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# Karelia cross-border cooperation programme 2021-2027

DRAFT

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## 1. Joint Programme strategy: main development challenges and policy responses

### 1.1. Programme area

Programme area covers the following regions:

Finland: Kainuu, North Karelia, Northern Ostrobothnia/Oulu Region

Russian Federation: Republic of Karelia

Cooperation area covers the same regions that have established the core region for the previous cross-border cooperation programmes since the end of 1990's. This cooperation co-funded by the European Union, Finland and Russia is well-settled, mature and mutually beneficial.

The geographical coverage of the programme area is 263 667 km<sup>2</sup>, of which the Republic of Karelia makes up 180 500 km<sup>2</sup>. Regions share a joint border of approximately 723 km in the Programme area. Major cities of the region are Petrozavodsk, Oulu, Joensuu and Kajaani. The programme area reaches from the Gulf of Bothnia in the Baltic Sea up to the White Sea and Onega and Ladoga, the big lakes in the Republic of Karelia.

Total population of the area in 2019 was 1 260 411 people which makes the population density 4,8 inhabitants / km<sup>2</sup>.

### 1.2. Summary of main joint challenges

The Karelia programme as a cooperation area has developed during the implementation of cooperation programmes since the end of 1990's. Equal participation from both sides of the border as well as cross-border partnerships have been strongly underlined in the Programmes and clear willingness to do cooperation has been shown by the regions. Will and support for the cooperation from the national level in both countries has established a solid basis on which the programmes have been built.

Programme area faces challenges that the programme tries to tackle on its part. Each region belonging to the programme area have their own strategies to tackle their respective challenges and the cross-border cooperation programme focuses on those challenges and thematics on which clear mutual benefit is foreseen from cooperation. Programme is expected to bring cross-border aspect to the development challenges that the regions are facing and at the same time it focuses on strengthening and developing the cross-border cooperation and cooperation governance as such.

Total of three policy objectives (PO) and one Interreg specific objective (ISO) were selected for the programme and programme priorities were established under them covering one or more of specific objectives each. These priorities are built to tackle the following general regional development challenges:

- Population trends: decreasing and ageing population (total population according to Statistic Finland and Russian Federal State Statistics Service in 2010 about 1 360 000, 1 282 666 in 2010 and 1 260 411 in 2019). Population slowly concentrates to the major cities within the region. Large area with relatively low population – sparse population 4,8 inhabitants/ km<sup>2</sup>.

- Regional competitiveness: regional GDP behind national averages in both countries. Also unemployment rate higher than the national averages and at the same time businesses combat with the availability of competent labour
- Environment: general environmental challenges related to the climate change and the loss of biodiversity
- Pandemic has challenged regional economies and some industries like tourism and culture and has stopped the cross-border contacts between the people

The following chapters describe the development challenges under each priority in more detail. Experiences of the previous cooperation programmes are also examined and the complementarities and synergies with other programmes analysed.

### **1.2.1. Competitive Regional Economy (Policy Objective 1: Smarter cooperation area)**

Competitive regional economy and businesses establish a backbone for the development of the region and wellbeing of the people living in this sparsely populated area. Regional GDP in this area is anyhow behind the national averages in both countries which challenges the regions to improve their competitiveness (Finnish regions in 2018 about 33 000 – 35 000 €/person and average in Finland over 42 000 €; Republic of Karelia 451 000 rubles/person and the average in Russia 579 000 rubles). Region is suffering of the relatively high unemployment which is also above national averages (in 2019 in the Finnish regions between 8 – 10,4 % and the average 6,7, the registered unemployment rate in Russia in 2019 was below 1 % and in the Republic of Karelia 2 %)<sup>1</sup>. At the same time the enterprises have challenges to get skilled labour.

Small and medium sized enterprises play an important role in the regional economy. According to the statistics the share of employees working in SMEs is higher on both sides of the border than the average on the national level. Trends and expectations by the SMEs anyhow show challenges: in the Republic of Karelia the number of SMEs has dropped since 2019. In the Finnish regions the investments by the SMEs have decreased and in remote areas SMEs have had challenges to get skilled labour.

According to the Statistics Finland the investments to the research and development have increased steadily in the Finnish Regions till 2020 to facilitate the economic growth and competitiveness. Programme area has several universities that actively work with research and innovations. Also companies are putting efforts to research and development and for example in the Oulu region the amounts invested to research and development are notable on the national level. But even if the regions and enterprises are already investing on the development of innovation policies and clusters by themselves, the cooperation cross the border on these areas is limited. Establishing and strengthening of the cooperation cross the border can therefore open new perspectives for both sides of the border.

Area has clear business potential on several industries cleantech and forestry taken as examples and by improving the competitiveness of the SMEs and increasing the cross-border innovation efforts and capacities this potential is expected to be better utilized to support the competitiveness of the whole area.

Regions are putting major efforts in their strategies and development programmes on the utilisation of the possibilities of the digitalisation which is expected to improve the competitiveness of enterprises located in these remote and sparsely populated areas. Under this programme digitalisation is considered as a tool to tackle the challenges not limiting only to the SMEs rather than a CBC development challenge as such.

