



**EUSBSR**  
EU STRATEGY  
FOR THE BALTIC  
SEA REGION


# The alignment of funding to support the EUSBSR: where do we stand?



Compilation of articles



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INTERACT is co-financed by the European Regional Development Fund (ERDF). It supports territorial cooperation between Regions of the EU. It promotes cooperation as a tool for growth and change through policy development and strategic orientation, within territorial cooperation and beyond. INTERACT is the hub for exchanging information and best practises among cooperation programmes. INTERACT also works to make project results more visible. Its services, seminars and advice help streamline the work of cooperation programmes, allowing them to devote more time and energy to their projects.

# Introduction

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Since the EU Strategy for the Baltic Sea Region (EUSBSR) was endorsed in late 2009, there have been continuous efforts in the Baltic Sea region to align funding or to better coordinate existing financial resources. There are continuous requests for better coordination of policies and institutions to avoid duplicating and overlapping efforts.

It is well known that the EUSBSR is based on principles of 'no new legislation', 'no new institutions' and 'no new funds'. The core idea of the Strategy is to ensure coordinated response to issues that can be better handled together than individually.

This short publication aims to *present different viewpoints on what is the alignment of funding and the state of play in its implementation*. Although this compilation of articles does not present implementation experiences with regard to the alignment of funding, its value lies on presenting the process from different perspectives. It openly presents stakeholders' concerns and challenges in the alignment of funding process as well as gives ideas for further development.

It should be mentioned that the align-

ment of funding process is dynamic. We are aware that on the date of publishing this document there are more developments on the ground.

Additionally, we would like to express our gratitude to the EUSBSR stakeholders who shared their views and contributed to this publication! Our acknowledgements go to:

**HARRI AHLGREN**,  
Ministry of Employment and the Economy, Finland;  
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**MINNA ULVILA**, BONUS Secretariat;  
**ALEKSANDRA ZAKRZEWSKA**,  
Ministry of Infrastructure and Development, Poland.

We sincerely hope that you will find some interesting views in this publication as well as will follow the process in the future.

By Autumn 2015 the outcome of the study 'Cooperation methods and tools applied by European Structural and Investment Funds programmes for 2014-2020 to support implementation of the European Union Strategy for the Baltic Sea Region' will be published. The study is conducted by Spatial Foresight GmbH. It is aiming at analysing methods and tools foreseen for cooperation within the ESI Funds programmes to support implementation of the Strategy in 2014-2020. It will provide more detailed

analysis on alignment of funding options foreseen by selected ESI Funds programmes across the Region to the EUSBSR implementation.

We believe that this study will bring us updates on the state of play as regards the alignment of funding to support objectives of the Strategy. It will also provide us recommendations and new ideas on what can be done for more effective coordination between various funding instruments.

Should you have any questions or suggestions, please do not hesitate to contact us at INTERACT ([satu.hietanen@interact-eu.net](mailto:satu.hietanen@interact-eu.net) and [baiba.liepa@interact-eu.net](mailto:baiba.liepa@interact-eu.net))

## More to read:

INTERACT Newsletter, Spring 2014, [http://www.interact-eu.net/interact\\_newsletter/interact\\_newsletter\\_spring\\_2014/511/16622](http://www.interact-eu.net/interact_newsletter/interact_newsletter_spring_2014/511/16622)

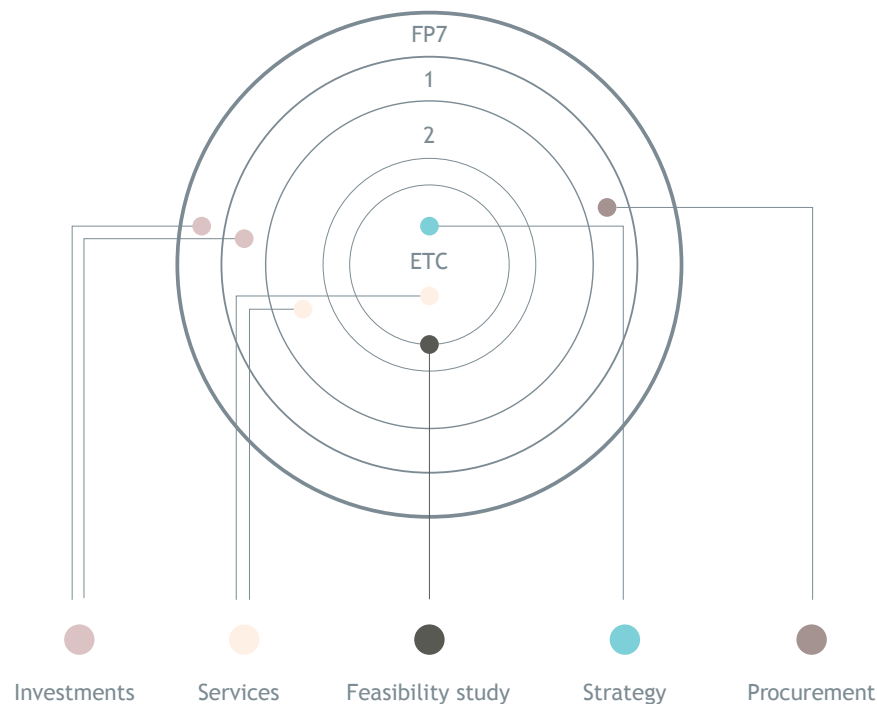
INTERACT pilot activity on cooperation in Objectives 1 and 2, 2011  
[http://admin.interact-eu.net/downloads/4510/INTERACT\\_study\\_\\_Cooperation\\_in\\_objectives\\_1\\_and\\_2\\_of\\_Cohesion\\_policy\\_\\_03.10.2011.pdf](http://admin.interact-eu.net/downloads/4510/INTERACT_study__Cooperation_in_objectives_1_and_2_of_Cohesion_policy__03.10.2011.pdf)

