> | |
|---|--|

Policy Objective (PO) 5 “Europe and its neighbourhood closer to their citizens”

39. One of the key objectives for the post 2020 period is to bring Europe closer to citizens. Future Interreg programmes should increase citizens’ participation and should support the elaboration of policies targeting the specific needs of the citizens living in a given area. This specific objective also applies to the ENI CBC context.
40. Sustainable tourism and culture can be funded under Policy Objective “Europe closer to citizens”¹², through an integrated and multi-sectorial approach. Sustainable tourism and culture are very much linked to a geographical area and should not be addressed in isolation, but in an integrated way (NB: it is not possible to have a dedicated tourism or culture strategy, but should relate to a geographical area and make links with various other fields such as: mobility, employment, environment, education, youth etc).

Orientations – on the South-East Finland – Russia programme

- *Cultural cooperation may increase the knowledge and awareness about people on the other side of the border and in this way act as a base builder for deeper interaction within other sectors.*
- *Sustainable tourism and culture can be funded under PO5 through an integrated and multi-sectorial approach. As tourism and culture are very much linked to a geographical area and should not be addressed in isolation, but in an integrated way.*
- *Development of joint promotion strategies, joint tourism products and services, and transnational thematic itineraries*

INTERREG-specific objectives

Interreg Specific Objective (ISO) 1: ‘A better cooperation governance for Europe and its neighbourhood’

41. Actions and options set out in this section may be supported by using the programme’s budget for improving governance.
42. The Interreg NEXT programmes could work on tackling legal border obstacles such as use of different languages, lack of public transport or lack of mutual understanding and trust. The shared use of health care or educational facilities could contribute greatly to improving the quality of life in border regions.
43. Good governance of Interreg NEXT programmes also includes participation of civil society and involvement of local communities.
44. The area is characterised by a good level of governance and institutional capacity, which is a fundamental prerequisite for ensuring the implementation of effective cooperation actions.

¹² https://ec.europa.eu/regional_policy/sources/informing/dialog/2019/2019_02_28_urban_territorial.pdf

45. Cross-border cooperation remains one of the few means for practical cooperation between EU and the Russian Federation. Within this, a specific attention should be on "people-to-people" type of cooperation, ensuring a participative approach, fostering exchanges and cooperation between the EU and the local and regional authorities of the partner countries.

Orientations

- *Establish a coordination mechanism with the authorities managing Finnish regional and national programmes. This coordination implies exchange of information and cooperation; and it should be used throughout all stages of the programme cycle: planning (e.g. designing complementarities), implementation (e.g. building on synergies) and communication (showing the benefits for the citizens and the region).*
- *Ensure that the objectives and actions of the programmes are in line with and, wherever possible, contributing to the goals of the EUSBSR, Northern Dimension and the EU Arctic policy.*
- *Support people-to-people activities, which can be implemented by using, for example, small project funds.*
- *Support under the programme should as well be accessible to smaller beneficiaries with less capacities such as civil society (independent non-governmental organisations) or local communities. Specific tools designed for such cooperation like Small Projects Funds are encouraged.*
- *Identify key obstacles and unused potential of the border areas, and facilitate finding ways to reduce these obstacles or exploit the potential (e.g. by funding meetings, experts, pilot projects, etc.).*
- *Develop or extend a common vision for the cross-border region, using public participation tools and practices (such as: citizens' consultations, town hall meetings, competitions); and embed the Interreg programmes in these strategies with clear actions and results (e.g. through an appropriate intervention logic and indicators).*
- *Explore the possibility of establishing institutional and financial support for the development of cross-border bodies, which can play a key role in deepening cooperation both through Interreg (e.g. by managing a Small Projects Fund) and beyond any funding mechanism.*
- *Explore whether the programmes can provide financial and/or technical support to the Inter-Governmental Commissions and their respective working groups, if appropriate.*
- *Where appropriate, build also on the legitimacy, experience, and expertise of international, inter-regional and transnational initiatives. Identify the sectors where important cross-border data is missing and support projects that would fill the gap at the latest by 2027 (e.g. in cooperation with national statistical offices, by supporting regional data portals etc.).*