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<sup>1</sup> Statistics Finland and Federal State Statistics Service

### **1.2.2. Environment (Policy Objective 2: Greener Cooperation Area)**

Regions notice largely the environmental challenges in their development strategies. Strategies notice the climate change and crises as well as the biodiversity loss and their impacts to the region. Regional strategies also set targets and roadmaps for the transition to circular and low carbon economies as well as on climate resilience in business among others.

Stakeholders in Karelia region consider the environment as a competitive advantage for the region but also as an attraction factor for the residents living in the area. Cross-border cooperation brings the regions together to consider the joint environmental challenges and CBC may on its part help the regions to safeguard the vulnerable nature and support the transition to circular and low carbon economies.

Biggest sources of the the air pollution in the Republic of Karelia are the mining industry and pulp and paper production other major sources being for example energy consumption. In the Finnish regions the biggest shares of greenhouse gas emissions come from agriculture, energy production and consumption and traffic but also individual hot spots exist such as Raahe steel factory which alone causes 7 % of the carbon dioxide emission of the whole country. From cross-border perspective improvements on energy efficiency offer a tool to reduce the greenhouse gas and black carbon emissions.

Environmental load coming to the waters is a threat to the biodiversity as well as to the health of people. In the Republic of Karelia there are still areas in which waste water ends directly to the waters without purification. In the Republic of Karelia the majority of drinking waters is taken from surface waters and insufficient water purification causes a situation that only a bit more than half of the population in the Republic of Karelia gets clean drinking water. In the Finnish regions the biggest environmental load to the waters comes from the agriculture. On the border areas there are common water system which call for joint management actions.

Transition to a circular and resource efficient economy has several challenges. Waste management and recycling is one area which requires improvements. In the Republic of Karelia the biggest challenge is the missing infrastructure and that is why the majority of the waste is taken directly to the landfills. In the Finnish regions the waste management infrastructure is already rather well developed but the recycling requires still improvements. General challenge with the circular and low carbon economy is to improve the economic models to a more sustainable direction where the recycling and reuse of materials is improved, potential of digitalisation is utilized and resource efficiency developed.

Climate change as well as the human behaviour in general threat the biodiversity and this sets challenges for the northern nature with large forests and water areas in the programme area. Large forests including the commercial forests, wild areas, national parks, protected areas and nature reserves in the border region provide a platform for the biodiversity preservation actions. These actions would very well support the general plans to decrease and stop the loss of the forest biodiversity. Climate change increases the forest damages due to for example increased rainfalls (snow), forest fires and insects and diseases. At the same time the need for the economic use of forests increases (for example energy wood and raw material) and use of forests and national parks as tourism objects increases. This causes a challenge for the coordinated multiple use of forests and nature combined with nature preservation measures.

National parks and protected areas act also as tourism objects and nature tourism has become more and more popular because of the restrictions caused by the pandemic. This loads the fragile nature of these areas which has to be well noticed in the development actions. It is important to notice both functions of these areas and under this priority efforts are put on environmental aspect and the development of nature tourism is tackled under a separate multisectoral tourism priority.

### **1.2.3. Tourism and culture (Policy objective 5, Cooperation area closer to its citizens)**

Policy objective 5 (Cooperation area closer to its citizens) offers tools to improve the ownership and participation of key local and regional stakeholders to tackle and solve joint development challenges. It addresses multi-thematic challenges in the programme area and focus is put to tourism and culture which both require multisectoral development actions. Both of these sectors have been affected by the pandemic – restrictions to travelling and gatherings and meetings have challenged both. In the cultural and creative industries sectors jobs have been lost.

Tourism has been in vital position in nearly all cross-border programmes implemented in Karelia region since the end of 1990's and it plays an important role on the regional economy. All the regional strategies underline the importance of tourism as a sector supporting the regional economy. Tourism also employs a notable number of people in the region.

Pandemic and its restrictions have been particularly challenging for the tourism sector and it is expected and foreseen that outcomes of the pandemic shall change the tourism trends. In order to tackle these challenges in the tourism sector, a multisectoral tourism development plan is established with a purpose to involve relevant stakeholders into the implementation. In addition cross border cooperation offers a chance to develop a service supply in a way which helps to compensate for the seasonal fluctuations, which causes challenges for tourism businesses on both sides of the border.

Euregio Karelia as a cross-border cooperation forum covers the whole programme area and it has a joint strategy for the years 2021-2027. This strategy highlights the key development challenges and needs, tourism being one of the most important of those. Euregio offers a suitable platform under which to implement cross-border multisectoral development actions for the benefit of the whole region and at the same time foster the grass-roots level ownership to the development of the region. To support this approach the existing Euregio Karelia strategy is complemented with a sub-strategy dedicated to tourism, but approached from different perspectives. Ownership of this strategy lies on the regional stakeholders – namely Euregio Karelia board and the content is coordinated with the Programming Committee in the programme preparation phase and with the Monitoring Committee in the implementation phase.

Approach to the culture in Karelia programme is similar as with tourism: implementation shall be based on multisectoral development strategy, which is based on the existing Euregio Karelia strategy for the years 2021-2027. Role of the culture is specified with a dedicated culture sub-strategy in which the development challenges of cultural sector are tackled from several dimension – from multisectoral approach. Key local and regional stakeholders are involved and Euregio Karelia board shall have the ownership of the built sub-strategy, which is coordinated with the Programming Committee in the Programme preparation phase and with the Monitoring Committee in the implementation phase.

