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**Estonia – Russia
cross-border cooperation programme
2021-2027**

DRAFT

1. Joint programme strategy: main development challenges and policy responses

1.1. Programme area

The programme area is situated in the eastern part of the Baltic Sea region and covers the whole border between the Republic of Estonia and the Russian Federation.

The total territory of the programme area is 185 499 km²: 34 092 km² in Estonia (71% of Estonian territory) and 151 407 km² in Russia (1% of Russian territory).

The programme area is in a strategically important location in terms of cooperation between the Russian Federation and the European Union, especially in the Baltic Sea region.

The programme area includes the following NUTS III regions or their equivalents.

Republic of Estonia:

- Central Estonia (Järve, Lääne-Viru and Rapla county), 123 000 inhabitants in 2019;
- Northern Estonia (Harju county), 598 000 inhabitants (including 435 000 in the city of Tallinn);
- North-eastern Estonia (Ida-Viru county); 136 000 inhabitants;
- Southern Estonia (Jõgeva, Põlva, Tartu, Valga, Viljandi and Võru county), 317 000 inhabitants.

Russian Federation:

- City of St. Petersburg, 5 398 000 inhabitants;
- Leningrad region, 1 876 000 inhabitants;
- Pskov region, 626 000 inhabitants (including 210 000 in the city of Pskov).



1.2. Summary of main joint challenges

Based on the socio-economic analysis, workshops, and seminars with stakeholders from the area covered by the Estonian-Russian programme, and consultations with the respective national authorities and planning committees from Russia and Estonia, key challenges regarding the situation in the supported area were identified. The joint challenges identified consider the economic, social, and territorial disparities and inequalities, joint investment needs and complimentary synergies with other funding programmes and instruments, lessons-learnt from past experience and macro-regional strategies and sea-basin strategies where the programme area as a whole or partially is covered by one or more strategies.

1.2.1. Demographics and economic structure of the programme area

The economic structure of the programme area is diverse. The most significant economic centre of the programme area is agglomeration area of St. Petersburg and Leningrad region with miscellaneous industries, large service sector and significant R&D capacity. Northern Estonia, including Tallinn, has become internationally known for high concentration of IT and start-up enterprises. It is also the research and economic centre of Estonia. Pskov city and Tartu in the southern part of the programme area are important regional economic centres. North-eastern Estonia has notable large industries (especially compared to the other regions of Estonia), most of them still connected to oil-shale mining or processing. In 2019 the total population of the programme area was 9 million inhabitants.

The total population of Russia was 146.8 million in 2019 and over 5% of them (7.9 million) lived in the programme area. The Russian population within the programme area has been steadily growing on since 2014 (+4.1%/+0.31 million inhabitants). The number of inhabitants in Leningrad region and St. Petersburg has increased by 5-6% during the given period, while the population of Pskov region has decreased by 4%. The main reason for decrease of population of Pskov region has been negative natural population growth, while in Leningrad region and St. Petersburg the main reason for growth is internal immigration, i.e. inflow of people from other regions of Russia.

The total population of Estonia was 1.33 million in 2019 and 89% of them (1.17 million) lived in the programme area. The population of the programme area in Estonia has increased slightly since 2014 (+0.7%/+8100 inhabitants). While the population of Northern Estonia has increased by 4%, it decreased by nearly 8% in North-eastern Estonia and remained unchanged in Central and Southern Estonia. The main reason for increase has been positive net migration, both from abroad and internally in Estonia. Decrease is caused by internal migration within Estonia from rural to larger urban areas, like Tallinn and Tartu, and a negative rate of natural increase (more deaths than births).

The programme area includes two large urban areas – St. Petersburg in Russia (5.4 million inhabitants) and Tallinn in Estonia (0.44 million inhabitants). These two cities with their surrounding areas are also the economic frontrunners of the programme area that attract investments and working-age people and generate three-quarters of the total GDP of the programme area.

Within the programme area, there is a growing reliance on the tertiary sector, but regional divisions of GDP between primary, secondary, and tertiary sectors differs largely. In Northern Estonia and St. Petersburg tertiary sector accounted for ca 75% of the GDP in 2018 that shows the strong position of the service sector in these regions. Also, in Pskov region and Southern Estonia the tertiary sector accounted for ca 60% of the GDP. The secondary sector is equally or even more influential than the tertiary sector in North-eastern Estonia, Central Estonia, and Leningrad region, which indicates the importance of industrial companies in the economic profile of these regions.

The GDP per capita is higher in the regions with dominant tertiary sectors. In Estonia, the highest GDP per capita was in Northern Estonia, where it reached 30 350 EUR in 2019 and the lowest in North-eastern Estonia at 12 076 EUR. In Russia, the GDP per capita reached 13 113 EUR in St. Petersburg in 2019, in Leningrad region it was 9 072 EUR and in Pskov region 4 331 EUR. So, besides differences between Estonian and Russian GDP per capita levels, there are large differences (~3 times) between the programme regions both inside Estonia and Russia.

Within Estonia, import and export activity is concentrated in the Northern region, which has 78% of the import and export activity of the Estonian regions in the programme area. Over time, Northern Estonia has exported proportionally less than it imported; the ratio of exported to imported goods and services moved from 0.88 to 0.85 between 2014 and 2019. Like Estonia, import and export activity is concentrated in St. Petersburg, which has 82% of the import and export activity of Russian regions in the programme area. St. Petersburg changed from a net importer in 2014 to a net exporter in 2019, its export-import ratio changed from 0.72 to 1.2.

Between 2014-2019, employment decreased amongst people aged 20-64 in all regions (including St. Petersburg) in the Russian programme area. In Estonia, employment rate for the programme area has shown a steady increase for workers aged 15-64 between the years 2014-2019.

The programme area also must deal with the global trends regarding skills and labour market. Those include aging population (especially in more remote areas), the increasing pace of changes in technology, changing business models and nature of work, increasing urbanisation and migration from rural areas to bigger towns and cities, and the unpredictable impacts of the Covid-19 pandemic.

The main higher education centres of the programme area are St. Petersburg, Pskov city, Tallinn and Tartu, while there are studying options also at higher education institutions branches, colleges and vocational education centres in the programme area. The key educational issues of the programme area include availability of vocational and higher education outside bigger cities, wider involvement of population in lifelong learning, scarcity of staff for secondary and vocational education institutions, matching the needs of labour market with retraining and study programmes and development of digital skills in all segments of the population.

The main joint macro level challenges for the programme area include:

1. Aging, declining population
2. Increased unemployment
3. Growing urbanization

1.2.2. State of play and challenges for SMEs in the cooperation area and R&D

In the business environment the challenges are similar on both sides of the border in the programme area in terms of lack of skilled labour force, low labour productivity, aging and declining population. These are the overall obstacles for business growth opportunities as well as R&D potential. The programme area has two main challenges regarding innovative and smart economic transformation – low level of R&D activity, more specifically applying science to business, and SME development obstacles. In the regions outside of hubs like Tallinn and St. Petersburg, it is difficult for SMEs to find suitable work force and to compete with conditions and salaries of larger centres as well as acquire loan or attract investment capital for innovation activities. This is a challenge, because smarter and stronger SMEs are important for maintaining the economic and social welfare of the programme area. It is necessary to create incentives and conditions for the development, support, and survival of SMEs, increasing the level of competitiveness of their products. To ensure that the SMEs in the region are contributing to innovation, they require various support services, infrastructures, collaboration frameworks with universities, R&D institutions as well as large corporations, access to finances and skilled labour force. Regional strategies on both side of the border emphasize the need to develop support services and conditions for collaboration and networking between local businesses. Furthermore, increasing research, development, and innovation capacity as well as collaboration between businesses (SMEs) and R&D institutions is a challenge. There is a need for more collaboration between research institutions and businesses as well as funding to R&D activities, including creation and development of technological platforms. These two challenges are elaborated below.

R&D and uptake of advanced technologies

First, there is a need to promote commercialization of innovation and research so that businesses in the programme area would produce more added value to the economy. More widespread uptake of advanced

technologies and approaches, and commercialisation of the results of applied research are clear challenges of the programme area, concerning enterprises regardless of their size – from micro to large enterprises. Shift towards smarter entrepreneurship and knowledge economy requires more intensive interaction between academic and applied science institutions and businesses within the countries, but also across the Estonian – Russian border for practical application of scientific knowledge and concepts available in the region.

All the regions of the programme area focus in their strategic plans on developing SMEs and entrepreneurship, especially on shifting towards more knowledge intensive and smarter entrepreneurship that would have a bigger added value to the local economy. Considering the internal R&D capacity of SMEs, such a leap in innovation can be achieved primarily in cooperation between the business sector and R&D institutions. Uptake of advanced technologies and approaches, and commercialisation of the results of applied research needs to be encouraged. Investments in R&D and technology play an important role in the process of business growth at the expense of productivity growth.

Currently the programme area is characterized by small volumes of R&D expenditure, applied science in business and low R&D personnel employment in the private sector. There are various reasons for the current situation: most businesses are too small to make risky long-term investments in R&D, depending on the geographic location businesses have trouble attracting private investments as well as accessing loan capital from banks, the business and research/academic community do not “speak the same language” and find it hard to collaborate, and the main R&D institutions are still centered around just a few cities in the programme area making it harder for businesses further away to tap into the existing potential. However, the R&D institutions of the programme area do have the interest and significant R&D capacity, that could be practically applied on both sides of the border.