Examples on how to embed the EUSBSR into Partnership Agreements and Operational Programmes can be found at <http://www.balticsea-region.eu/good-practices>

ESTEP study: Proposals and Recommendations for (A) Integrating the European Strategy for Baltic Sea Region into Programming, Implementation and Financial Support of the EU Structural Funds 2014-2020 and Other Financial Instruments and (B) Improving the EUSBSR Monitoring and Indicators System, September 2013  
[http://admin.interact-eu.net/downloads/8837/Annex\\_1\\_ESTEP\\_study.pdf](http://admin.interact-eu.net/downloads/8837/Annex_1_ESTEP_study.pdf)

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*After 5 years of the Strategy's implementation we can reflect and see what progress has been made.*



## The alignment of funding as a requirement for macro-regional cooperation

After 5 years of the Strategy's implementation we can reflect and see what progress has been made. Discussions opened on the alignment of funding in late 2009. At that time INTERACT with support of Directorate General for Regional and Urban Policy of the European Commission established an informal working group to develop ideas for the alignment of funding, named the EUSBSR Laboratory Group. The Group was an informal think-tank inviting representatives of EU Structural Funds programmes 2007-2013 under Objectives 1, 2 and 3 to come together and to brainstorm on how best to support the implementation of the Strategy.

The EUSBSR framework and its implementation were very new to any stakeholder of the Baltic Sea region. Since that time INTERACT has been facilitating discussions and following up the alignment of funding process, when relevant.

Back in 2010 INTERACT made the first attempt to compile basic information on funding sources available in

the Baltic Sea region. The main aim of this activity was to map funds that were available to support project ideas, establish new partnerships and strengthen future cooperation across the Region. It was serving stakeholders general knowledge on available funds.

Based on initial discussions we elaborated a basic alignment of funding idea (see graphic on page 6) back in 2011. With today's knowledge, we see that this is just one of many alignment of funding models.

It should be mentioned that already during the EU Structural Funds programming period for 2007-2013, some best practices were identified where the mindset of linking of funds and openness to cooperation was realised. Few regions in Europe were applying Article 37 (6b) of Regulation 1083/2006. It was aiming at financing transnational and interregional cooperation to develop new perspectives and open doors for innovative actions. For example, using this opportunity, the regional ERDF programme in

Southern Finland, the ERDF and ESF programmes in Thuringia in Germany and the regional ERDF programme in Limousin, France explored possibilities to cooperate (see publication ‘INTERACT pilot activity on cooperation in Objectives 1 and 2’, 2011).

From 2011 onwards ‘alignment of funds’ or ‘coordination of funds’ received more recognition. The Council’s conclusions on the review of the EU Strategy for the Baltic Sea Region encouraged an integrated approach, the coordination of policies and the alignment of funding. The Commission’s Report concerning the added value of macro-regional strategies defined ‘coordination of policies, strategies and funding resources’ as one of the basic principles in the implementation of macro-regional strategies. The above mentioned Report was stressing that in implementing a macro-regional approach, all policies and programmes, including country-specific ones, private sources and support from financial institutions (e.g. European Investment Bank) etc., should be mobilised for a common goal.

Since more macro-regional strategies were developing, the alignment of funding became more recognised. Common Provisions regulation for all five European Structural and Investment (ESI) Funds for 2014-2020 (Common Provisions regulation) set

preconditions for establishing solid grounds and means for implementing different patterns of cooperation activities (coordination of funds) serving macro-regional objectives. Cooperation possibilities now are explicitly mentioned in the Article 11, Article 15 (2 a), Article 27 (3) and Article 70 of the Common Provisions regulation, which encourage coordination among the ESI Funds for 2014-2020, also including external instruments for cooperation.

Although the understanding of the alignment of funding and the process developed significantly, “the main obstacle for fully successful implementation and support for alignment of funding is grounded on the misperception of the benefits of cooperation for serving the interests and objectives of the countries and their regions” says Alain Roggeri, Expert of DG REGIO, European Commission. He clarifies: “In fact, there are many ways to contribute and collaborate in order to reach the goals shared between the countries in the Baltic Sea region. Much more could already be done without necessarily having to proceed with joint actions. For example, significant improvements could be achieved by more deliberate convergence and complementarity between the already existing national, regional, local or even individual efforts to reduce the water pollution in the Baltic Sea. Increased coordination

between the countries on national projects related to transport and communication infrastructure could generate more impact at the benefit of all different partners across the Region. Shared or reciprocal access to highly specialised research infrastructure and equipment could reduce investment needs and exploitation costs.”

The following articles present different approaches and development processes in the alignment of funding process including a few well established practical examples of the alignment of funding concept.

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*... some best practices were identified where the mindset of linking of funds and openness to cooperation was realised.*

# Opening up funding possibilities for the EUSBSR

Different approaches taken in the Member States

# Alignment of Funding: practices and experiences of Finnish operational programmes

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## Programming period 2007-2013: lessons learnt

When the EUSBSR was approved in 2009 its aim was to intensify the use of the existing EU financing instruments in order to implement the targets and priorities of the Strategy. That is also one approach to the concept of alignment of funding - how to pick up small amounts of funding from different sources and make them all aim at the same target?

However, redirecting national structural fund programmes in the middle of the programming period 2007-2013 proved to be challenging in practice. The Strategy was not included in the project selection criteria of Finland's structural fund programmes because it was thought that the programmes supported the objectives of the Strategy on a general level anyway. Instead, the EURA2007 monitoring system was modified so that projects supporting the content of the Strategy could be recorded in the system by priority, which made their monitoring and reporting possible.