Culture as a cooperation area is highly valued by the regions. Culture is seen as an attraction factor for the whole region and this way also a tool to develop and support the regional economy. Cultural cooperation has been active in all the Karelia cross-border cooperation programmes until now and cultural projects have been able to establish a functioning platform for people-to-people contacts and collaboration cross the border. Culture projects have also managed to involve children and youth to the cooperation. Culture has also played a notable part in the building of the cross-border identity of the whole region.

### **1.2.4. People to people (Interreg Specific Objective 1, Better cooperation governance)**

The pandemic has shown how an unexpected external factor may have a big impact on the functioning of societies and cooperation cross the border has been particularly challenging when crossing the border hasn't been possible.

People to people actions are in the core of the cross-border cooperation. Pandemic has anyhow prevented the normal interaction between the people cross the border. In the ongoing cross-border cooperation projects the contacts have been maintained online, but this does not replace the physical contacts in a long run and establishing solid cross-border contacts and partnerships only online might be challenging. Challenges to cross border people to people - cooperation do not limit only to pandemic and its consequences – for example student exchange and cross-border contacts of youth and children did not function effectively before the pandemic either. Cooperation between the NGOs has worked to some extent on cultural sector but in wider terms cooperation hasn't been active.

From the cooperation governance perspective the cross-border cooperation programme establishes a cooperation platform as such and the current and previous programmes have been on essential role when the cooperation has been widened from authorities to regular people in this region. In this area Euregio Karelia has also worked since 2000 to foster the collaboration cross the border and it has involved the local and regional decisionmakers to the cross-border dialogue.

At the regional level the different sectoral authorities also have regular cooperation platforms both on national and regional level, for example in environmental and health care sectors. Sectoral authorities anyhow struggle with limited budget resources and this challenges the regular and functioning cooperation. In many areas the CBC Programmes are the most important tools for the implementation of joint cross-border actions other than those directly related to the official duties of the authorities.

The current and previous Karelia cross-border cooperation programmes have actively worked with other cooperation programmes and this cooperation and exchange of experiences gives a channel for developing the cooperation governance knowhow and knowledge. Widening of this cooperation from the Programme level to beneficiary level benefits also wider group of regional and local stakeholders.

Challenges related to cooperation governance are tackled in the programme with several ways:

- separate priority is built for people-to-people actions
- other actions to support the cooperation governance are tackled mainly with small projects under different priorities based on programme thematic
- one objective in the tourism and culture development under PO5 is to improve the cooperation governance as such. Work is based on joint cross-border strategy and key stakeholders from both sides of the border are involved to the preparation and implementation of the strategy

#### **1.2.5. Lessons learned**

Cooperation programmes have operated in this same area since 1996 and this has established a solid basis for the cooperation and a strong regional ownership to the cooperation programmes. Well-settled cooperation area has enabled the building of strong cross-border partnerships which can be seen in the balanced participation of partners (as lead partners and partners) from both sides of the border.

Programmes have covered a wide range of thematic of which some have been repeated from programme to programme. All the programmes have worked with economic cooperation and environment as well as with transport and logistics particularly focusing on the development of the border crossing points. Tourism has been one of the most active economic sectors tackled in the programmes and culture can be seen as one of the cooperation areas which characterises best the programmes.

Share of resources allocated to environmental cooperation projects have increased from programme to programme and at the same time the allocation of funds to transport and logistics has decreased. Programmes have included investment projects as such and investments have been also implemented as part of the development projects. Soft development projects have enabled the large participation of different

types of stakeholders to the projects from both sides of the border from NGOs to education and research organisations as well as to SMEs and public authorities operating on local, regional and national levels. Practicalities like pre-payments have made it possible for the small organisation to participate to projects.

Based on the participation to CBC projects the knowhow of project stakeholders has improved and large number of organisations have good capacities to manage cross-border cooperation projects. Understanding of the intervention logic is rather well understood with logframe approach which is based on problem analysis. Different approach and methodology applied in the new programme shall challenge the programme implementation to some extent.

#### ***1.2.6. Synergies with macro-regional strategy and other cooperation platforms***

Karelia programme area is covered by regional strategic documents by Finland and Russia as well as by the macro regional strategy for the Baltic Sea region (EUSBSR). Thematics of these strategic documents have been noted during the preparation of the programme and synergies and mutual benefits are seen between these.

Programme also has synergies with Barents Euro-Arctic cooperation (BEAC), which has established working groups under different thematics. CBC relevant thematics with clear synergies exist with tourism, environment and culture. Especially cooperation under environment could offer a platform for the implementation of coordinated projects in a wider context. Also youth cooperation is highlighted under BEAC and cooperation / coordination, exchange of information in minimum, related to this offers mutual benefits for both. In general Barents regional cooperation and the cross-border cooperation programmes benefit of close interaction.

Cooperation and coordination mechanisms between the cooperation programmes are also seen important for the successful implementation of the programme. Already existing cooperation networks such as network of arctic cooperation programmes (in the current period five programmes: Northern Periphery and Arctic, North, Botnia-Atlantica, Kolarctic and Karelia) and northern cluster cooperation programmes working between EU-countries and Russia are beneficial as such for the programme and they shall be further developed. Active participation and widening of networks is the pre-requisite for the success their work.