In general, the capacity of small businesses for product development and innovation is modest and accessibility to the R&D measures limited; thus, there is a great potential to benefit from cooperation for developing and testing ideas and prototypes with the CBC programme. The programme can be the catalyst that brings the R&D and business community together and that carries the initial risk of the collaboration with programme funding. The programme could also bring R&D institutions and universities closer to the business challenges of the border areas. Cross-border cooperation in this area would increase the knowledge and technology transfer opportunities and practical implementation of the developed concepts and unlock potential for geographically wider cooperation within the R&D and business sector. The cooperation allows to combine competences of R&D organisations, exchange knowledge about technical capacities of labs and successful examples of commercialisation of innovations. Activities might include analysing and applying innovative practices that are already in operation or tested in other countries and tailoring them for the conditions of the programme area or developing new solutions in cross-border co-operation with the general goal to increase productivity, sustainability and international competitiveness of the companies of the programme area.

Joint R&D activities could be carried out in sectors important to both countries of the programme area - forestry and timber industry, metal and machinery, agriculture and food sector, silver economy, e.g. rehabilitation and other health services, creative and cultural industries, clean- and greentech. The main goal of these activities in any sector should be to add maximum value to local resources – both natural (move from exporting primary products to more advanced products) and human (increase in labour productivity). Digitalization support to SMEs and industry (to implement Industry 4.0 processes) would also be beneficial to the region as current digitalization uptake among companies is still low. Another knowledge intensive activity line across all sectors would be ensuring the circularity of the business models implemented. Circular economy is increasingly becoming the new norm and businesses in the regions need to be aware and ready to implement circular practices and seize new business opportunities. Therefore, cross-border cooperation has great potential to accelerate the innovation capacity of companies through strong existing networks and clusters and cooperation activities in different economic sectors.

SME development and collaboration

Second, the programme area is characterized by a dominance of SMEs, more specifically of micro-enterprises, that need certain support and conditions to thrive. Estonian - Russian cross-border cooperation can be a useful

tool for broadening the knowledge of SMEs and business support organisations (business and science parks, industrial areas and parks, industrial and business incubation centres, hubs and centres of cultural and creative industry, software and hardware accelerators, technology development centres, regional development centres, competence centres, etc) to enhance the growth and competitiveness of the SMEs of the programme area.

The general aim of the programme's development activities in this area should be to increase the number of vital and competitive companies in the programme area with the increased export volumes and value added (e.g. labour productivity). In addition, strengthening regional and cross-border business networks in the regions of the programme area with relatively lower entrepreneurial activity. For example, the initiatives can involve active business sectors of the border area, including woodworking industry, food industry and farming, tourism and recreation, metalworking, and engineering industry. Collaboration between social enterprises and companies working in creative and cultural industries, silver economy and circular economy could also be supported as these sectors are growing in importance in both countries as well as globally. In addition, collaboration between tourism and agricultural SMEs could create new agritourism and other slow travel tourism products in the programme area, including valorising natural and cultural assets in the cross-border area. However, strengthening of cross-border entrepreneurial relations are encouraged also in the other economic sectors.

To strengthen the cross-border business communities, it is important to encourage cross-border cooperation and experience exchange initiatives between business support organisations. Joint development of their services and support infrastructure will help to provide more targeted and tailored support for local enterprises. For example, in the fields of export aid, digitalisation of processes, product and service development, incubation and scale-up services, marketing activities, social impact models etc. Facilitation of cross-border cooperation by business support organisations is especially important in case of micro-enterprises, as usually they do not have the resources and capacity to carry out cross-border cooperation activities on their own. Therefore, cross-border and cross-sectoral business cooperation provides opportunities to raise the competitive advantage of the small companies outside the large economic centres in the programme area.

Stakeholder consultations, JPC discussions and collection of ideas that have taken place in Estonia and Russia in 2020 and 2021 have also led to the understanding that active networks of micro enterprises and SMEs, both on a regional and cross-border level, are an important factor for the sustainability of the programme area. Such networks are especially important in areas, which have been dependent on large industries and respectively have an underdeveloped ecosystem of SMEs, and rural areas with low population density. The programme could provide valuable support for promoting business diversification and the development of new businesses in the regions through cross-border cooperation and networking.

The main challenges to be addressed by the programme under priority 1 will be:

1. Low capacity of the small and micro enterprises to access/use the opportunities and research infrastructure for knowledge transfer and innovation.
2. Insufficient R&D organizations and business collaboration within the programme area, including across the border.
3. Innovation and growth lagging in border areas.
4. Retaining talent and specialized labour force within the programme area by supporting projects and SMEs where these people would want to work in.
5. Under-developed cross-border business communities involving Estonian and Russian SMEs and business support organisations.
6. Insufficient cooperation and joint service development of Estonian and Russian business support organisations.

1.2.3. State of play and challenges related to the environment and nature

Water management

Shared bodies of water between Estonia and Russia are a prominent feature of the programme area; these include the Narva Bay (Baltic Sea), the Narva River and the 3-lake system of Lake Peipsi/Chudskoe, Lämmi/Tyoploye, and Lake Pskov, all of which are a part of the Narva River basin. Cooperation between Russia and Estonia on the management of these shared water bodies is supported by the Estonia-Russia Joint Commission on the Protection and Sustainable Use of Transboundary Water Bodies. The purpose of this commission is to monitor the overall health of shared bodies of water and shared resources

A significant challenge to the programme area is the eutrophication of bodies of water in the Narva river basin which has caused deterioration of the water quality and adverse changes in the whole ecosystem, e.g., excessive growth of algae, increased cyanobacterial blooms, low oxygen concentrations, increased sedimentation on fish spawning grounds which can be fatal for the fish population. This eutrophication process is exacerbated by increasing water temperatures induced by climate change and pollution from human activity, such as agricultural run-off – nutrients and pesticides, wastewater from livestock, etc. – and point sources (easily identifiable and defined locations of pollution). The largest contributing point sources for pollution in the Narva River basin are Tartu (Estonia) by way of the Emajõgi river and Pskov City by way of the Veilkaya river. Other point sources from both Estonia and Russia include industrial activity in the catchment are related to metallurgy (Russian programme area only), chemicals, pharmaceuticals, textiles, oil shale mining (Estonia), paper mills, and other heavy metal and chemically intense industries.

There is also a challenge with wastewater treatment in small settlements around Lake Peipsi, River Emajõgi and River Narva mainly due to three reasons: 1) The public sewerage is not constructed in such a way that it is technically possible for all residents to connect to it; 2) The public sewerage network is depreciated and causes sewage leaks; 3) The local wastewater treatment plant is depreciated or inefficient.

As the shared waterways are also interconnected, pollution that enters the catchment area generally impacts all shared bodies of water. However, actions from both sides of the border have been focused on reducing pollution loads from point sources with a clear decrease of nitrogen and phosphorus pollution in shared bodies of water over the last 3 decades. Since 2007 several projects have been implemented through cross-border cooperation programmes with the participation of Estonian and Russian partners. For example, the projects Common Peipsi 2, Emajõe-Pskov WMP-2 -ER29, PureWater – ER54 and in Russia specifically, the Northern Dimension Environmental Partnership built or rehabilitated dozens of water treatment facilities in the programme area. However, according to the latest HELCOM assessment (HELCOM ACTION project) there is still potential to reduce input of nutrients from point sources with the highest reduction potential being in the agriculture sector. According to the recently adopted Baltic Sea Action Plan 2030, agriculture is currently the main contributor to the nutrients load. There is also pollution reduction potential for scattered settlements and individual homes. Still, insufficiently treated wastewater remains a contributing factor to water nutrient levels and there is a need in the programme area to continue efforts to upgrade existing wastewater treatment facilities or construct the new ones with the aim to protect the fragile water ecosystems.

Beyond upgrading and building new wastewater treatment facilities, efforts have been made by Russian and Estonian authorities to study the pollution levels and to map the sources of pollution in the Narva River Basin by cooperating, sharing environmental data in the Narva River Basin and synchronizing pollution impact research programs. In the Baltic Sea Action Plan (BSAP) 2021-2030 Contracting Parties took a commitment to continue cooperation with river basin management authorities (incl. joint commission between the Republic of Estonia and the Russian Federation) to ensure that river basin management plans, including for transboundary rivers, consider the environmental targets as set by the BSAP.

While cooperation in the previous programming period has been fruitful, sharing data about pollution levels and the overall ecological health of shared bodies of water remains a challenge. Thus, there is a need to promote actions that improve cooperation in this area. Addressing these topics will help the programme progress towards a “zero-waste” society.

Promoting the transition to a circular economy

The status of the circular economy is largely measured by waste produced, recycled, and how many materials are produced and consumed domestically. In Estonia, the amount of waste produced and waste recycled between 2011-2019 has made modest improvement. In the programme area that covers the Russian Federation, waste generation has increased in the Leningrad and Pskov regions, and in St. Petersburg and the recycling rates have shown improvement between 2019-2020. The poor waste and recycling metrics in the whole programme area can be explained by lack of an efficient waste management system – including bins to recycle waste properly, lack of capacity by smaller municipalities to effectively manage waste, and low motivation by people to change their behaviour towards waste and recycling.