<u>Most relevant areas for cooperation</u>		
<i>Local Communities</i>		<ul style="list-style-type: none"> • <i>Scope for cooperation between communities to share good practice in terms of:</i> <ul style="list-style-type: none"> ◦ <i>Adapting to or preventing rural population decline</i> ◦ <i>Urban planning; rural-urban relationships.</i>
<i>Institutional Capacity</i>		<ul style="list-style-type: none"> • <i>Cooperation between the Nordic countries and Russia could enable Russian local authorities to benefit from best practice in the digitalisation of public services.</i>
<i>Potential cooperation actions:</i>		
<i>Local Communities</i>		<i>Institutional Capacity</i>
<ul style="list-style-type: none"> • <i>Joint studies;</i> • <i>Conservation, preservation and adaptation or development of cultural heritage;</i> • <i>Joint training of staff and exchange of staff, aiming to increase the capacities in the field of natural and cultural heritage management.</i> 		<ul style="list-style-type: none"> • <i>Pilot projects for delivering more efficient public services based on best practice;</i> • <i>Exchanges of public sector staff</i>
<ul style="list-style-type: none"> • The whole cluster area should, as a horizontal priority, support trust building through people-to-people activities, which can be done by usage of small project funds under ISO1 and/or PO5 or other relevant Policy Objective. This would enable participation of beneficiaries having less administrative and financial capacity such as NGOs. 		

Interreg Specific Objective (ISO) 2: ‘A safer and more secure Europe and its neighbourhood’

46. Large-scale migration has not taken place in the cluster area in recent years.
47. ENI CBC programmes operating in this region in the 2014-2020 funded priorities related to border management, primarily focused on improving efficiency of border crossing points rather than security or migration.

Orientations

- *Future investments in border-crossing infrastructure and the integration of the cross-border transport networks should be seen as complementary*

II. Main geographic features and possible scenarios for future cross-border cooperation programmes for the cluster area

48. Under the current architecture, the Baltic Sea Region is covered by:
- 1 EU macro-regional strategy - EU Strategy for the Baltic Sea Region (EUSBR)
 - 2 transnational programmes¹³ (Baltic Sea Region and Northern Periphery & Arctic)

¹³ For programmes of the area see also the table below.

- 5 CBC maritime programmes (Botnia-Atlantica, Central Baltic, South Baltic, Öresund-Kattegat-Skagerrak (ÖKS) - the maritime part of Germany-Denmark - and several land border programmes in the area (e.g. Estonia-Latvia, Latvia-Lithuania, Germany (Mecklenburg-Vorpommern)/Poland, Nord)
- 5 ENI CBC programmes with a maritime dimension (Kolarctic, South-East Finland-Russia, Estonia-Russia, Lithuania-Russia, Poland-Russia) and 3 land-based ENI CBC programmes (Karelia-Russia, Latvia-Russia, Poland-Belarus-Ukraine).

Table -3 Main geographic features of the cluster area

Member States	Finland and Sweden
Partner countries	Norway and Russia
Land borders within the cluster area	<ul style="list-style-type: none"> ▪ Finland and Russia ▪ Finland and Norway ▪ Sweden and Norway ▪ Finland and Sweden ▪ Norway and Russia
External maritime borders	Finland and Russia (across the Gulf of Finland)
Sea basins	<ul style="list-style-type: none"> ▪ Barents Sea ▪ Kara Sea ▪ Baltic Sea
ENI CBC programmes	<ul style="list-style-type: none"> ▪ South-East Finland – Russia (Budget: 77.5 MEUR) ▪ Karelia (Budget: 43 MEUR) ▪ Kolarctic (Budget: 63.4 MEUR)
Interreg programmes	<ul style="list-style-type: none"> ▪ Nord (Sweden-Finland-Norway) ▪ Botnia – Atlantica (Sweden-Finland-Norway) ▪ Northern Periphery and Arctic (Faroe Islands, Greenland, Iceland, Finland, Ireland, Norway, Sweden, United Kingdom) ▪ Baltic Sea (Belarus, Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Norway, Poland, Russia, Sweden)

Geographical overlaps from the point of view of the ENI CBC programmes covered by the cluster

49. The South-East Finland – Russia, Karelia, Kolarctic, plus Estonia-Russia and Latvia-Russia ENI CBC Programmes overlap in their adjoining regions, and with other CBC programmes, such as the INTERREG Baltic Sea Region Programme. Given the need for concentration of resources and efficiency gains, geographical and thematic overlaps should be tackled by establishing effective ways of cooperation and coordination among the relevant programmes.
50. Future programmes of the cluster should build on the close cooperation between the 3 ENI CBC Programmes covering the cluster area, established in the current period. Such cooperation starts already by joint preparations for the 2021-2027 programming period, and will continue throughout the implementation of the programmes.
51. Taking into consideration that:

- ENI CBC Programmes of the Nordic countries with Russia play an increasingly important role in the collaboration and neighbourly relations. As a key component in EU-Russia relations, the CBC between the Nordic countries of the cluster and Russia should be maintained and further developed;
- Finland and Russia share 1 340 km of border with distinctive regions having strong specificities. While the South East Finland-Russia programme is characterised by the presence of the major urban centre of Saint Petersburg and more urban environment, the region of Karelia is remote, sparsely populated and predominantly rural and the multi-country Kolarctic programme in the far north is characterised by the Arctic climate and conditions and it is closely linked namely to the Barents (and Arctic) cooperation. The specificities of cooperation in these diverse regions should be kept;
- All three programmes of the cluster benefit from high level of regional ownership which has developed with the implementation of the programmes over several periods;
- For the future geography of post-2020 Interreg NEXT programmes, overall, it is important to safeguard the specific nature of external cooperation under these programmes and keep the internal programmes focused on EU-oriented priorities;

It is proposed to maintain the current geography within the area covered by the current CBC Programmes: Karelia, Kolarctic and South-East Finland - Russia.
However, strong cooperation and coordination between the programmes covering the area, should be ensured.

III. Governance of the programmes

52. The Joint Secretariat (JS) with branch offices, where relevant is the joint cross-border executive body of the programme, implementing the decisions made by the MA and the MC. It should consist of professional and independent staff from the participating countries, with linguistic competences and relevant border area knowledge. JS ensures communication with beneficiaries, potential applicants and the public. Regional contact points/antennas operating directly under the JS' responsibility may be useful in border areas characterised by large distances and/or difficult accessibility.
53. The composition of the joint bodies representing the programme (joint secretariat together with regional offices, monitoring committee) should be representative of the cross-border areas. The monitoring committee should include to the possible extent partners relevant to programme objectives.
54. Each of the programmes should establish a coordination mechanism for relevant policy and specific objectives, with the authorities managing regional, national and Interreg programmes implemented on areas corresponding to Interreg NEXT programmes. This coordination implies exchange of information and cooperation; and it should be used throughout all stages of the programme: planning (e.g. designing complementarities), implementation (e.g. building on synergies) and communication (showing the benefits for the citizens and the region). Representatives of the EUSBSR or key stakeholders of the present cooperation frameworks (Barents cooperation etc.) should also be regular members of the monitoring committee of a programme, where relevant and possible.
55. Bottlenecks to the programme governance and implementation have been identified, such as difficulties for lead beneficiaries from a partner country to transfer fund to project partners from Member States. These need to be address from the outset.

56. The selection process for the projects needs to be genuinely joint, based uniquely on the quality of the applications, with no pre-selection or limitations imposed from the national level.
57. The performance framework needs to be prepared with the view to ensure high quality results of the programme's support.
58. It is important that the capitalisation and dissemination of positive lessons learnt, political relevance and trust gained and good practices are well taken into account in the programming exercise.

IV. CONCLUSIONS

59. The EUSBSR, the EU Arctic policy and the Northern Dimension are the leading strategic framework for EU's engagement and thematic orientation for the future Interreg NEXT programmes in this cluster area.
60. Given the size of the area covered and the total budget available for the current programming period (cca **EUR 188 million**), there will be a need for strong concentration of resources.
61. The cooperation with the Russian Federation should foster cooperation and people-to-people contacts.
62. Based on the considerations included in the previous sections of the document, the analysis of the area, the principle of thematic concentration and the added value which could in particular be provided by the future Interreg NEXT, the following thematic focus at the whole cluster level is proposed:

- **Policy Objective 2** (focusing on transition to low carbon energy, water availability, quality and pollution and air pollution, circular economies and waste management, climate change and natural risks, biodiversity and natural resources and air pollution)

- **Policy Objective 1** (focusing on innovation and entrepreneurship).

South-East Finland – Russia Interreg NEXT Programme could additionally exploit the potential of the new **Policy Objective 5** (*“Europe and its neighbourhood closer to their citizens”*) or capitalise on results achieved by projects falling under **Policy Objective 4** (*“A more social Europe and its neighbourhood”*).

For the whole cluster area there is also a strong potential for cooperation under the two **Interreg specific objectives**: **ISO1** – *“A better cooperation governance for Europe and its neighbourhood”* and **ISO2** – *“A safer and more secure Europe and its neighbourhood”*, where the already traditional cooperation on mobility and connectivity could be embedded.

63. It is suggested to continue with the current geography for the cluster area. However, the geographical and thematic overlapping in the programmes must be addressed from the programming phase.
64. The Interreg governance model should be applied to the maximum possible extent taking, where necessary, account of the administrative and financial capacities and specificities of the EU-Russia cooperation.
65. Cooperation actions should make the cross-border regions more attractive and contribute to the better quality of life of people in the cross-border area.