Northern Dimension partnerships also have same thematics as the programme, namely culture and environment. Coordination and cooperation with these partnerships might offer opportunities for wider cooperation projects.

### 1.3. Justification of policy objectives and Interreg specific objectives, corresponding priorities, specific objectives

Table 1.

PO / ISO	Specific objective	Priority	Justification for the selection
<b>PO1 Smarter Cooperation area</b>		Competitive regional economy	<p>Programme area struggles with the challenges related to the regional economy and competitiveness. Regional GDP figures are behind the national averages on both countries. Sparse, decreasing and ageing population also set challenges for the regional economy and companies operating in the region. SMEs play an important role in the regional economy.</p> <p>This priority is built to tackle these challenges through two specific objectives: research and innovations and SME competitiveness. In addition, digitalisation is seen as an important and practical tool to develop the regional competitiveness but it is not considered as a separate specific objective under this priority. Digitalisation is rather seen as a cross-cutting issue in the whole programme, not only under the priority 1.</p> <p>Proposed actions under this priority are expected to be environmentally sustainable and climate resilient.</p> <p>Support to projects is provided as grants under this priority and both specific objectives under it.</p>
<b>PO1 Smarter Cooperation area</b>	1.1. Research and innovations	Competitive regional economy	<p>Programme region has innovation capacities and potential and has active Universities that invest on research and development. R&amp;D investments on the regional perspective are notable but even if the regions and enterprises are already investing on the development of innovations and clusters by themselves, the cooperation cross the border in the programme region in this area is limited. Establishing of cross border research and innovation partnerships and the strengthening the cooperation cross the border in general can therefore open up new perspectives for innovations policies and development of economic clusters and ecosystems.</p>
<b>PO1 Smarter Cooperation area</b>	1.3 SME Competitiveness	Competitive regional economy	<p>Small and medium sized enterprises play an important role in the regional economy on both sides of the border. The share of employees working in the SMEs is higher than in average in both countries. In Finland the value added produced by the SMEs is also higher than the average. In the Republic of Karelia the development of SMEs is considered as a key tool to tackle the challenges for example related to the</p>

			<p>monocities. In the Republic of Karelia there are still 11 monocities where economy around one factory or industry and these monocities represent 80 % of the whole production in the republic of Karelia. Number of SMEs since 2019 has anyhow dropped in the Republic of Karelia. In the Finnish regions the investments on SMEs have decreased.</p> <p>Improvements on the competitiveness of SMEs have direct impacts on the regional economy. CBC actions search for sustainable, climate resilient and energy efficient solutions to improve the competitiveness of the SMEs.</p> <p>Decreasing population has caused also the challenge for the SMEs with the availability of skilled and competent labour.</p>
<p><b>PO2 Greener Cooperation area</b></p>		<p>Environment</p>	<p>Regions notice largely the environmental challenges in the development strategies and they set targets and roadmaps for the transition to circular and low carbon economies.</p> <p>Stakeholders in Karelia region consider the clean environment as a competitive advantage for the region but also as an attraction factor for the residents living in the area.</p> <p>This Priority focuses on four specific objectives, which search for cross-border solution to joint challenges.</p> <p>First specific objective focuses to improve the energy efficiency and this way to reduce the greenhouse gas and black carbon emissions.</p> <p>Second specific objective concerns the sustainable water management. Actions focus to improve the management of waste water and reduce the environmental load to surface waters. Objective is also to improve the accessibility to clean drinking water.</p> <p>Third specific objective concerns the circular economy. Regions are putting efforts in their development strategies to support the transition to the circular economies and cross-border cooperation provides a good platform for sharing experiences and adopting new approaches.</p> <p>Fourth specific objective concerns the nature protection and biodiversity. Large forests and</p>

			<p>number of protected areas provide a good platform for the joint efforts under this specific objective.</p> <p>Support to projects is provided as grants under this priority and all specific objectives under it.</p>
<b>PO2 Greener Cooperation area</b>	2.1. Energy efficiency	Environment	<p>Energy sector is one of the biggest sources of greenhouse gas and black carbon emissions in the region. Joint solutions and innovative cross-border approaches to improve the energy efficiency in particular in households and public buildings are called for to reduce the environmental load and greenhouse gas and black carbon emissions. Also other types of cross-border solutions to improve the energy efficiency in general are called for.</p>
<b>PO2 Greener Cooperation area</b>	2.5. Sustainable water management	Environment	<p>In the programme areas there are still areas where the waste water ends directly to the waters and insufficient purification of the waste water causes notable environmental load to the surface waters and threat to the biodiversity as well as to the health of people. In the Republic of Karelia the majority of the drinking water is taken from surface waters and insufficient purification of waste waters causes a situation that only about half of the population gets clean drinking water. On the Finnish side the biggest environmental load to the waters comes from the agriculture.</p>
<b>PO2 Greener Cooperation area</b>	2.6. Circular economy	Environment	<p>Circular economies provide tools how to reduce the environmental load, improve the competitiveness and the economic growth as well as the employment. Transition to circular economies requires anyhow changes to general economic models and thinking to a more resource efficient direction as well as utilization of side streams for example of agriculture and industrial processes. New approaches and solutions are searched through CBC to support this transition.</p> <p>As part of the transition, SO works to improve the waste management and recycling and focuses to improve the lacking infrastructure and capacities and knowhow for recycling and reuse of the waste. In the Republic of Karelia, for example, the biggest problem is the missing infrastructure and the majority of the waste is still taken directly to the landfills.</p>