However, solutions to help increase the capacity of smaller communities to recycle waste, awareness raising to promote circular habits in the public and private sector and citizens in general, and supporting innovative tools or business models to utilise waste sources such as upcycling could be supported in the context of cross-border cooperation. For example, in the Interreg BSR project „Baltic Industrial Symbiosis“, production companies' waste from one site was used as a resource for another company. Such a project could be promoted across the border through peer-to-peer learning, developing new business and financial models, and other tools to utilise waste.

Also relevant to the circular economy, is the topic of energy consumption and energy efficiency. In the programme area, power generation is predominately from GHG emitting fuel sources. The largest share of energy consumption in Estonia comes from the residential sector, followed by transportation, commercial, and industry sectors. In Russia, industry is the largest energy consumer followed by the residential sector, commercial sector, then transportation. Regional and national strategies are clear that improving energy efficiency is a priority to meeting climate goals. Joint challenges for the programme area include poor efficiency of building stock and a reliance on GHG emitting transportation options.

While waste management and energy solutions are significant challenges in the context of this programme, “soft solutions” could be applied to promote positive change. One way to achieve this would be to apply “smart city” and “smart village” solutions to address these challenges. At their core, both concepts apply digital or innovative solutions in a community to promote better resource efficiency, healthier and more sustainable transportation options, integrate improved waste disposal practices, etc. Accordingly, smart solutions at a community level can help promote circularity in the built environment, for example, eco-design principles in the built environment, bio-intensive urban farming, energy generation from renewable sources, developing community action plans to transition to a more circular and resource efficient economy, smart home/building utilities to monitor energy consumption, promoting regional products, etc. Given the interest and need to address waste and energy challenges, the solutions referenced above could be supported through cross-border cooperation activities such as study visits, clustering activities, and piloting innovative solutions.

Central to the growth of the circular economy are the concepts of eco-innovation and the bioeconomy. The programme area is rich in natural resources and given the strength of the scientific and business support clusters, there is an opportunity for growth and development in the bio-based sector. Particularly, agriculture, fishing, and forestry represent areas of great potential on both sides of the border. It is worth noting that the forestry industry in both the Pskov Region, Leningrad Region, and in Estonia is highly productive and given the need for bio-based fuels, i.e. wood pellets, there is a growing demand and market for wood based products.

However, these sectors face challenges which could be addressed by eco-innovation and bioeconomy principles. For example, pollution from livestock and pesticides in agriculture, destruction of marine environments and accidental capture „by-catch“ of endangered species by fishermen, and forest fires which can damage lumber stock, can be addressed through innovative technologies and solutions. Additionally, and referenced in the previous section, these industries are predominately located in rural areas and face acute challenges related to a general low capacity for innovation or acquiring new technology, lack of R&D, lack of skilled workers, aging equipment (cited as a challenge for both fisheries and in agriculture). Like sector specific challenges, these macro-economic challenges, and the industry pressures that are derived from them, can be addressed through activities that support the use of innovative tools and solutions.

The marriage of tech and bio-based industries in both Estonia and Russia has already proven to be fruitful and is supported by national and regional strategies. The Est-Rus programme could further support cross-border initiatives in these industries by piloting new business ideas and technologies, funding acceleration programmes hackathons, or similar scaling programmes to foster new, innovative business models in the circular economy and support a transition towards “zero-waste”.

Biodiversity

The nature and biodiversity in the programme area are incredibly rich, diverse, and unique with a variety of natural resources. This includes inland freshwater resources and the Baltic Sea, dense forested areas, as well as rural and urban communities. In the case of the programme area, both Russia and Estonia have robust environmental policies to keep their nature safe, including the national Estonian Biodiversity strategy and action plan (2012) on the Estonian side and the state programmes: “Environmental Protection of Leningrad region”, “Improvement and Environmental Protection in St. Petersburg”, and the “Set of measures to ensure the environmental protection in the Pskov region for 2018-2020” for Leningrad, St. Petersburg, and Pskov respectively.

There are large natural protected territories on the border and throughout the programme area both on Russian and Estonian side. On Russian side the most significant protected areas include Ramsar wetland of international importance "Pskov-Chudskaya lakeside lowland", Remdovsky state natural zoological reserve, Polistovsky state natural reserve and Sebezhsky national park in Pskov region, including 10 UNESCO World Heritage sites in Pskov City, and in the Leningrad region, the Nizhne-Svirsky nature reserve, the Ingermanlandsky nature reserve and the Mshinskoye swamp nature reserve. All of them have the status of protected area of federal significance. Many protected areas of St. Petersburg are also under state protection as cultural heritage sites and/or are part of the UNESCO World Heritage Site including the historic centre of St. Petersburg and related groups of monuments. On Estonian side there are 4 national parks – Alutaguse, Karula, Lahemaa and Soomaa, and 9 larger nature and landscape protection areas – Alam-Pedja, Endla, Haanja, Kõnnumaa, Kõrvemaa and Põhja-Kõrvemaa, Otepää, Peipsiveere and Vooremaa.

A distinguishing feature in both the Estonian programme area and in the Russian programme area (Leningrad region and Pskov region), is the large percentage of forest coverage in both areas. These forested areas are home to hundreds of different animal species including birds, mammals, reptiles, and amphibians. The animal species in the border areas regularly migrate between countries and have shared habitats between Russia and Estonia. Of note are the large mammals which include Lynx, Bears, and Elk which regularly travel across the border and attract nature enthusiasts, photographers, and hunters to the area.

However, these natural areas face several challenges which can have adverse effects on the plant life and fauna in the area. For example, invasive species like the marbled crayfish in shared water bodies have a devastating impact on the indigenous crayfish population or hogweed, an invasive plant species, which is poisonous to humans and spreading quickly throughout the programme area, and is a nuisance in both Russia and Estonia. Other challenges related to human activity include clearing land for agriculture and the use of harmful pesticides in the agricultural sector, etc. Such challenges underscore the need for cooperation efforts to address environmental risks in shared natural areas and to promote biodiversity to make a happy and healthy place for people to visit and live.

Climate adaptation was also emphasized as a major challenge in stakeholder consultations where it was discussed that future activities should help improve the management of existing protected areas (e.g. management of visitors’ flow, handling of environmental data for officials and for visitors) restoring and protecting habitats (e.g. wetlands, spawning grounds of fish), studying, protecting and monitoring of species with shared population on both sides of the border (e.g. seals, eagles, bears, Elk), eradicating alien invasive species and preventing the spread of new invasive species. In addition to monitoring and protecting biodiversity, the programme could also help raise awareness about the natural beauty of the area and educate people (especially the youth) about its importance.

Green infrastructure

Green infrastructure is strategically planned networks of natural and semi-natural areas designed and managed to deliver ecosystem services such as water purification, air quality, space for recreation, climate mitigation, and adaptation. Green infrastructure can also be used in urban and rural settings; in urban areas, this could mean green ways, parks, hanging gardens, community gardens, bike lanes, etc. In rural areas, the deployment of green infrastructure is meant to support biodiversity by helping to maintain and restore ecosystems. Examples of this include wildlife bridges to connect migrating animals with other natural areas, national parks and reserves, upcycling old farm buildings, etc.

In the programme area, green infrastructure development in cities has been modest, however, a few good examples exist. In Tallinn, the B.Green (Interreg CBC programme) is developing a 13.5 km “green corridor” connecting neighbourhoods in the city of Tallinn and they will develop “family allotment gardens” which are plots of land for families to grow their own produce. In Tartu, the “Curated Biodiversity” project has developed parks where the grass and indigenous plant species are not cut for long periods of time which supports biodiversity of plant and animal species in the city. Outside of these hubs, efforts have been made to enhance the capacity of other cities to implement similar projects, however institutional challenges like lack of capacity and financial resources can be an impediment for smaller communities to institute these changes.

In the Russian programme area, the maintenance and development of green infrastructure, climate control tools, mechanisms to support urban ecosystems and biodiversity are extremely important. Formal frameworks for the development of smart cities and green infrastructure is a recent development. In St. Petersburg, the lack of green infrastructure is a significant challenge. As a coastal city, there is a need for nature-based solutions for coastal areas protection. Further, the city is highly urbanized and supports a large population, but it needs full-fledged green spaces, and the bicycle infrastructure could be expanded and improved.

In the Leningrad Region and Pskov Region, green infrastructure development is in its early stages, but recent projects like “Smart and green cities of Leningrad” and the city of Pskov developing the first sustainable urban mobility in Russia show a political will to develop into green, sustainable cities. One such example in the Leningrad region is first cross-border Velo site in Russia which connects an international bike route between Russia and Finland (project supported by the South-East Finland-Russia programme).

Green infrastructure in rural areas within the programme area have mainly addressed challenges related to biodiversity, protecting wildlife, and maintaining the health of natural assets like forests and water bodies. The clearest examples of green infrastructure in the rural context is the maintenance and development of protected areas in the programme area (explained above). One of the main joint challenges in the programme area is that there are not clear methodology or systematic approach for developing green infrastructure.