Even though awareness of the Strategy was raised among the authorities and project operators, only the programme for Southern Finland out of the four of Finland's ERDF Operational Programme's was able to direct any significant funding to projects supporting the Strategy. In Southern Finland, the share of this funding was nearly one third while in the other programmes the figure was 5-15 %. This was due to the fact that the Southern Finland Operational Programme originally had a strong focus on inter-regional and international co-operation and Southern Finland was also able to modify the project selection criteria in the middle of the programming period and take the Strategy into account. In the programming period 2007-2013, ERDF measures supporting the Strategy focused particularly on priorities related to the full use of regional research and innovation opportunities, the reduction of nutrients drained to the sea and curbing climate change.

Projects supporting the Strategy were also carried out under the ESF programme 2007-2013, especially in

the priority related to the Small Business Act initiative supporting European SMEs. The biggest challenge in integrating the Strategy's objectives into a region-based operational programme is regarding how to convince local project operators and authorities that projects supporting Strategy's objectives can at the same time have significant benefits in the local level...

### **Programming period 2014-2020: closer coordination to achieve commonly important objectives**

In the new programming period mainland Finland has only one operational programme covering both ERDF and ESF measures. The EUSBSR objectives and priorities have been integrated in the new Operational Programme from the start of its planning.

There is a good basis for new, more open-minded thinking: Smart Specialisation is a central principle which refers to recognising and systematic enforcing the Region's strengths, in order to reach a critical mass especially in the small EU Member States such as Finland and other countries around the Baltic Sea. This requires in practice that the Region's diversity is used and interregional cooperation is developed at all levels. For exam-

ple, the policy area promoting SMEs and innovation is a natural forum for international project cooperation.

The distribution of work and cooperation will be improved with the European Territorial Cooperation (ETC) programmes and other regional operators (such as HELCOM, the Nordic Council and the Barents Regional Council).

Existing tools for improving cooperation and alignment of available funding include meetings by authorities and project operators from different programmes and better coordination of electronic project information systems. The reduction of funding of structural funds especially in Southern and Western Finland will require closer cooperation and removing any overlap with ETC programmes in particular but also with other ESI Funds programmes as well.

From the point of view of Southern and Western Finland, the Strategy's key objective is to 'Increase Prosperity'. The rise of the clean-tech sectors as one of the engines of the economy will intensify cooperation between researchers and businesses in the Baltic Sea region. Even though direct measures aiming to improve the condition of the Baltic Sea can only be funded on a small scale, there will surely be a number of indirect effects from research, development and in-

novation work, and through development of business operations. As infrastructure investments related to logistics are not possible in Southern and Western Finland, the Region can invest in the EU efforts for connecting the Baltic Sea region through research, development and innovation - e.g., by developing system innovations supporting smart transport and energy solutions.

ESF activities will also be integrated better in the implementation of the Strategy. The Strategy will be taken into consideration when selecting both ERDF and ESF projects. The authorities are encouraged to organise targeted application rounds related to the Strategy's priorities.

The implementation of the Strategy will be monitored through the EURA2014 monitoring system at two levels. The authorities will record the projects that are promoting each objective or priority of the Strategy directly or indirectly. Special attention will be paid to ensure that the recording criteria are consistent and clear throughout. The monitoring system enables the managing authority to monitor the implementation of the Strategy in each region and authority in Finland, and encourage and guide authorities in implementing, when necessary.

In conclusion, the objectives of the Strategy have been successfully integrated into the new Operational Programme. Finnish operators and authorities are ready to widen their perspectives in order to get the most out of the decreasing funding - not only from a local point of view but also in order to benefit our common Baltic Sea region.





# Alignment of funding as open-minded and dynamic process: experience in Poland

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ALEKSANDRA ZAKRZEWSKA

Councillor, Department for Coordination of Development Strategies and Policies, Ministry of Infrastructure and Development, Poland

The EUSBSR, having been conceived and adopted as the first EU macro-regional strategy, seems to be a laboratory where different ideas on its delivery are being sampled. Due to macro-regional strategies not being equipped with their own tools and financial means, they must make reference to existing EU financial instruments which are based on different principles. As expressed by Ulf Savbäck at the IV Annual Forum of the EU Strategy for the Baltic Sea region (2013): “There is no shortage of financial instruments, but we need help to get them. So there is a need for ‘hands-on guidance’ - it is more of a structural gap than a financial one, which means that it’s difficult to find them and it’s difficult perhaps to use them for this purpose.”

The question of the alignment of funding was formally embedded in the 2014-2020 legislative framework for the ESI Funds, with the formal obligation for operational programmes, to demonstrate the contribution of interventions to the macro-regional and sea-basin strategies. However the concept is rather blurred with

no clear recommendations or common practises showing the modalities of this alignment. The programming exercise for 2014-2020 conducted in Poland aimed at grasping the contribution of the EU Cohesion Policy to the Strategy and it resulted in identifying broad complementarities and synergies between the two. The analysis shows that there is a lot of space for the aligning of funding, but the lack of common understanding of what it really means does not allow for drawing universal conclusions. The task of alignment of funding was limited to linking specific policy areas and horizontal actions of the EUSBSR with thematic objectives of the ESI Funds and identifying the areas lying at the intersection of the two frameworks. Bearing in mind that the scope of policy areas in terms of substance and type of actions does not correspond exactly to the specificity of thematic objectives under ESI Funds, the common spaces identified do not automatically guarantee the financial means to implement concrete actions under the Strategy.



## Challenges in alignment of funding

The first challenge is therefore to define what type of ESI Funds interventions can fall within the scope of contribution to macro-regional strategy as well as what criteria and methodology might be used to assess it. We can identify projects which from the outset are being elaborated with the view to implement the Strategy and to a large extent refer to the flagships of the Strategy. There are also projects carried out in partnership with another EU Member State in the Region. On the other hand, there are projects that are carried out independently from the Strategy but because of their nature, they contribute to the objectives of the Strategy. The crucial question here is - which criteria shall be predominant? Is it enough that the project contributes to decreasing the Baltic Sea eutrophication even if the project promoter is not at all aware of the existence of the Strategy?