<p><b>PO2 Greener Cooperation area</b></p>	<p>2.7. Nature protection and biodiversity</p>	<p>Environment</p>	<p>The loss of biodiversity has direct impacts to the functioning of our societies, economies and human health.</p> <p>Large number of national parks, protected areas and nature reserves in the border region provide a platform for the nature protection and biodiversity preservation actions. Loss of biodiversity is seen as a threat to the people living in the area as well as on the livelihoods.</p> <p>Cross-border cooperation may also provide new approaches to improve the green infrastructure in built environment to safeguard the biodiversity.</p> <p>Large forests in the programme area (both wild areas and commercial forests) also provide a platform for the cross-border cooperation to find sustainable and climate resilient solutions for the multiple use of forests to stop the loss of forest biodiversity.</p>
<p><b>PO5 Cooperation area closer to its citizens</b></p>			<p>PO5 improves the ownership and participation of key local and regional stakeholder to the tackling and solving of multidimensional joint development challenges in the region. Programme offers this region a possibility to focus on the development of tourism and cultural sectors which are both important sectors for the regional economy as well as for the regional cross-border identity. Development of these sectors require multidimensional actions. PO5 offers benefits that cannot be reached through other options:</p> <ul style="list-style-type: none"> <li>- this strengthens the cross-border cooperation as such</li> <li>- it offers a practical solution how to implement the regional strategy together with key regional and local level stakeholders</li> <li>- it enables the Programme to focus on the development of two core cooperation areas (tourism and culture), which is not possible not as such under other POs</li> </ul> <p>Separate priorities are presented for tourism and culture. Implementation of these priorities is based on multisectoral Euregio Karelia strategy complemented with respective sub-strategies on tourism and culture. Complementing financial sources will be searched for to implement the other parts of the strategy.</p>

			Support to projects is provided as grants in both priorities under the PO5
<b>PO5 Cooperation area closer to its citizens</b>	5.2.	Tourism	<p>Tourism sector needs to adopt to the new situation and possible new trends after the pandemic. New service concepts with the need to update and improve the knowhow, health security, customers' demands on more sustainable and climate resilient services, requirements to the infrastructure, border crossings as well as on transportation all challenge the economic sector. In order to tackle the challenges in a sustainable way the development have to be done in an interconnected way, cross the sectoral borders.</p> <p>Multisectoral development of the tourism sector improves the tourism sector in general and helps the regions' recovery from the economic impacts of the pandemic. This approach requires and enables the involvement of large number of local and regional stakeholders from different sectors and it improves the cross-sectoral cooperation for the benefit of the whole area</p> <p>Participation of stakeholders largely from different sectors improves not only the preconditions for the tourism sectors but also builds the cooperation culture in general. It also ensures that development can be planned in a sustainable and climate resilient way.</p>
<b>PO5 Cooperation area closer to its citizens</b>	5.2.	Culture	<p>Culture has played an important role in all CBC Programmes implemented since 1990's. Culture profiles the cross-border cooperation in this area.</p> <p>Collaboration cross the sectoral borders enables more sustainable and holistic approach to the development of the cultural sector and region in general. Cultural cooperation increases the knowledge and awareness about people on the other side of the border. Culture can also be seen as a tool to improve the regions' attractiveness for people living in the area and visiting the area but also for the businesses already operating in the region and thinking about locating production or operations to the region. Programme area has a fruitful cultural heritage and cultural heritage sites that can be largely utilized in this work.</p> <p>From holistic approach development requires improvements to the skills, knowhow, infrastructure, services, availability and accessibility among others. Digitalisation also offers notable possibilities.</p>

<b>ISO1 Better Cooperation Governance</b>	6.3.	People to people	<p>People to people contacts cross the border establish a backbone for the cross-border cooperation. Pandemic has prevented the contacts cross the border and investments on people to people actions offer a restart for this interaction and opportunities for all groups of people, including youth.</p> <p>Priority offers a possibility to strengthen the cooperation between the NGOs and develop people-to-people contacts, including the youth cooperation.</p> <p>Priority works to strengthen the mutual trust between the neighbours.</p> <p>Support to projects is provided as grants under this priority.</p>
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Specific objectives covered by the programme

<b>Code</b>	<b>Name of the SO</b>	<b>Short name</b>
<b>1.1.</b>	Enhancing research and innovation capacities and the uptake of advanced technologies	Research and innovations
<b>1.3.</b>	Enhancing growth and competitiveness of SMEs	SME competitiveness
<b>2.1.</b>	Promoting energy efficiency and reducing greenhouse gas emissions	Energy efficiency
<b>2.5.</b>	Promoting access to water and sustainable water management	Sustainable water management
<b>2.6.</b>	Promoting the transition to a circular and resource efficient economy	Circular economy
<b>2.7.</b>	Enhancing protection and preservation of nature, biodiversity and green infrastructure, including in urban areas, and reducing all forms of pollution;	Nature protection and biodiversity
<b>5.2.</b>	Fostering the integrated and inclusive social, economic and environmental local development, culture, natural heritage, sustainable tourism and security, in areas other than urban areas	Integrated development
<b>6.3.</b>	Build up mutual trust, in particular by encouraging people-to-people actions	People-to-people

## 2. PRIORITIES

Total of five priorities under three policy objectives and Interreg specific objective were built to respond to the identified challenges.