Given the “early” development of green infrastructure in the programme area, cross-border activities related to the sharing of best practices, integrating green-infrastructure projects into local strategies, study visits, and small-scale infrastructure projects such as developing green corridors or community gardens could be supported.

The main challenges identified under PO2 are:

1. High pollution of shared waterways in the programme area.
2. Aging or insufficient wastewater treatment facilities in the border area.
3. Low levels of recycling and high levels of waste production.
4. There is a need for additional research and data sharing between Russian and Estonian institutions monitoring shared land and water-based ecosystems.
5. There is a need to develop and promote green-infrastructure solutions in the programme area to support biodiversity and to make border regions more attractive places to live.
6. Reliance on GHG emitting and non-renewable energy sources, to improve energy efficiency.

1.2.4. State of play and challenges related to tourism, culture, social innovation

Tourism, culture, social innovation

Tourism is an important sector in Estonia and Russia as it enriches the economy, provides jobs and opportunities for cross-border activities. In recent (pre-pandemic) years, the tourism sector in the programme area showed signs of rapid growth on both sides. Distinct cultural and natural assets of the programme area provide great potential for tourism and cooperation in the region.

One of the most distinct features is the colourful nature of Russia and Estonia. This is especially prominent due to the growing potential and demand for nature tourism around the world and in the programme area. More tourists are willing to try new destinations and choose nature friendly ways of travelling.

The programme area also possesses its own coastal culture around Lake Peipsi/Chudskoe that has distinct and traditional activities (fishing, cucumber and onion growing, handicrafts etc). As such, the development of tourism in the programme area provides opportunities for a considerable addition to economic growth.

At the same time, many challenges to the tourism development in the programme area remain. The main challenge, of course, is the COVID-19 pandemic, which hinders not just the development but also the normal functioning of the tourism sector in the region. The uncertainty and unpredictability of the pandemic results in the lack of clarity on the border regime and, as a result, has a particularly negative influence on the border areas in general. Future cooperation should take into consideration possible restrictions and challenges that might be caused by the COVID-19 situation.

Another important challenge is how to increase the number of visitors and overnight stays in the area, especially during off-peak season and outside the bigger cities like St. Petersburg and Tallinn. Currently, many regions of the programme are just driven through or passed by when driving towards bigger destinations. This means that more strategic approach to the development of tourism in the region, particularly rural tourism, should be taken to improve the situation.

Another drawback of the programme area is a lack of a joint and complementary marketing policy or strategy in promoting the region and using the tourism potential. For example, there is a strategy on the tourism and cultural potential of the Peipsi Lake (Peipsimaa arengustrateegia 2019-2030), but it only includes local governments on the Estonian side, no unified long-term strategy has been developed together with the Russian partners. This is further complicated by the fact that tourism development stakeholders (e.g. SMEs) together with municipalities of the programme area lack regular professional cross-border contacts between regional and thematic tourism developers, clusters and networks. Apart from the pandemic, a lack of coordination from stakeholders and/or municipalities that would lead the cooperation and joint efforts are also the reasons for a low cross-border cooperation between stakeholders. At the same time, regular use of cross-border contacts and knowledge is of utmost importance making it easier to market, promote and create an impact on tourism both domestically and internationally.

The programme area contains a significant potential for water tourism, including the inland waterways on the rivers and lakes and the Gulf of Finland. Several international ports are operating on the coast of the Gulf of Finland. In 2019, St. Petersburg was visited by about 870 thousand cruise tourists whereas Tallinn was visited by 635 thousand cruise tourists in 2018. There are over 30 small harbours in the programme area. However, crossing the border on the Narva River, Lake Peipus/Chudskoe and Lake Pskov is impossible at the moment, which complicates development of inland cross-border water tourism. More efforts should be made to use this potential. One of the opportunities for the development of the coastal tourism economy is the improvement of the condition of small ports and their functioning as a joint network of ports in the region. Apart from that, cultural preservation, (caravan) parks, open space areas and tourist routes should also be developed.

The condition of tangible cultural heritage in the programme area is partially declining. At the same time, cultural assets and heritage are considered of utmost importance for both sides of the cooperation. This means that the programme area could use potential for more cooperation with special institutions and organisations engaged in the preservation and promotion of cultural heritage and provision of training to specialists in the

restoration industry. At the same time, efforts to introduce the importance of local cultural heritage and past not just to tourists but also to locals should be encouraged.

Rich cultural heritage and abundance of beautiful nature sites are characteristic for the programme area on both sides of the border. However, the programme area has a lack of tourism infrastructure and transportation, e.g. improvement is needed for railway connection between Tallinn and St. Petersburg. As regards nature tourism-oriented infrastructure, light traffic routes or hiking routes are insufficient in the programme area neither in summer nor in winter. Furthermore, level of infrastructure services offered on both sides of the border is not harmonised meaning that certain types of infrastructure are more developed on one or the other side of the border. For this, larger investments into harmonising the infrastructure and coordination between different regions is necessary.

Programme area also prioritises social inclusion and equal opportunities to all groups of people. This means that the aspect of social innovation should be taken into consideration in the future projects. This might include the provision of opportunities for people with special needs, creating accessible environments and much more. However, even though some of the social challenges on both sides of the border are similar, social innovation and social entrepreneurship is still in its early stages of development. As such, the programme area could benefit from creating opportunities to work on the topic in the CBC programme framework – to learn from the best practices from both countries and implement joint pilot projects to further boost social innovation.

Tourism and culture also include mobility and cultural learning. As such, more cross-border contacts could also be initiated among youngsters. For instance, organising cultural exchanges, camps or youth activities for Russian and Estonian kids could be a perfect way of introducing the local heritage, culture, and the significance of the region to them. Knowledge about the past and the cultural heritage of the area might make the region more attractive to youngsters in terms of living/studying or working there in the future.

The main challenges identified under PO4 are:

1. Insufficient vision and need for joint and complementary marketing strategies for certain objects/areas.
2. Insufficient use of tourism infrastructure for tourism development, including water tourism and railway tourism potential on border areas.
3. Lack of smart promotion for programme area and common cross-border tourism opportunities.
4. Lack of regular cross-border contacts between regional and thematic tourism developers.
5. Insufficient infrastructure for the development of water tourism around the Lake Peipsi/Chudskoe area.
6. Need for better preservation and sustainable use of cultural heritage across the programme area.
7. Creating sustainable tourism products and services, as well as cultural solutions, in changing environment.
8. Social inclusion and accessibility to the sites and services, considering people with special needs.

1.2.5. State of play and challenges related to the Governance area

On national level, regular Estonian - Russian cross-border cooperation is carried out by three commissions. Joint Commission on the Protection and Sustainable Use of Transboundary Water Bodies facilitates exchange of environmental monitoring data, harmonisation of sampling methodologies and promotes public participation in discussions about the border lakes. Estonian – Russian Fisheries Commission deals with management of fish resources of Lake Peipsi/Chudskoe, Lake Lämmi/Tyoploye and Lake Pskov. Inter-ministerial Commission on Transport addresses issues related to simplification of border crossing, railway and road transport, flight, and ferry connections. In 2017, the countries signed the agreement on Promotion of Interregional and Cross-border Cooperation. In 2019, the agreement on cultural cooperation was signed between Russian and Estonian ministries of culture to encourage the expansion of direct co-operation between and partnership in music, culture, art, and theatres.

In addition, there are around twenty cross-border cooperation agreements signed between Russian regional and local administrations and Estonian municipalities, including long-term cooperation between Tallinn and St. Petersburg, Tartu and Pskov, twin cities Narva and Ivangorod. The common topics for cooperation in the frames of these agreements include support to cross-border entrepreneurship, culture, tourism, education, protection of environment, youth work, sports, and health care.

The cooperation between Estonian and Russian institutions has been effectively supported by cross-border cooperation programmes since 2004. This cooperation has nurtured economic activity, promoted cultural, ecological, and other ties in the region and provided possibilities for many infrastructural improvements.

Regional consultations indicated that people-to-people projects is an important tool for bringing together local people across borders in order to overcome prejudices, establish new and refresh existing contacts, and create positive atmosphere for cooperation.

Due to the negative population trend, more people are leaving the programme area regions and cities than there are coming back, which raises the question of attracting the population to regions. This also affects ethnic (coastal) cultures on the territory of the programme area, who are in threat of extinction. As such, future programmes should pay attention to the ways of attracting local residents to remain or move to the programme area. For this, the programme area could benefit from more people-to-people cooperation, youth initiatives, other actions involving local population, actions or projects that seeks to improve the accessibility of rural areas etc. The problems related to urban development and more generally to urban-rural relations represent possible common ground to develop future cross-border initiatives.

The main challenges identified under ISO are:

1. Need to improve cross-border cooperation and experience exchange between the public authorities about public services in different policy areas.
2. Need to strengthen the cross-border people-to-people cooperation ties in different areas.
3. Need to raise awareness and build capacity in different policy areas, including integration of sustainable development goals, cultural contacts etc.
4. Need to enhance efficient public administration and cooperation, as regards improvement of the border-crossing points.

1.2.6. Strategic framework of the programme & Complementary of the Programme

The experience of successful implementation of these CBC programmes between EU countries and Russia is the basis for the planning and development of the next Estonian-Russian programme which includes significant research, cooperation, and bilateral discussions to identify the needs, challenges, and opportunities of the programme area.