Another doubt arises regarding the projects involving partners from different Baltic Sea region countries but with no direct reference to the Strategy's objectives.

Although the macro-regional approach is by definition a broad framework for a better use of existing instruments and better tackling of

common challenges, we shall aim at finding common understanding of the notion of the alignment of funding. In order to make use of available funds, we must know:

If the contribution to the Strategy shall be explicit, direct or indirect, quantified or descriptive;

Should the practical side of the Strategy be identified solely with the flagship projects or can we broaden its scope with other interventions;

What is the concept of the macro-regional strategy: is it just a framework for territorial expression of overarching economic and social priorities? Or should it be considered rather in terms of a catalyst and facilitator of the processes rooted elsewhere? Is the Strategy an instrument in itself which brings the added value?

In my view the 'alignment of funding' is a worthy concept to describe the way the macro-regional approach shall be put into practice. The necessary condition is therefore to come up with common understanding of its basic principles.

Today we face the problem of a dual perception of the Strategy, which is built upon the idea that cooperation and coordination are needed to im-

prove the overall condition of the territory. Unfortunately the Strategy's implementation on the ground is rather unclear.

declared Erja Tikka, EUSBSR National Contact Point Ministry of Foreign Affairs of Finland.

## Common methodology for labelling the EUSBSR projects and single monitoring system

In order to bring the Strategy and ESI Funds operational programmes closer, it is necessary to build an extensive methodology for labelling different interventions contributing to the EUSBSR, as well as monitoring and evaluating this process. If we do not progress with that exercise, we will face the case where the Interreg Baltic Sea Region programme will become the only instrument to support the macro-regional approach in the Region. It also means that the concept of the alignment of funding will remain a theoretical consideration.

Difficulties of the macro-regional strategy to break through the almost impermeable layer of different funding instruments, including EU Cohesion Policy, call for additional efforts to make this unclear notion vivid and meaningful. "The EUSBSR is not only a joint declaration of Member States around the Baltic Sea. It is an EU Strategy. Closer ties between relevant policy sectors of the EU and the EUSBSR priority areas are needed"

# Transnational cooperation component as a part of the programme: proposal from Sweden



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The concept of macro-regional strategies in the EU was introduced in 2009 by the EUSBSR. The Strategy was launched in the middle of an EU programming period, which offered a number of funding challenges, since the Strategy was not integrated in the EU Structural Funds operational programmes 2007-2013 and much of the funding was already allocated.

The link between the Strategy and the programmes is strong however. The Strategy provides guidance to the programmes on common objectives and priorities in the macro-region and is in turn, dependent on the funding programmes for the implementation of its Action Plan. As a consequence of this, an alignment of funding needs to occur as all programmes relevant to the priorities of the Strategy contribute to the common objectives of the macro-region.

As we enter the new EU programming period for 2014-2020, the Strategy is now integrated in the Cohesion Policy. Partnership Agreements describe how the operational programmes should relate to the Strategy and the

ESI Funds programmes are obliged to describe how they will contribute to it. The EUSBSR gives important guidance for the selection of actions so the regional operational programmes can be used in a more targeted and focused way to address common challenges in the macro-region.

In context of the Swedish operational programmes, the contribution to the implementation of the Strategy will in most cases be ensured by actions that are carried out in cooperation with one or several other member states in the Region.

## Common methodology to support macro-regional projects by Swedish ESI Funds programmes

In order to give guidance to the programming process and to achieve more coherent and flexible support by the ESI Funds operational programmes to the Strategy, Swedish Agency for Economic and Regional Growth - Tillväxtverket, developed a concept paper 'Macro Regional Strategies in the ESI

Operational Programmes 2014-2020 - proposal for a Transnational Cooperation Component to support the implementation of the EU Strategy for the Baltic Sea Region - EUSBSR'.

It is proposed that nine ERDF programmes, eight regional and one national programme, will encourage projects to use the possibility to include partners and activities in other Baltic Sea region countries. Two options are foreseen for cooperation: either from the start of the project or by offering on-going projects to add transnational activities, respectively by introducing a 'transnational component'. In this case a flexible application procedure would be used.

All nine programmes will offer this possibility, with the same text introduced into the programme documents by Tillväxtverket.

## How to support the EUSBSR?

### 'Macro-regional Integrated Projects'

It is expected that the project integrates transnational cooperation in the project and defines the cooperation activities in the application. Cooperation partners from other member states are identified in the application and partners intends to

apply for support from their own regional operational programmes in order to participate in the project.

### 'Transnational Component'

On-going projects are given the opportunity to apply for an additional project 'transnational component' to cooperate with other relevant projects in the Region. The application is for your own costs only, so it is not an 'Interreg type' of setup.

Applying separately for the 'transnational component' allows for increased flexibility for the duration and content of the cooperation activities. It also allows for the main project to get started making it concrete and attractive for cooperation. To some extent, a separate application also reduces any potential risk to affect the main project. To encourage transnational cooperation, a higher co-financing rate for the 'transnational component' could be considered.

It is noteworthy that cooperation activities can be carried out with partners from different ESI Funds. Opportunities for cooperation should be financed where there is a clear added value for the programme area concerned and clear contribution to the Strategy's objectives.

In order to promote the possibility to include transnational cooperation in regional ERDF programmes, Sweden, through Tillväxtverket, has supported nine pre-studies preparing applications to an ERDF regional programme, including transnational cooperation. The projects build on regional priorities are likely to be prioritised by the regional partnerships while adding a transnational dimension contributing to the Strategy.