### 2.1. COMPETITIVE REGIONAL ECONOMY

This priority works to improve the competitiveness of the region through investments on research and innovations and the competitiveness of SMEs. Digitalisation is considered as a tool to improve the competitiveness of SMEs and new digital solutions are searched through research and innovations.

#### 2.1.1. *Research and innovations*

Specific objective strives to foster the cross-border research and innovation clusters and business networks for the benefit of the regional economy. Actions facilitate the cooperation between research and development organisations and the enterprises, public authorities and other relevant stakeholders in order to establish new research and /or innovation cross-border partnerships.

##### 2.1.1.1. Related types of actions

Programme supports the development of the regional economy through investments on cross border research and innovation actions. Regions already actively work with research and innovations and there are for example three strong Universities operating in this field. Innovation and research cooperation in this area is anyhow not actively working cross the border and therefore the objective is to activate organisations to widen the innovation networks and partnerships cross the border.

Research and innovation policies are anyhow not limited only to the research centers and higher educational organisations but cross-border cooperation between the enterprises and research and educational organisations as well as local and regional authorities and other relevant stakeholders is also called for to benefit the regional economy.

Regions are putting efforts also to the digitalisation and stakeholders are encouraged to cooperate cross the border in order to facilitate the uptake of existing digital solution and also to establish innovative digital solutions for the benefit of different economic sectors

##### Actions:

- Joint actions to promote the building of cross-border research and innovation clusters and business networks
- Cooperation between enterprises, research centres and education sector, development organisations as well as other relevant regional and local stakeholder in order to widen and create new cross-border innovation partnerships, ecosystems and implement pilot actions
- Joint cross-border research and innovation actions to improve the regional economies through digital solutions

Actions may include infrastructure improvements.

In addition joint small scale actions are called for to foster the cross-border interaction, the exchange of good practices and the development of research, innovation and business sector

#### 2.1.1.2. Main target groups

SMEs, research organisations, higher education organisations, business development organisations, vocational education institutions, local and regional authorities, NGOs

#### 2.1.2. *SME competitiveness;*

This specific objective calls for cross-border solutions to improve the competitiveness of SMEs' for the benefit of the regional economy.

#### 2.1.2.1. Related types of actions

Small and medium sized enterprises play an important role in the regional economy on both sides of the border and the programme calls for cross-border actions to support the sustainable growth and improved competitiveness of SMEs.

Joint training actions could be developed for the SMEs to facilitate them in their businesses but also to improve the availability of skilled and competent labour. Stakeholders are also encouraged to create other actions and solutions to improve the availability of labour.

Different economic sectors and clusters are asked to find joint marketing solutions cross the border and stakeholders are also encouraged to develop ways how the digital solutions could be better utilised to improve the SMEs' competitiveness.

In order to be able to compete on international markets, the SMEs need to consider how they can improve their business to be more climate resilient and move to more carbon free direction. Collaboration cross the border in this field is called for energy efficiency taken as one example of such actions.

Types of actions:

- Joint cross border training schemes to improve the knowhow of businesses
- Joint cross border actions aiming to improve the availability of competent labour
- Joint cross border actions to promote the networking of SMEs and cross-border business
- Joint cross border marketing efforts
- Joint cross-border actions to increase the use of digital solutions in the SMEs in order to improve the SMEs' competitiveness
- Joint cross-border actions to improve the SMEs' climate resilience including energy efficiency

Actions may include infrastructure improvements.

In addition joint small scale actions are called for to foster the cross-border interaction, the exchange of good practices and the development of business sector.

#### 2.1.2.2. Main target groups

SMEs, research organisations, higher education organisations, business development organisations, vocational education institutions, local and regional authorities, NGOs

## 2.2. ENVIRONMENT

Environmental priority tackles the identified environmental challenges by focusing on energy efficiency, sustainable water management, circular economy and the nature protection and biodiversity.

### 2.2.1. Energy efficiency

Under this specific objective improvements of the energy efficiency are called for in order to promote rational use of energy resources and reduce estimated greenhouse gas and black carbon emissions. Jointly developed solutions cross the border are called for.

#### 2.2.1.1. Related types of actions

Regions have set up ambitious strategies to reduce the greenhouse gas and black carbon emissions. As the energy production is one of the biggest sources of greenhouse emissions, efforts are put to improve the energy efficiency and decrease the overall energy consumption. Focus is put to energy consumption in households and public buildings but also other types of actions improving the energy efficiency are called for to decrease the overall energy consumption and greenhouse gas emissions.

Stakeholders are encouraged to promote the uptake of relevant digital solutions to support in the work related to energy efficiency.