The Estonian-Russian programme considers international, national, regional policies, and other initiatives that are relevant and/or overlapping with the programme area. In the spirit of cooperation, the Estonian-Russian programme seeks to identify synergies and coordination with other EU and national programmes to ensure an effective implementation of macro-regional strategies as well as the policy objectives of the Estonian-Russian programme. To this end, several key policies, strategies, and relevant funding programmes have been identified.

National and regional frameworks

CBC (cross-border cooperation) is a featured element in National strategies of Estonia (Regional Co-operation activities and objectives) and the Russian Federation's Spatial development strategy of the Russian Federation for the period up to 2025" and "The concept of cross-border cooperation in the Russian Federation" which both support the priorities outlined in the Strategy of Spatial Development of the Russian Federation. CBC seeks to build on common interests with neighbouring countries and the joint commitment to work together in key

priority areas including topics related to the environment, logistics and infrastructure, humanitarian initiatives, and economic development.

Objectives and priorities of the Estonian-Russia programme will remain complementary to the broader development priorities of the areas covered in the programme. The following national and regional frameworks were considered:

National frameworks

1. **Russia:** “Decree on the national development goals of Russia until 2030”. This document presents the main national goals and strategic objectives of the development of the Russian Federation for the period up to 2030. These are further supported by „National projects“ which outline the objectives and goals to implementing national development goals.
2. **Estonia:** “Estonia 2035” is the country's long-term development strategy. The aim of this creation is to cultivate and support the well-being of our people so that Estonia would be the best place to live and work in twenty years.

Regional frameworks

3. **Leningrad region:** “Leningrad Region Social and Economic Development Strategy until 2035”. Defines the objectives and implementation of the socio-economic development of the Leningrad region.
4. **Pskov Region:** “Socio-economic development of the Pskov region until 2035”. Defines socio-economic development strategy and action plans up until 2035.
5. **St. Petersburg:** “Strategy of social and economic development of St. Petersburg until 2035“. Defines socio-economic development strategy and action plans up until 2035.
6. **Estonia Programme area regional strategies:** Ida-Viru region development strategy 2019-2030+; Jõgevamaa development strategy 2035+; Tartumaa development strategy 2040; Põlvamaa development strategy 2035+; Valga region development strategy 2035+; Viljandi region development strategy 2035+; Võru region development strategy 2035+; Järvamaa development strategy 2019-2035+; Lääne-Virumaa region development strategy 2030+; Raplamaa development strategy 2035+; Harju region development strategy 2035+. Regional strategies define the socio-economic development strategy for each Estonian programme area.

International frameworks and strategies

At an EU level, the EUSBSR is an agreement between member states of the EU and the EC to strengthen cooperation between the countries bordering the Baltic Sea to meet common challenges and to benefit from common opportunities facing the region. EU member states involved in the EUSBSR include Sweden, Denmark, Estonia, Finland, Germany, Latvia, Lithuania, and Poland. The strategy also welcomes the cooperation with non-EU neighbouring countries including Russia, Iceland, Norway, and Belarus. The EUSBSR has three objectives: (1) Save the Sea; (2) Connect the region; (3) Increase prosperity. There are also several external cross-border cooperation programmes in this area which may address challenges identified in the EUSBSR. Those include CBC Estonia-Russia, CBC South-East Finland-Russia, Karelia CBC, CBC LAT-RUS, LIT-RUS and PL – RUS programmes and Interreg Baltic Sea Region.

While the EUSBSR is a strategy of the European Union, its objectives can only be successfully pursued through constructive cooperation with partner non-EU countries, including strategic partnership with Russia that is united with the Baltic Sea Region by sea and land borders and through historical, political, economic, environmental, cultural and people-to-people connections.

The Baltic Marine Environment Protection Commission (HELCOM) is an intergovernmental organisation and a regional sea convention in the Baltic Sea area. The HELCOM seeks to protect the Baltic Sea from all sources of pollution from land, air and sea, as well as to preserve biological diversity and to promote the sustainable use of marine resources. Both Estonia and Russia are the contracting parties of HELCOM.

In the context of the 17 UN Sustainable Development Goals the aims of the programme complement Goal 8: Decent work and economic growth; Goal 9: Industry, innovation, and infrastructure; Goal 11: Sustainable cities

and communities; Goal 12: Responsible consumption and production, Goal 14: Life below water and Goal 15: Life on land. In addition, the programme supports Goal 18: Culture, that is a specific feature of Estonian SDGs.

Sustainable Development Goals are integrated into national policies of Estonia and Russia, providing common strategic framework for strengthening joint CBC actions to build a sustainable future and support the achievement of common vision for smarter, greener, healthier, resilient, and more prosperous communities.

Other forms of support: As part of the territorial analysis work, the coverage of the European Union's Regional Development Funds in the programme area as well as national and regional level programmes were considered. At an EU level, there are three programmes that overlap with the Estonia-Russia CBC programme, those include:

1. Interreg Baltic Sea Region: Interreg Baltic Sea Region is a source of EU funding for those with smart ideas to shape the region. The Programme supports partners from eleven countries from around the Baltic Sea in putting innovative, water-smart and climate-neutral solutions into practice. The Russian Federation co-finances the participation of Russian partners in the Programme.
2. South-East Finland-Russia CBC programme: Cross-border cooperation programme that supports joint efforts addressing cross-border development challenges in the relevant programme area with the financing from the European Union, the Russian Federation and the Republic of Finland.
3. Latvia-Russia CBC programme supports joint efforts addressing cross-border development challenges in Latvia-Russia cross-border area. The Programme is co-financed by the European Union, the Republic of Latvia and the Russian Federation.

Relevant Estonian support programmes and organisations:

1. Enterprise Estonia – supports business model development, trade development, raising foreign direct investment, attracting foreign talent, developing tourism.
2. KIK – Environmental investment centre. Supports environmental related projects, including circular economy.
3. State shared service centre - supports business development projects including projects related to tourism.
4. LEADER action groups – finances activities that support rural development.
5. Estonian state budget strategy 2021-2024 – outlines priorities and strategic goals and how the Estonian government will finance those goals including specific actions where applicable.

Relevant Russian support programmes and organisations:

1. National projects – Funding for “National Projects” covers an array of objectives, actions, and allocated funding amounts to achieve those goals. Relevant projects to the Est-Rus programme include: Environment, Education, Science, SMEs and support for entrepreneurs, culture, housing and urban environment, and digital economy.
2. Pskov Region Committee for Economic Development and Investment Policy
3. Leningrad Region Committee for the Development of Small and Medium Business and the Consumer Market
4. Committee for Industrial Policy, Innovation and Trade of St. Petersburg
5. St. Petersburg Centre for Development and Support of Entrepreneurship
6. St. Petersburg Cluster Development Centre
7. Leningrad Region Business Support Fund
8. Pskov Region Foundation for Entrepreneurship Support and Development
9. St. Petersburg Committee for Nature Use, Environmental Protection and Ecological Safety
10. Committee on Natural Resources of Leningrad Region
11. Committee for Natural Resources and Ecology of the Pskov Region
12. Development Program of St. Petersburg as a Tourist Centre
13. Development of Culture in St. Petersburg
14. Development of Domestic and Inbound Tourism in the Leningrad region

15. Culture, Preservation of Cultural Heritage, and Development of Tourism in the Territory of the Pskov Region

Coordination between funding programmes is necessary to ensure synergies between relevant funding programmes and to mitigate the risk of “double-financing” for the same project.

1.2.8. Lessons-learnt from past experiences

Lessons learned from past learning experiences has been extensively documented through a midterm evaluation, discussions with previous programme beneficiaries, and the managing authority of the Estonia-Russia CBC programme 2014-2020.

The main findings from the mid-term evaluation provides helpful feedback that was considered for the current programming period. As far as expectations go, beneficiaries from the previous programming period stated:

1. Cultural heritage objectives should also include investment plans and investment activities, including joint activities with business. Innovation ideas should be supported.
2. The investment need for environment and sustainable development type of projects is high, especially on the Russian side of the border. Environment targeted projects must remain in the focus of the Programme.
3. Investments into local infrastructure is very much needed. It will help improving local living conditions in both sides of the border and offer good opportunity for Programme visibility among local population and tourists. It should be noted that infrastructure projects should have a clear CBC effect.
4. Programme should be made simpler for the project beneficiaries, i.e. less bureaucracy, administrative hurdles, more flexibility by the programme managers, etc.

The main recommendations for the next programming period in general were:

1. Keep the Programme target area on border regions.
2. Continue investments into border regions’ local public infrastructure, especially in the areas of culture, tourism and environment in the context of CBC.
3. Activities in the next programming period should include more research activities. In the previous programme, research was predominantly focused on environmental aspects, but it could be beneficial to expand the scope of research activities such as assessing the viability of bio-based industries in the programme area, helping border regions developed joint development plans and studies, investing in R&D initiatives between businesses, etc.
4. Communication should be strengthened. Wider, multi-lingual communication should go beyond programme beneficiaries, but to regional and national groups through channels such as social media, regional government webpages, etc.

For the current programming period, these recommendations have been taken into consideration to the extent possible and where relevant. It is clear from the last programming period that enhanced communication, of the programme activities, announcing calls, sharing success stories – should be improved. Particularly as it relates to increasing the volume of project submittals and trying to extend the value of the programme to a wider audience.