## Some challenges that need to be considered and proposal for further action

Certainly, applying a cooperation possibility in the ESI Funds programmes is a new approach and requirement. Thus it requires coordinated action not only within a programme but across the operational programmes in the Region, which remains challenging.

Since some background is already inbuilt in the ESI Funds operational programmes, the discussion should focus on how in practice to bring the programmes and programme implementation closer. As one of the options, closer dialogue between ESI Funds ERDF programmes across the

Region could be formed. It would support sharing approaches and models on the integration of the Strategy in the ERDF operation programmes. Furthermore, it would contribute to build a common understanding and follow good practices started elsewhere. Additionally, it would contribute to networking of persons in charge of the ESI Funds ERDF programmes across the Region.

Bringing ERDF operational programmes and relevant policy areas of the Strategy closer would be another activity to consider. This activity would be beneficial for both the ESI Funds programmes and the Strategy's policy areas. Jointly discussed and developed approaches for further cooperation would bring clear added value and benefit for both parties.

The new EU Cohesion Policy provides better opportunities to use the ESI funds in order to address almost all the objectives of the Strategy, while at the same time, the integration of the Strategy has been done in different ways amongst the member states in the Region. Furthermore, such a basic issue like appropriate definition of the "EUSBSR projects" still is not entirely clear and would gain from a common discussion among countries.



For more information on transnational cooperation in the ESI operational programmes in Sweden, please check: [www.balticsea-region-strategy.eu/good-practices](http://www.balticsea-region-strategy.eu/good-practices) or contact Tommy.Anjevall@tillvaxtverket.se



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## Joining forces - transnational cooperation in the ESF will develop a stronger social dimension in the EUSBSR

Transnational cooperation is a mandatory prerequisite in the European Social Fund (ESF) in the new programming period 2014 - 2020. In order to develop an efficient and coherent approach in using the ESF for transnational cooperation in the *Baltic Sea Region*, the Member States concerned already started in 2011 a joint project, the *Baltic Sea Network ESF*, lead by Sweden. One of the most important aims of the project - to have a mandate as well as future and continuous support from the European Commission (DG Employment) for using ESF in supporting the EUSBSR, has now been achieved. This is also aligned with the EC regulations for the structural funds, emphasising the need for the alignment of funding in order to support the implementation of the EUSBSR. The ESF will accordingly play a vital role when it comes to develop the *social dimension* of the strategy.

### **BSN-ESF a network between the managing authorities of the ESF**

The BSN-ESF project (2011-2014), funded by the Swedish Institute, is a network between the managing authorities of the ESF in the Member States which was carried out in a timely moment. The project has prepared the ESF and the Member States to meet the new challenges, both when it comes to a more efficient transnational cooperation and for implementing the EUSBSR. Common thematic and coordinated calls for proposals, analysis and validation of projects/best practices and close collaboration with the policy area coordinators, public authorities and other actors supporting the EUSBSR as well as the academia, are crucial components in this work.

The Member States concerned have also - in different ways - given priority to the transnational cooperation in the Baltic Sea Region in their op-





erational programmes for the ESF, in many cases including complementarity with other EU funds as a prerequisite.

The overarching heading for the network - *A Social Baltic: Investing in welfare and entrepreneurship* - captures the most significant preconditions for achieving the main objectives for the two European strategies at stake: Europe 2020 Strategy: Smart and inclusive growth and the EUSBSR. Investments in welfare are needed to strengthen and preserve the European social model; entrepreneurship is the basis for employment and growth.

The network has as a starting point the need for *investments in welfare and entrepreneurship* which is reflected in the themes and priorities chosen. The social dimension in the EUSBSR has to be strengthened in order to preserve a robust welfare system in the Member States; social innovations and transnational cooperation are important cornerstones in that endeavour. A positive business environment, supporting innovations and entrepreneurship, especially in SMEs, is a necessity for a sustainable economic growth. Both issues will be addressed through the transnational cooperation in the Baltic Sea Region, supported by the ESF and other EU funds.

## Round Tables on transnational cooperation in the ESF in the Baltic Sea region: support at national and EU level

The network has in cooperation with the managing authorities in Sweden and Lithuania respectively organised two high level *Round Tables* on transnational cooperation in the ESF in the Baltic Sea region. The aim of the Round Tables was to find a common understanding, and the mechanisms needed, for implementing an improved and efficient transnational cooperation in the Baltic Sea region within the frame of the ESF 2014 - 2020, linked to the EUSBSR. It is foreseen that the Round Tables will continue as an annual, significant and unique high level forum for the responsible bodies for the ESI Funds in the Region, possible to expand and to include other issues of common interest.

In Sweden the BSN-ESF is also supported by a national network of central governmental agencies, responsible for EU-funding in flanking policy areas or having a role in relation to the EUSBSR. The Swedish Ministry for Enterprise has established a larger network of 36 national agencies, including the ESF Council. These networks provide an excellent forum for exchange of experiences as well as for identifying new sources for funding of projects. DG Employment has recently high-

lighted in a note the importance of the transnational cooperation in the ESF in relation to the macro regional strategies. According to the note, targeted support will be provided by technical assistance, funded by the DG Employment and linked to the so-called common framework for transnational cooperation in the ESF.

## Close cooperation between the EUSBSR policy area coordinators and ESF Managing Authorities

The network has up to now identified and agreed on seven themes for future transnational ESF project interventions. In some of the themes preparatory actions are already taking place, and a close cooperation with the policy area coordinators has been established. The cooperation between the Managing Authorities and Implementing Bodies for the ESF and the policy area coordinators is of vital importance for successful outcomes, both in identifying and supporting project promoters when applying for funding and for a continuous support and follow up. Also in the dissemination and mainstreaming of project results a close cooperation is needed.