Actions:

- Cross-border actions to improve the energy efficiency and to reduce the greenhouse gas and black carbon emissions as well as to reduce the overall energy consumption
- Sharing of experiences and best practices related to the energy efficiency
- Joint awareness raising efforts

Actions may include infrastructure improvements.

In addition joint small scale actions are called for to foster cross-border interaction, exchange of good practices and development related to energy efficiency.

#### 2.2.1.2. Main target groups

Local and regional authorities, research centers and higher education organisations, business development organisations, SMEs. NGOs, environmental authorities and organisations,

### 2.2.2. Sustainable water management

This specific objective focuses to improve sustainable water and waste water management and the quality of surface waters. Objective is also to improve the accessibility to the clean drinking water.

#### 2.2.2.1. Related types of actions

Under this specific objective actions improve the sustainable water management and waste water treatment and management. Objective is also to improve the access to clean drinking water.

- Joint cross-border actions to improve the management of waste waters in order to improve the condition of surface waters and water ecosystems
- Joint cross-border actions to improve the accessibility to the clear drinking water
- Joint actions to improve the quality of the water in cross-border rivers and water systems
- Joint cross-border actions to improve the water quality monitoring and management

Actions may include infrastructure improvements.

In addition joint small scale actions are called for to foster the cross-border interaction, exchange of good practices and development related to the management of waters and waste waters as well as the cross-border rivers and water systems

#### 2.2.2.2. Main target groups

Local and regional authorities, research centers and higher education organisations, business development organisations, SMEs. NGOs, environmental authorities and organisations

### 2.2.3. Circular economy

This specific objective focuses to support the transition to circular and resource efficient economies and to develop cross-border solutions for improved waste management and recycling

#### 2.2.3.1. Related types of actions

Circular economies provide tools how to reduce the environmental load, improve the competitiveness and the economic growth as well as the employment. Programme encourages the stakeholders to cooperate cross the border to find new solutions and models to support the transition to circular economy . As part of this transition, cross-border actions are supported to jointly develop the waste management and recycling.

In the waste management and recycling development actions are called for the whole chain from the consumers, including for example awareness raising, to the recycling covering for example necessary structures and infrastructure. Stakeholders are asked to prepare joint solutions how the amount of waste can be decreased in general and the share of recycled waste at the same time increased. Programme calls for cross-border exchange of experiences about methods how the waste can be converted to the resource for the business, to build the circular economy.

Types of actions:

- Cross border exchange of experiences and best practices concerning the transition to circular economies, waste management, sorting and recycling
- Joint cross-border actions to support the transition to circular economies and to promote and improve the sustainable waste management and / or circular economy including the digital solutions e.g. for the management of the processes
- Implementation of small scale investments and pilots to improve the overall waste management, to increase the share of recycled waste, and to utilize side streams in projects related to bio- and circular economy
- Joint cross-border actions aiming to reduce / minimise the amount of waste and to improve the resource efficiency
- Joint cross-border awareness raising actions and campaigns

Actions may include infrastructure improvements.

In addition joint small scale actions are called for to foster the cross-border interaction, exchange of good practices and development related to the transition to circular economies

#### 2.2.3.2. Main target groups

Local and regional authorities, organisations on waste management and recycling, research centers and higher education organisations, NGOs, environmental authorities and organisations, enterprises, SMEs

#### **2.2.4. Nature protection and biodiversity**

This specific objective focuses to protect and preserve the biodiversity as well as to develop the green infrastructure in built environment. Focus is also put to actions related to environmental protection.

#### 2.2.4.1. Related types of actions

The loss of biodiversity has direct impacts to the functioning of our societies, economies and human health. Programme wants to foster the cooperation cross the border related to the work to protect and preserve the biodiversity. On this work the large forests as well as the protected areas provide a good platform. Cross-border exchange of experiences and pilot actions to improve the sustainable and climate resilient multiple use of forests are called for to support the preservation of forest biodiversity.

Joint green infrastructure actions are also called for to maintain and enhance ecosystems and restoring the degraded ecosystems in and around the built environments. Cooperation related to nature protection is also covered under this objective.

Stakeholders are encouraged to promote the uptake of relevant digital solutions to support in the work to protect and preserve the biodiversity.

Types of actions:

- Joint cross-border actions for the protection and preservation of the biodiversity
- Joint cross-border actions for the development of the green infrastructure in and around built environments
- Cooperation concerning the nature protection (for example national parts and reserves) in order to establish sustainable platforms for the preservation of the biodiversity
- Cross border actions to promote the sustainable and climate resilient methods for the multiple use of forests in order to stop the loss of biodiversity.

Actions may include infrastructure improvements.

In addition joint small scale actions are called for to foster the cross-border interaction, exchange of good practices and development related to nature protection and the preservation of biodiversity

#### 2.2.4.2. Main target groups

Environmental organisations and authorities, local and regional authorities, NGOs, research centers and higher education organisations, SMEs

## 2.3. TOURISM

Priority focuses to enhance the utilization of the regions' high potential for tourism. Priority calls for integrated actions cross different sectors and large local and regional participation of key stakeholders

### 2.3.1. *Integrated tourism development*

Integrated tourism sector development actions are based on Euregio Karelia sub-strategy, which calls for large participation of key local and regional stakeholders from different sectors. Intersectoral actions help the tourism sector to adopt to the new situation after and during the pandemic

#### 2.3.1.1. Related types of actions

Tourism is one of the key economic sectors in the area and a separate programme priority is established to develop this economic sector jointly cross the border. This priority calls for interconnected actions to develop the area as a tourism destination in a new situation after the pandemic. Actions supported under this priority are based on the separate multisectoral sub-strategy built under Euregio Karelia main strategy.