Lastly, border areas, given their rural nature and unique environmental needs, certainly face challenges that are unique compared to urban areas. Thus, where possible, funding should be focused on addressing these needs in the programme area and building synergies between larger urban centres and smaller, cross-border communities to enhance the border area’s ability to innovate, develop in a sustainable way, address systemic challenges, and maximize the support from the programme.

1.3. Justification for the selection of policy objectives and the Interregional specific objectives

Table 1

Selected policy objective or selected Interregional specific objective	Selected specific objective	Priority	Justification for selection
<p>A smarter Europe by promoting innovative and smart economic transformation</p>	<p>Enhancing growth and competitiveness of SMEs, including by productive investments</p>	<p>Increased cross-border business cooperation in the programme area</p>	<p>Estonia and Russia see potential benefits in intensifying cooperation in the fields of development of knowledge intensive entrepreneurship, commercialisation of innovations and results of R&D, and in contact and network building between enterprises and business support structures. Especially, as the programme area has substantial research, scientific, expert, and know-how potential that could be applied in entrepreneurship and a number of economic sectors that look for cross-border partnerships.</p> <p>More widespread uptake of advanced technologies and approaches, and commercialisation of the results of applied research are clear challenges of the programme area, concerning enterprises regardless of their size – from micro to large enterprises. It will require more intensive interaction between academic and applied science institutions, and businesses for practical application of scientific knowledge and concepts available in the region.</p> <p>A closer collaboration of the science and business communities in the programme area is necessary for creating innovation with an added value to local economies (e.g. higher rates of applied R&D, increased employment of R&D personnel in the private sector and higher R&D expenditure in GDP).</p> <p>Active networks of micro enterprises and SMEs, both on a regional and cross-border level, are an important factor for the sustainability of the programme area. Such networks are especially important in areas, which have been dependent on large industries and respectively have an underdeveloped ecosystem of SMEs, and rural areas with low population density. The programme could provide valuable support for promoting business diversification and the development of new businesses in the regions through cross-border cooperation and networking.</p> <p>The selection of the priority is necessary in order to strengthen the currently under-developed cross-border business community of Estonian and Russian business support organisations and SMEs, and activate insufficient cooperation and joint service development of Estonian and Russian business support organisations. All with the aim to</p>

			<p>increase the number of competitive companies in the programme area with the increased export volumes and value added.</p> <p>The forms of support to be provided include grants allocated via open calls.</p>
<p>“A greener, low-carbon and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management”</p>	<p>Promoting sustainable water management</p>	<p>Improved wastewater management in the Narva River basin</p>	<p>Climate change adaption is an umbrella term used to address multiple topics including sustainable water management, the circular economy, and green infrastructure; all of which play an important role in the health of the environment and the prosperity of the region in the present and future. Given that the programme area includes rich and diverse natural resources, addressing climate change and promoting a transition to a greener and more resilient programme area is of the utmost importance.</p> <p>A large portion of the Russian/Estonian border is made up of shared waterways. These waterways carry significant cultural, economic, social, and environmental significance for both countries. Given pressures from climate change and pollution in the Narva River basin, there is a need for both countries to develop a synchronized approach to manage the health of this delicate eco-system.</p> <p>Eutrophication and presence of heavy metals in shared water bodies continues to be a challenge. Improved cross-border wastewater management in the Narva River basin could help alleviate these pressures and improve the overall ecological health of the programme area.</p> <p>The Programme support for the actions is allocated via standard development projects selected by the Calls for Proposals, and if listed under this specific objective, via Large Infrastructure Projects funded by the direct awards</p>
<p>“A greener, low-carbon and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management”</p>	<p>Promoting the transition to a circular economy</p>	<p>Increased sorting and recycling of municipal waste</p>	<p>Transitioning to a circular economy is seen as a way to increase the efficiency of production, reduce waste, and promote healthier consumer behaviour. Additionally, this transition will help contribute to climate change adaptation, the use of renewable and low-carbon energy and the creation of a safer living environment.</p> <p>The increasing amounts of municipal waste, combined with low circular material use rates both in Estonia and Russia, and underscore the need to move more towards a circular economy. While applying the principles of circular economy is rather modest in current business models and solutions in the programme area, raising awareness and shifting of the mindset of consumers could be accelerators for the transition towards more widespread and common use of elements of circular economy.</p> <p>The Programme support for the actions is allocated via standard development projects selected by the Calls for</p>

			Proposals, and if listed under this specific objective, via Large Infrastructure Projects funded by the direct awards.
“A greener, low-carbon and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate adaptation and risk prevention and management”	Enhancing nature protection and biodiversity, green infrastructure in particular in the urban environment, and reducing pollution	Improved ecological status of the programme area	<p>The programme area is diverse in both the natural environment and built environment, representing world class urban centres as well as pristine, natural treasures. To develop the area in a sustainable way and to promote the health of the natural environment, the programme should focus on the development of green infrastructure by practical measures, such as helping cities and villages develop clear methodologies and strategic frameworks to develop green infrastructure. Such plans could be developed with “smart city” and “smart village” concept in mind which can further promote regional development goals and harmony with the natural environment. Additionally, there is high potential for the development of cleantech or “green technologies” to support the development of the circular economy in a sustainable way and to utilize the natural resources.</p> <p>Pollution in shared waterways is indicative of a larger challenge of pollution in the programme area. Sources of pollution include agriculture, GHG emissions, industrial run-off, inefficient water treatment centres, etc. This is made worse by unofficial dumping sites in the programme area, consumer behaviours that are wasteful, and polluting, non-renewable energy sources in the energy consumption mix and air pollution from transportation. Green infrastructure and smart city/village solutions have the potential to help mitigate the harmful impact from pollution.</p> <p>The Programme support for the actions is allocated via standard development projects selected by the Calls for Proposals, and if listed under this specific objective, via Large Infrastructure Projects funded by the direct awards.</p>
A more social Europe implementing the European Pillar of Social Rights¹	Enhancing the role of culture and tourism in economic development, social inclusion and social innovation	Increased cross-border tourism cooperation in the programme area	<p>Culture and tourism are important elements for both countries and tourism creates considerable share of the GDP of the programme area. In addition, development of tourism sector has several important side effects. Firstly, the development of the tourism sector supports the improvement of the living environment and socio-economic situation of a region, as the flow of tourists allows to provide services that would not pay off based only on the needs of the local population. Secondly, tourism provides opportunities for additional income and the increase of regional and governmental budgets. Thirdly, innovative solutions and inclusivity in tourism provides better opportunities for the region and enhances its attractiveness for locals.</p>

¹ the European Pillar of Social Rights is relevant only for EU countries and is not relevant for the Russian Federation

			<p>All the regions of the programme area find it important in their strategic development documents to focus not just on increasing the tourist flow, but also on improving the attractiveness of their regions for locals. Hence, the programme support will help to achieve those aims via inter-regional cross-border cooperation based on rich cultural and natural heritage of the programme area.</p> <p>The programme area is rich in tangible and intangible cultural heritage. Many cultures are represented there, and the programme area should utilise the existing opportunities to promote the rural areas. This helps to make areas outside major cities attractive, but also help to preserve and promote the uniqueness of local cultural heritage and cultural links.</p>
A better cooperation governance	Enhance the institutional capacity of public authorities, in particular those mandated to manage a specific territory, and of stakeholders	Improved public services in the border area	<p>Due to the state border, cross-border cooperation ties between people of the border areas are rather complicated to sustain. Therefore, the cooperation initiatives, both between public authorities and in the frames of people-to-people actions should be encouraged and supported.</p> <p>The need for cross-border cooperation between authorities, who are in charge of public services in the border areas, is based on the rather modest cross-border cooperation initiatives during the recent years between Estonia and Russia. Therefore, exchange of experience and tightening professional contacts benefits communities on both sides of the border, which will result in better quality of the services.</p> <p>The programme area lacks a unified and long-term strategy for regional development. Local governments rather work on their own, whereas enhancing the full potential of the programme area requires the joint efforts from both sides.</p>
A better cooperation governance	Build up mutual trust, in particular by encouraging people-to-people actions	Increased cross-border cooperation in the border areas	<p>Ties between people of the border areas are rather complicated to sustain. Therefore, the cooperation initiatives, both between public authorities and in the frames of people-to-people actions will be encouraged and supported.</p> <p>People living in the programme area are bound by historical ties. It is important to make efforts to bring people across the border together and promote connections between them to support cultural and historic links.</p> <p>The improvement and promotion of people-to-people actions helps to enhance engagement of local population in cooperation.</p> <p>Smaller scale people-to-people projects are a perfect tool for bringing together local people across borders. Such initiatives activate communities, help to establish new and</p>

			refresh existing contacts, and create positive atmosphere for cooperation.
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2. Priorities

Policy objective 1 (PO1): "A more competitive and smarter Europe by promoting innovative and smart economic transformation and regional ICT connectivity"

2.1. Priority 1:

Increased cross-border business cooperation and innovation in the programme area

2.1.1 Specific objective (SO (iii)): Enhancing sustainable growth and competitiveness of SMEs and job creation in SMEs, including by productive investments

2.1.2 Related types of action

The overall goal is to develop a knowledge-based innovative economy in the programme area. The programme area requires "smarter" jobs, innovative enterprises, interlinked, cross-sectoral and cross-border business communities and increased collaboration between urban centres and rural areas. A coherent ecosystem of actors and a pipeline of business support services that facilitate innovation, entrepreneurship and business growth is needed.