The BSN-ESF aims also to link the efforts to promote social innovation with enhanced transnational cooperation. As a result the Baltic Sea region

can become a model in several ways: as a forerunner for other macro-regions in the making, as an experimental field in terms of social innovation and transnational cooperation and as a good example of complementarity between the various EU programmes, i.e., an alignment of funding.

Cross-sectorial and transnational cooperation in projects are crucial for achieving the objectives in the Europe 2020 Strategy: Smart and inclusive growth. Transformed into the EUSBSR this means: Increased prosperity in the Region.

The recent changes in the geopolitical situation in the region can be seen as a momentum for closer cooperation and exchange, also in the field of social, educational and employment policies. The role of the European Commission is here an important one; however, the Member States and the bodies responsible for the transnational cooperation in the European structural funds have a particular responsibility to make things happen on the ground.

## Alignment of funding in the Rural Development sector for the macro-region is led by Lithuania

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The EUSBSR embodies the new concept of macro-regional cooperation which is based on effective and more coordinated use of existing funding sources, and the promotion of synergies and complementarities. The alignment of funding in the Region is a possibility to use different kind of resources in the most efficient, clever and rational way, combining different initiatives in order to get the best result as well as avoiding double-financing, irrational use of finances and fragmentation of projects.

The alignment of funding from a rural development perspective is challenging. It is due to agriculture and rural development sectors being the ones mostly related with the environmental, economic and social issues which reflect the welfare of the Region. Rural development sector overlaps with many other sectors and policies. Thus the analysis on how to align funding from different financial sources in order to avoid double funding in rural areas is of particular importance.

In order to find the most effective way to align funding for the rural development sector, dialogue with institutions in charge of coordination of ESI Funds, local governments, different social partners, NGOs, rural communities, local action groups etc., should be found. The discussions at macro-regional level also need to be maintained.

Making the first steps and achieving success in the alignment of funding at national level, the Ministry of Agriculture of Lithuania (acting as Managing Authority of European Agricultural Fund for Rural Development (EAFRD)) followed the European Code of Conduct on Partnership in drafting the Partnership Agreement of the Republic of Lithuania and the Rural Development Programme for 2014-2020. In order to ensure partnership and coordination of different needs and to find ways how to resolve the problems occurring in a comprehensive manner, the existing partnership framework was used, i.e. the Lithuanian Rural Network formed under RDP 2007-2013. The Lithuanian Rural



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Network has over 900 organisations and authorities involved in rural development processes. Moreover, the Ministry used the Lithuanian Rural Network to promote an understanding that the rural development sector is closely related with other sectors and that through close cooperation and partnership much more could be achieved without additional financial resources. During February-March 2013 the EUSBSR and possibilities of combining it with national rural programmes and projects under other policy areas of the EUSBSR were presented for the social partners who are members of the Lithuanian Rural Network. Furthermore, it was expected to encourage closer cooperation in the Baltic Sea region, a sharing of experiences and good practices and expanding a positive influence on Rural Development Policy and its alignment with other related sectors.

In order to integrate a macro-regional dimension in rural development programmes and to find the way to combine national rural development measures with the aims of the Strategy, in June 2012 the Ministry of Agriculture, together with partners, participants and interested parties from Finland, Sweden, Latvia, Estonia, Poland, Denmark and Germany, started the project dedicated for the implementation of the action “Enhance the combined effects of the Rural Development Programmes”(Action) under

the Policy Area ‘Reinforcing sustainability of agriculture, forestry and fisheries’ of the Strategy.

**The aims of the Action were:**

to improve the cooperation between actors in different institutions in the public, non-governmental and private sectors in the Baltic Sea region;

to introduce more targeted measures in national rural development programmes, corresponding the Strategy goals;

to discuss the possibilities for the alignment of funding when implementing rural development and/or related initiatives.

**Achievements up to date**

The attempts to reconcile different financial sources in order to ensure that rural development initiatives would be more integrated into macro-regional processes is still in process. It should be taken into account that Common Agricultural Policy has its specific and strict regulation at the EU level. However we have the possibility to share our first positive results which could serve as a background for the successful implementation of the alignment of funding in the near future:

the regional platform for closer cooperation in the Baltic Sea region was created;

outcomes of the discussions in the regional platform were used when preparing the Partnership Agreement of the Republic of Lithuania and other programming documents for the period of 2014-2020 aiming to ensure the alignment of funding;

the Recommendations ‘How to Combine Measures and Activities of Rural Development Programmes with the aims of EU Strategy for the Baltic Sea Region’ (Recommendations) were prepared. It provides suggestions on how to combine concrete potential measures of the national rural development measures with other initiatives, possibly financed from other financial sources and the Strategy;

existing Nordic-Baltic platform for the communication of national rural networks of the member states of the Baltic Sea region was used to implement the flagship project ‘Sustainable rural development’ under the Action Plan of the Strategy. The aim of the flagship project is to identify models and methods to enhance youth involvement in community development and create a friendly environment in rural areas.

**Further steps to be taken**

voluntary monitoring on progress, organised according to the Recommendations - this could be a background for further discussions. The Recommendations serve a background for further discussions under the action ‘Enhance the Combined Effects of Rural Development Programmes’.

following up and implementing flagship project results. As mentioned, there are several flagship projects under the cap of the Action ‘Enhance the Combined Effects of Rural Development Programmes’ in the Strategy, which should be taken into account when discussing added value of the Rural Development Policy’s instruments in the Baltic Sea region. Potential ways to use project results and best practices should be found and discussed thoroughly.

continuing making efforts to find synergies with relevant policy areas of the EUSBSR. As mentioned, the action ‘Enhance the Combined Effects of Rural Development Programmes’ has direct and indirect links with other policy areas of the Strategy, dealing with environmental issues, SMEs, bio economy, etc.