Types of actions:

- Cross-border actions to strengthen the resilience of the tourism sector and to cushion the socio-economic impacts of the pandemic

Actions support the workers and businesses to adopt to the new situation, strengthen the partnerships and solidarity by focusing on building the inclusion and reducing the inequalities as well as to promote the preservation of the uniqueness of the Euregio Karelia area

- Joint cross-border actions to improve the competitiveness of tourism sector

Actions to improve the competitiveness focus on service quality, product development, training and the mobility. Efforts are also put to facilitate the border crossings and visa and customs procedures as well as to improve the transport links and to the creation of favourable conditions for local SMEs

- Joint cross-border actions to foster the innovations and digitisation of tourism ecosystems

Actions focus to promote the tourism through innovative solutions and create integrated digital systems for marketing tourism products on both sides of the border

- Joint cross-border actions to promote the sustainable tourism development

Actions focus to improve the resource-efficiency in the tourism sector and to introduce the green technologies

- Joint actions to strengthen the cross border coordination and partnerships for the reformation of tourism sector

Actions focus to develop and promote common brands, tourism training, information systems for the analysis and exchange of tourism related data and to support the partnerships for the development of tourism

Actions may include infrastructure improvements.

In addition joint small scale actions are called for to foster the cross-border interaction, exchange of good practices and joint tourism development.

#### 2.3.1.2. Main target groups

Tourism development organisations, tourism businesses, SMEs, local and regional authorities and organisations, NGOs, educational organisations, research organisations

#### 2.3.1.3. Specific territories targeted and planned use of territorial tools

Integrated tourism development actions cover the whole Programme area and implementation is based on Euregio Karelia strategy together with its sub-strategy dedicated for tourism development.

## 2.4. CULTURE

This priority works to jointly improve the cultural sector cross the border for the benefit of the regional economy and building of the cross-border cultural cooperation.

### 2.4.1. *Integrated culture development*

Integrated culture sector actions are based on Euregio Karelia sub-strategy, which calls for large participation of local and regional stakeholders from different sectors. Multidimensional cultural cooperation improves the cross-border identity of the region and supports the regional economy

#### 2.4.1.1. Related types of actions

Culture has played an important role in all the cross border cooperation programmes since 1990's in this region. This priority takes a holistic approach to the joint development of the cultural sector and it encourages the key stakeholders from different sectors to participate largely to the implementation of joint actions. A separate multisectoral strategy is established under Euregio Karelia umbrella and the actions supported under this priority are based on that strategy.

Types of actions:

- Cross-border actions to facilitate the artistic and cultural exchange
- Joint development actions to utilize the common cultural heritage and history of the region
- Cooperation between the non-governmental organisations in the cultural sector

- Joint cross-border actions to support the business development in the cultural and creative industries
- Joint actions developing the digitalization in culture and creative industries
- Cross-border actions improving the culture sector integration with other sectors such as tourism, educational and wellbeing sectors and developing the interaction between culture and youth

Actions may include infrastructure improvements.

In addition joint small scale actions are called for to foster the cross-border interaction, exchange of good practices and joint development of culture sector

#### 2.4.1.2. Main target groups

Cultural organisations, local and regional authorities and organisations, NGOs, businesses, educational organisations, research organisations

#### 2.4.1.3. Specific territories targeted and planned use of territorial tools

Integrated culture development actions cover the whole Programme area and implementation is based on Euregio Karelia strategy together with its sub-strategy dedicated for culture development.

## 2.5. PEOPLE TO PEOPLE

Priority works to improve people-to-people contacts cross the border to improve the knowhow and knowledge concerning the neighbours and to increase the mutual trust of regular people living in the border regions.

### 2.5.1. Cooperation governance – people to people

Actions strive for a restart for people people-to-people contacts and cooperation after the pandemic. NGOs, educational organisations and other local and regional organisations as well as SMEs are encouraged to take part actively to people-to-people actions, including youth cooperation.

#### 2.5.1.1. Related types of actions

Programme wants to encourage NGOs, educational organisations and other local and regional stakeholders to establish people-to-people actions to facilitate the restart of the cooperation after the pandemic.

Priority calls for people-to-people contacts to improve the knowhow and knowledge concerning the neighbours. Better knowhow and knowledge is also expected to improve the mutual trust of regular people living in the border regions.

Types of actions:

- Actions to promote cross-border people-to-people activities
- Actions to support bottom-up initiatives for the integration of the inhabitants of the area to cross-border cooperation
- Actions to promote the cross border cooperation of non-governmental organisations in order to increase the people to people contacts

2.5.1.2. Main target groups

NGOs, youth organisations, local and regional level authorities, sectoral authorities, schools, universities, SMEs

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