This priority aims to support the viability and competitiveness of existing enterprises (e.g. increased labour productivity, advanced use of local resources, improved international competitiveness) and establish new enterprises in the programme area through activities that provide collaboration and innovation support to SMEs and entrepreneurs. This priority seeks to finance activities that create and strengthen cross-border business-to-business and business support organizations cooperation and activities that boost enterprises' innovation capacity and facilitate technology and knowledge transfer to enterprises.

The activities should focus on the business ecosystems and enterprises in the programme area's border regions. More established networks (e.g. clusters) and organisations (e.g. R&D institutions, accelerators) from more significant hubs can be involved to support enterprises at the border regions. The focus is on raising the competitive advantage of small companies outside the large economic centres in the programme area.

Eligible activities include, but are not limited to:

- 1) Creating new and strengthening existing clusters and networks, including cross-border and cross-sectoral cooperation frameworks, by organising events aimed at networking, experience exchange, partner search, idea generation, brainstorming, etc.
- 2) Training and competence building activities for businesses and business support organisations.
- 3) Joint development of services offered to SMEs and entrepreneurship society to improve their innovativeness (e.g. consultations, mentoring, prototyping, digitalisation of processes, product and service development, incubation and scale-up services, marketing and internationalisation support, applying social impact models, vouchers etc.)
- 4) Promotion of cross-border regions and businesses to reach new markets and attract new customers, including market research, attending trade fairs etc.
- 5) Activities to support the uptake of new technologies in SMEs and entrepreneurship society commercialisation of innovation and research (e.g. prototyping, applied research).

- 6) Developing experimental culture in the programme area by establishing new test beds, living labs, incubators, or accelerators.

2.1.3. Indicators

Output indicators

- Organisations cooperating across borders
- Jointly developed solutions

Result indicators

- Organisations cooperating across borders after project completion
- Solutions taken up or up-scaled by organisations

2.1.4. Main target groups

The main target groups are legal entities registered either in Estonia or Russia that are active in the programme area. Eligible organisations include:

- business and science parks;
- industrial areas;
- accelerators and incubators;
- technology development centres;
- regional development centres;
- competence centres;
- enterprises of the programme area;
- business support organisations;
- professional associations and clusters of enterprises;
- chambers of commerce and industry;
- research and development organisations;
- universities and vocational education institutions
- hubs and centres of cultural and creative industry.

Policy objective 2 (PO 2) “A greener, low-carbon transitioning towards a net zero carbon economy and resilient Europe by promoting clean and fair energy transition, green and blue investment, the circular economy, climate change mitigation and adaptation, risk prevention and management, and sustainable urban mobility”

2.2. Priority 2:

Improved wastewater management in the Narva River basin

2.2.1. Specific objective (SO (v)) Promoting sustainable water management

2.2.2. Related types of action,

The selection of the specific objective “promoting sustainable water management” is based on the needs identified by relevant stakeholders and secondary data regarding the joint management of water bodies in the programme area. Focus is placed on the joint management of the Narva River basin because of its environmental, cultural, and economic importance to both Estonia and Russia.

Funded activities for the joint management of the Narva River basin focus primarily on the monitoring and reduction of water pollutants and the monitoring of fish stock, especially for Lake Peipsi/Chudskoe, Lämmi/Tyoploye, and Lake Pskov. The funded activities will focus on cooperation between members of the environmental/scientific community and public administrations which are relevant to monitoring joint waterways.

The expected contribution of the activities will help create a better understanding of the ecological health of the Narva River basin and allow relevant policy makers to make informed, educated decisions about steps to take to mitigate the harmful impact of pollutants in the Narva river basin. Regarding fish stock, it is expected that improved cooperation and monitoring of the fish stock in the Narva River basin will take place to understand the overall health of the fish stock and, if necessary, flag invasive species which are harmful to the environment. Funded projects are also expected to facilitate best practices to the monitoring and reacting on the common challenges.

Specific activities under this SO could include:

1. Development of cross-border methodologies, solutions and (re)construction of infrastructure.
2. Develop, pilot, or test actions or innovative tools to address the ecological health, monitor pollution/fishing stock in the water basins of the programme area, with the focus on Narva River basin.
3. Sharing best practices and promoting sustainable practices amongst relevant stakeholders.

2.2.3. Indicators

Output indicators

- Organisations cooperating across borders
- New or upgraded capacity for waste water treatment

Result indicators

- Solutions taken up or up-scaled by organisations
- Organisations cooperating across borders after project completion
- Population connected to improved public water supply

2.2.4. Main target groups

Main target groups include:

- Science networks;
- educational institutions;
- citizens;
- fishing clusters/networks;
- regional and public sectors;
- enterprises.

2.3. Priority 3:

Increased sorting and recycling of municipal waste

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

2.3.2. Related types of action

The selection of the specific objective “Promoting the transition to a circular and resource efficient economy” is based on the environmental challenges faced in the programme area and the economic potential of the circular economy in the programme area. The selection also considers that the circular economy is still in the early stages for developing in the programme area. Thus, activities in this section should take a holistic approach to developing the circular economy in the programme area including activities to reduce waste and increase recycling, building cross-sectoral relationships, promoting urban and rural cooperation, research new business models and assess the opportunities and risks to develop the circular economy in the programme area, and activities should promote “circular concepts” to encourage a change in consumer behaviours as well.

It is expected that activities will contribute to the growth of the circular economy in the programme area, promote better waste management and consumption practices, establish cross-border networks that promote circular economy business activity and growth, awareness raising, and promote innovation and novel business models in related fields such as the bioeconomy, energy sector, etc.

Supported activities can include:

1. Developing and sharing best practices and solutions to support the transition to the circular economy.
2. Develop cross border networks and advisory services for the circular economy stakeholders. Activities could include: clustering activities, networking, develop capacity building activities for public and private stakeholders to increase circular habits within their spheres of influence, information points.
3. Promote new and up-scaled business models. Activities include: Piloting new business ideas and technologies, funding acceleration programmes, hackathons, or similar scaling programmes to foster new, innovative business models in the circular economy.
4. Awareness raising and empowering citizens to take actions towards the circular economy. Activities should foster behaviour changes in individuals and communities towards waste and recycling habits
5. Developing and integrating smart city, smart village and smart region solutions in the programme area by: Increasing access to best practices and knowledge through learning exchanges, study visits, networking activities, testing pilot projects and new technologies.
6. Supporting business development activities in the bio-economy and “green-tech” sectors. Activities could include: Piloting new business ideas and technologies, clustering activities, hackathons, acceleration programmes, and other relevant business support programmes.

2.3.3 Indicators

Output indicators

- Organisations cooperating across borders
- Jointly developed solutions

Result indicators

- Organisations cooperating across borders after project completion
- Solutions taken up or up-scaled by organisations

2.3.4. Main target groups

Main target groups include:

- regional and local public sector;
- regional development companies;
- private companies;
- chambers of industry and commerce;
- nongovernmental organisations;
- voluntary organizations;
- education and R&D institutions.

2.4. Priority 4:

Improved ecological status of the programme area

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

2.4.2. Related types of action

The specific objective “Enhancing protection and preservation of nature, biodiversity, and green infrastructure, including in urban areas, and reducing all forms of pollution” was selected for the programme to protect its biodiversity and natural resources.

Activities should focus on climate change, human and industrial factors that lead to pollution – especially in the Narva River catchment area – urban and rural green infrastructure and their development as well as strategic application of smart city and smart village concepts to enable sustainable development and the use of natural resources. The purpose for these activities should be to develop strategic frameworks – especially for green infrastructure development – as well as produce best practices to reduce air, land, and water pollution.

The expected contribution to the programme area are increased/maintained level of biodiversity, improved conditions for natural sites, the development of green infrastructure strategies, frameworks, best practices, to help guide this emerging trend in the programme area. To this end, practical conservation activities and capacity building for relevant stakeholders should be provided to promote the development of Green infrastructure in the programme area. It is also expected that activities will apply “smart city” and “smart village” concepts to local development strategies, pilot or implement new projects or innovative ideas that promote sustainability and biodiversity in urban and rural settings.

Project activities could include:

1. Sharing and developing practices that support natural biodiversity and minimize negative impacts of the endangering factors.
2. Implementing joint cross-border actions to enhance green infrastructure and nature protection at the local level. Activities could include: developing cross-border piloting and testing of joint actions and investments in nature, biodiversity conservation; supporting cross-border research and activities that harmonize management of joint environmental resources.

3. Development of green infrastructure in cross-border regions.

2.4.3. Indicators

Output indicators

- Organisations cooperating across borders
- Jointly developed solutions

Result indicators

- Organisations cooperating across borders after project completion
- Solutions taken up or up-scaled by organisations

2.4.4. Main target groups

Main target groups include:

- Regional or local public sector;
- regional development companies;
- private companies;
- business support organizations, associations, chambers of commerce and industry;
- non-governmental organisations;
- voluntary groups;
- education and R&D institutions.