# The alignment of funding will be continued even at a broader scope by the Interreg Baltic Sea Region Programme

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ELINA TIIHONEN

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For the Interreg Baltic Sea Region, an EU-funded transnational co-operation programme, two definitions are obvious when taking about the alignment of funding. On the one hand, we think of thematic alignment of the funding instrument towards the Strategy, on the other hand, for us the concept refers to coordination among various funding instruments in the Region, to complement each other.

For the new Interreg Baltic Sea Region programme, the thematic alignment of funding has been a priority from the beginning. The Strategy was one of the major reference points for the three main thematic priorities of the Interreg Baltic Sea Region: innovation, natural resources and transport. So the Programme will also in the future fund flagship and other projects contributing to the EUSBSR. The Programme will continue cooperating with the policy area coordi-

nators and horizontal action coordinators of the Strategy, as during the previous programme period; when, for instance, policy area coordinators were involved in the projects' clustering activities within the Programme.

Another example of thematic alignment is cooperation within the Policy Area 'Exploiting the full potential of the Region in research and innovation' of the Strategy. The Programme has established closer thematic cooperation with the respective Policy Area Coordinator and the Smart Specialisation Platform (S3 Platform). It was agreed to align work and efforts for better and smarter collaboration in research and innovation in the Region. The S3 Platform has mapped regional priorities in the area. The task now is to support ideas and projects implementing Smart Specialisation Strategies, e.g., with funding from the Interreg Baltic Sea Region.

## Coordination among various funding instruments is required

Despite the thematic alignment of the Programme, it is important to stress that the implementation of the EUSBSR cannot rely on Interreg funds only. That is where the alignment with other funding instruments becomes important. It is challenging due to the variety of potential funding providers in the Region with different priorities, requirements, timelines and approaches to the EUSBSR.

The Interreg Baltic Sea Region programme has established a cooperation with a few funding instruments, like BONUS, a research and development programme to protect the Baltic Sea, or International Financing Institutions. The Interreg Baltic Sea Region programme has been a member in the BONUS Advisory Board. There is great potential for synergies between the Programme and BONUS. The Programme funding could, for example, be used for practical testing of solutions resulting from the more scientific projects financed by BONUS.

Further, the Programme has built contacts to the Nordic Investment Bank and the European Investment Bank. Through workshops organised by the Programme, projects that had developed pre-investment studies

or realised pilot investments were encouraged to apply for loans from these banks. This way project partners could go one step further from project activities to implementation of larger investments, e.g., in topics such as wastewater treatment or eco-friendly public transport. The outcomes of this cooperation showed that the biggest potential to end up with agreements on loans would result from cooperation with institutions like the Nordic Environment Finance Corporation that offer smaller loans.

Also project implementers can contribute to alignment among the different funding instruments. At the Interreg Baltic Sea Region programme conference in November 2015, the EUSBSR Policy Area Coordinator Bjarke Wiehe Bøtcher urged potential applicants to combine the various available funding sources: “Be aware of other funding sources, be ambitious, use the partnerships that you have formed in the Interreg project and take a focus on programmes with funding for real investments.”

## Seed funding for better quality projects

Seed money funding is a further tool to support the alignment of funding. Seed money projects are encouraged to seek main project funding in par-

ticular outside Interreg programmes, looking also into potential national and other funding sources.

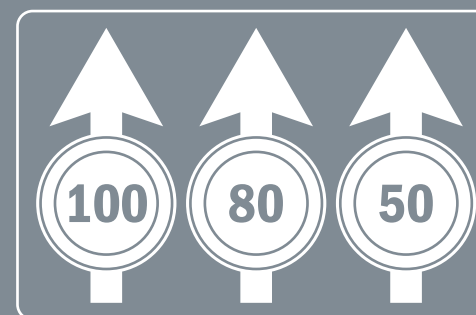
As the Interreg Baltic Sea Region programme takes off, the Joint Secretariat continues cooperating with partners from other programmes to bring new knowledge to project applicants and approved projects. The Joint Secretariat also seeks new contacts aiming at coordination of thematic support and funding possibilities. However, efforts of a single actor like the Interreg Baltic Sea Region programme in the huge field of EU and national funding should be well supported by other stakeholders of the EUSBSR.

To sum up, both thematic and financial alignments are important. Coordination between various funding instruments may only be of value if project implementers have clear goals and see that different fund-

ing sources can be useful to them and support their aims. At the same time, the ownership of the Strategy must be further increased, so that the stakeholders' aims become more clearly aligned to the Strategy.

As a final remark, building cooperation between programmes and institutions takes time as well as personal contacts and trust. Therefore, practical steps, such as described above, are much more important than declarations. For the Interreg Baltic Sea Region programme, the first results - established personal relations and communication channels - are already visible. Future practical steps will build on those results.

The Interreg Baltic Sea Region is a European Territorial Cooperation funding programme that facilitates transnational cooperation in the region addressing common key challenges and opportunities.



More information at [www.interreg-baltic.eu](http://www.interreg-baltic.eu)

# Implementation of alignment of funding in the Baltic Sea region

## Practical examples



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## BONUS

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BONUS is the joint Baltic Sea research and development programme producing knowledge, scientific evidence and innovative solutions to support development and implementation of regulations, policies and management practices specifically tailored for the Baltic Sea region.

BONUS funds projects of high excellence and relevance based on its strategic research agenda (SRA). The total funding volume of BONUS is EUR 100 million for the years 2010-2017, half of the funding originating from the national funding institutions and the other half from the EU's 7th Programme for research, technological development and demonstration.

Currently there are 21 national funding institutions involved in BONUS either as members (10 funders) or associated through specific co-financing agreements (11 funders). Based on their mandates, these include basic research (8 funders) and innovation funders (8 funders), as well as those able to fund both types of research (5 funders). The funding decisions of specific BONUS calls and themes are negotiated within each country internally.