Policy objective 4 (PO4) “A more social and inclusive Europe implementing the European Pillar of Social Right”

2.5. Priority 5:

Increased cross-border tourism cooperation in the programme area

2.5.1. Specific objective SO (vi) enhancing the role of culture and tourism in economic development, social inclusion and social innovation

2.5.2. Related types of action

This objective aims at promoting cultural, eco-friendly and recreational tourism in the programme area, further to supporting the intelligent use tangible and intangible cultural heritage, including their potential for tourism and recreational activities. The balance between preserving and developing existing heritage, including maritime heritage, is a key component in creating advanced services and activities, which help to increase their visibility for visitors and raise the common identity and value of local communities. The necessity to promote social inclusion and innovation through new solutions in tourism and cross-border cooperation should also be considered.

Activities should focus on developing sustainable and environmentally-friendly tourism products and services based on diverse natural and cultural heritage of the programme area, e.g. tourism routes, joint offers, joint brands, etc. Apart from focusing on the development of new tourism routes, packages and products, many cultural sites that are of natural or cultural heritage, which are integral components of joint tourism products or services, should also be considered. One priority here might focus on evening the tourism infrastructure between borders, including water and railway connections. Attention should be paid to the integration of technology and innovative solutions to promote tourism and attractiveness of the programme area. This should be done bearing in mind the necessity for social inclusion and promotion of innovative solutions in the area.

Some actions could be:

- 1) Marketing of the created products and services, different types of marketing events and activities especially in order to promote areas outside major cities.
- 2) Enhancing the cross-border element of cooperation in tourism sector.
- 3) Development of joint tourism products and services, such as cross-border tourist routes that would pay more attention to areas outside major cities and accessibility to the routes.
- 4) Developing common technological solutions to improve the quality of tourism services and products.
- 5) Preservation and/or conservation of tangible cultural heritage with tourism potential.
- 6) Improving the accessibility of sustainable tourism.
- 7) Improvement of the condition of railway and water connections, including small harbours and their functioning in the region for water tourism, working on the joint water tourism routes in the programme area.

2.5.3 Indicators

Output indicators

- Organisations cooperating across borders
- Jointly developed solutions

Result indicators

- Organisations cooperating across borders after project completion
- Solutions taken up or up-scaled by organisations

2.5.4. Main target groups

Main target groups include:

- Public organisations;
- professional organisations;
- members of the regional and thematic tourism clusters;
- local communities;
- regional and local public authorities;
- SMEs;
- regional development organisations;
- non-governmental organisations;
- tourists.

Interreg-specific objective (ISO1) "A better cooperation governance"

2.6. Priority 6:

Improved public services in the border area

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

2.6.2. Related types of action

Increasing institutional capacity of public authorities is important in the cross-border cooperation between Estonia and Russia. This provides opportunities to support joint planning and strategic development needed for the implementation of all other objectives of the programme. Furthermore, this also helps to strengthen ties between Russian and Estonian authorities, enhance administrative cooperation and development of managerial structures in the programme area.

The targeted topics include, but are not limited to ecology, municipal and urban planning, heritage maintenance and renovation, tourism, sports and leisure time opportunities, promotion of cultural activities, digitalisation of services, compulsory and hobby education.

The eligible activities must promote improvement of management and governance of the border areas. These include, but are not limited to:

- 1) Organisation of events aimed at networking, experience exchange, contact making, idea generation, brainstorming, to improve cultural, professional ties etc.
- 2) Training and competence building activities for public authorities and providers of public services.
- 3) Development of services offered by public authorities and other organizations.
- 4) Enhancement of efficient cross-border cooperation and administration of the border-crossing points, including improvement of services and accessibility.
- 5) Compilation of studies, analyses and training materials.

2.6.3. Indicators

Output indicators

- Organisations cooperating across borders
- Projects supporting cooperation across borders to develop urban-rural linkages
- Strategies and action plans jointly developed
- Pilot actions developed and implemented jointly

Result indicators

- Organisations cooperating across borders after project completion
- Joint strategies and action plans taken up by organisations
- Completion of joint training schemes

2.6.4. Main target groups

Main target groups include:

- Local and regional authorities;
- state authorities;
- non-governmental organisations;
- enterprises;
- local population.

2.7. Priority 7:

Increased cross-border cooperation in the border areas

2.7.1. Specific objective (SO (iii)): Build up mutual trust, in particular by encouraging people-to-people actions

2.7.2. Related types of action

The programme area possesses a huge potential for the encouragement of public initiatives and cooperation. People-to-people activities are embedded in all priorities. However, they require special attention to intensify local cross-border collaboration. The existing capacity, complemented by the new actors, will allow a wide range of small-scale focused operations and new initiatives for local development, which build and strengthen initiatives from the bottom and provides the basis for potential larger initiatives in the future. People across the programme area are connected with different cultural, economic and professional ties, which makes the encouragement of cooperation and building up mutual trust important.

The eligible activities must strengthen the cooperation ties between the people of the border areas with a focus on jointly carried out actions. As such, attention could also be paid to finding common grounds between communities across the border and providing means for joint cooperation and bringing both sides together. The targeted topics include, but are not limited to youth initiatives, enhancing youth entrepreneurship, creative and cultural actions, collection and promotion of (intangible) cultural heritage, social initiatives, educational and science projects, including environmental education, and sports.

Potential activities might include:

- 1) Promoting the awareness of the peoples and communities living in the programme area.
- 2) Organisation of events bringing together people from both sides of the border.
- 3) Attracting new knowledge and adapting good practices from other programmes and areas. Exchange of knowledge, training and competence building activities in different areas, including health, social care, culture, sports.
- 4) Efforts to promote participation of population in social initiatives, including development of volunteers' movements.

2.7.3. Indicators

Output indicators

- Participations in joint actions across borders
- Public events across borders jointly organised
- Participations in joint actions promoting gender equality, equal opportunities and social inclusion
- Jointly developed solutions

Result indicator

- Participations in joint actions across borders after project completion

2.7.4. Main target groups

Main target groups include:

- Local population;
- non-governmental organisations;

- private enterprises and public equivalent bodies;
- local governments.

3 Communication and visibility

The programme is implementing information and communication activities in order to achieve the following **overall objective**: the programme has positive image and is well known, reliable partner and contributor to the development in programme area through cross border cooperation (CBC), and is well recognizable among general public in the participating countries.

Communication objectives (CO) are:

CO1: Awareness about the programme is raised to attract wide range of applicants

- To promote CBC, its values and programme funding opportunities to target groups within the programme territory

CO2: Sufficient information to applicants and beneficiaries is ensured for qualitative project applications

- To receive a substantial selection of a good quality project applications from the whole Programme territory
- To provide comprehensive support to applicants and beneficiaries in all stages of project implementation

CO3: Knowledge about CBC, programme, projects achievements is increased

- To promote achievements and benefits of CBC to demonstrate the transparent use of Programme funds
- To support beneficiaries in increasing awareness about project achievements
- To cooperate with other CBC programmes for wider synergy
- To capitalize on results of implemented projects
- To ensure adequate visibility of the Programme and of the contribution by EU, the participating countries, Estonia and Russia

CO4: Internal communication is effective for the successful implementation of the Programme and projects

- To ensure efficient communication for successful management of the Programme, incl. projects;
- To ensure information flow between stakeholders (the EC and Programme bodies as well representatives of the Republic of Estonia and the Russian Federation).

Target audience

It is divided into three major groups:

1. Potential and actual applicants, partners and beneficiaries
2. Programme stakeholders (Programme management bodies, EU institutions etc)
3. Wider public (media representatives, local, regional and state authorities, other CBC programmes, SME-s, NGO-s, locals etc)

Communication channels and Social media outreach

Main channels to use:

- Website: will be established within 6 months of the Programme approval. It is the official information channel for potential applicants and partners, beneficiaries, relevant stakeholders and public reflecting information about the Programme`s objectives, activities, available funding opportunities, guidelines, achievements. It contains up to date information about programme authorities, relevant decisions, contracted projects, news, events, partner search tool etc.
- Social media: for accessing and engaging different audience with Programme information, news in an effective way in Programme area and beyond for increasing visibility of supported operations.
- Events: Launching event with partner search facilities, seminars, webinars, promotion campaigns, closing event, networking with other CBC and Interreg programmes, institutions.
- Publications: printed and electronic materials, such as leaflets, newsletters, brochures, seminar presentations, information materials etc.
- Media: print media, broadcasting and online media, etc. for raising awareness about the Programme.
- JeMS for preparation and submission of project proposals, reporting, storing of programme and project necessary information and official communication with beneficiaries.
- Direct communication: correspondence, meetings

For raising awareness and strengthening recognition the visual identity of the Programme will be developed. Detailed rules and recommendations for communication and visibility will be set in the Guidelines to acknowledge support from the Programme funds.

Indicators for monitoring and evaluation:

Following indicators can be used, but not limited, for monitoring and evaluation of communication activities:

- Number of organisations at events for applicants, incl. partner search events
- Number of unique organizations in submitted applications
- Percentage of project applications, which after quality assessment are above set threshold
- Number of actions conducted for applicants, beneficiaries, wider public
- Number of visits on webpage per year
- Number of thematic publications per year