### The EUSBSR and BONUS share the same target

Both the EUSBSR and BONUS share the same target of building prosperity of the Baltic Sea region and this can be done by better cooperation and more efficient use of new knowledge and coordination of funding.

Aligning the funding in the context of the EUSBSR becomes possible when the objectives of the EUSBSR coincide with the one or several of the themes derived from strategic objectives included in the BONUS strategic research agenda.

Within the ongoing funding scheme (BONUS programme 2012-2017), a good example of the alignment and coordination of funding is the BONUS call 2012: Innovation. This was organised in collaboration with the EUSBSR flagship project 'BSR Stars' and brought innovation funding agencies of the participating countries to a joint funding cooperation. A total of 13 innovation projects now implement the objectives common for both the EUSBSR and BONUS and cover three key themes of the BONUS strategic research agenda with the co-funding by 13 different funding

agencies in the eight Baltic Sea states and the EU's Seventh Programme for research, technological development and demonstration.

## Challenges and the way forward

The increase of parties involved in the transnational collaboration naturally poses challenges to the legal and financial management and increases the need for active discussion and cooperation at both a management and administrative level. The obligation of BONUS to apply a common rule set together within the limits of national and EU legislation enables seamless collaboration and lowers administrative obstacles.

In order to develop further the alignment of funding and coordination between funding sources, active participation and cooperation at all levels - policy, strategy, project and management level - should continue and broadening out towards engagement of enterprises and private partnerships should be encouraged.



More information at  
[www.bonusportal.org](http://www.bonusportal.org)





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# Baltic Sea Region Innovation Express

The Baltic Sea Region (BSR) Innovation Express represents a common European approach for supporting the internationalisation of SMEs through cluster initiatives. The funding instrument aims at facilitating internationalisation, smart specialisation, and cross-border learning and competence development by developing transnational linkages between SME networks, clusters and other specialised research and innovation nodes - for the benefit of their members.

The BSR Innovation Express is a joint call for proposals funded by national funding agencies to initiate, develop or enhance transnational cooperation activities - leveraging cluster organisations (or similar) to develop proposals for their SME members. The BSR Innovation Express is supporting transnational cooperation beyond the Baltic Sea region, if the clear vision on added value and benefits for cluster/network initiatives and SME members is presented.

Funding partners for BSR Innovation Express in 2014 were: Danish Agency for Science, Technology and Innovation (DASTI); Ministry of Employment

and the Economy (TEM); Innovation Center Iceland; Agency for Science, Innovation and Technology (MITA); Innovation Norway; Swedish Agency for Marine and Water Management, Swedish Agency for Economic and Regional Growth (Tillväxtverket), and VINNOVA.

## BSR Innovation Express is implemented in a framework of the EUSBSR

The BSR Innovation Express is a joint call for proposals implemented within the framework of the 'BSR Stars' programme ([www.bsrstars.org](http://www.bsrstars.org)), the flagship project under the Policy Area 'Exploiting the full potential of the region in research and innovation' of the Strategy.

The overall aim of the 'BSR Stars' is to strengthen competitiveness and economic growth in the Baltic Sea region by fostering transnational linkages between specialized research and innovation nodes, leading to strategic innovation alliances to tackle common 'grand challenges'. Its strategic idea is:

to build on existing commercial strengths and competencies around the Region,

to strengthen transnational networks of companies and research actors,

and foster the development of strategic alliances and collaborative innovation projects aiming at tackling common challenges in fields such as health, energy, sustainable transports and digital business and services.

The collaborative efforts of governmental organisations in 10 countries have resulted in a first-of-its-kind innovation programme.

The BSR Innovation Express opened its first call in February 2013 and, based on positive experiences, the second call was opened in May 2014.

The first call resulted in 28 new international collaboration projects, involving more than 900 SMEs in the

Baltic Sea region. Project partners come from a range of business sectors including healthcare/medical devices, energy and environment, new materials, construction, and agro-food, as well as maritime and ICT. Many projects combine partners with expertise in different business, service or research sectors.

The second call resulted in 54 approved applications, resulting in 37 new international collaboration projects, 30 applicants teaming up in 13 joint projects and 24 additional approved projects. Again, nearly all targeted partners are located within other Baltic Sea region countries.

When looking back to the BSR Innovation Express implementation, among other issues, it should be highlighted that the funding source provides a simple and flexible approach; attractive and useful for initiating new international activities and engaging SMEs. It is found to be a good way to initiate activities and test relevance for SMEs before 'building up' towards larger and longer-term activities.

Quotes by Emily Wise, Research Fellow and Consultant Lund University and IEC, "Evaluation of BSR Innovation Express 2013", as of 27 February 2015

*"Although financial support is needed, it's only one part of the support package. SMEs need knowledge (of the business and of international opportunities), contacts, and funding to enable development and testing in new markets:*

*"With stronger international visibility, have a greater chance of finding the right partners to do business with. In prolonged workshops and study visits, get many add-ons in addition to general networking; it's important to meet as many potential partners as possible." Cékura, SME within WelfareTech cluster, DK*

*"There is too little 'risk money' in Sweden. Financing is available for research, but not for development and testing in new markets." Cranab, SME within Skogstekniskaklustret, SE*

*There is no point in getting just financing, but rather need knowledge (of the business and of international opportunities), contacts, and financing to enable action." Insitu Instruments, SME within Green Business Region (and Fiber Optic Valley), SE*



More information information about the BSR Innovation Express, please check [www.bsrstars.se/project/bsr-innovation-express](http://www.bsrstars.se/project/bsr-innovation-express) or contact Hans-Henrik Lomholt / [hhl@fi.dk](mailto:hhl@fi.dk)





