



Ex-ante Evaluation
and
Strategic Environmental Assessment
of the
Central Baltic Cross-border Programme
2007-2013

Final Report
24 April 2007

SWECO EUROFUTURES 

Preface

This is the report from the *Ex-ante* Evaluation and the Strategic Environmental Assessment of the 2007-2013 Central Baltic cross-border programme. The programme will be implemented as part of the European Territorial Co-operation objective of the Structural Funds.

The Central Baltic cross-border programme 2007-2013 is a joint effort between the EU and the Member States of Estonia, Finland (including Åland), Latvia and Sweden. The ERDF contribution to the budget is approximately €102.2 million. The programme is divided into three sub-programmes:

- Central Baltic Thematic sub-programme
- Southern Finland-Estonia sub-programme
- Archipelago and Islands sub-programme

The aim of the *ex ante* evaluation is to optimise the allocation of resources and improve the quality of programming. An independent evaluator provides feedback on programme drafts as a part of the programming process.

Strategic environmental assessment (SEA) is a procedural tool for assessing the possible impacts of a programme on the environment. According to the European SEA Directive all Structural Fund programmes shall undergo an SEA as part of the programming process.

This report is divided into three parts:

1. The summaries of the *ex-ante* and the SEA.
2. The *ex-ante* evaluation.
3. The strategic environmental assessment.

The *ex-ante* and the SEA can be read independently of each other. Necessary descriptions of the programme are therefore provided in both part 2 and part 3 as a background for the conclusions drawn.

The work was commissioned by the Finnish Ministry of the Interior on behalf of the co-operating countries in the Central Baltic region. *SWECO EuroFutures AB* in Stockholm is responsible for the report, with *Network-Bureau Europe* in Kiel as a sub-contractor. The report was written by Hallgeir Aalbu, Micael Sandberg and Tomas Stavbom at *EuroFutures* and Dr. Hans Meves at *Network-Bureau Europe*.

This report was written on the basis of the fourth programme draft, dated 22 February 2007. The Joint Programming Committee discussed a draft *ex-ante* and SEA report in its Riga meeting of 1-2 March 2007. Changes made in the report after the JPC meeting was discussed with the client, the Finnish Ministry of Interior, on 7 March 2007.

Stockholm, 24 April 2007

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PART 1: SUMMARIES

1. Summary of the *Ex-ante* Evaluation

The regional analysis is well written and addresses the right issues

The regional analysis is well written and retains its quality level throughout. It raises all of the relevant questions and is based on the latest available statistics. The analysis succeeds in balancing the different aspects of sustainable development. The economic, environmental and social issues are presented and a good overview of their status in the Central Baltic Region is provided. A clear link is established between the analysis produced and the SWOT. The analysis addresses the right issues and connects well with the Lisbon agenda goals.

The programme objectives are too broad

Once the regional analysis is performed and the programme needs are identified a structure of objectives has to be created to function as a platform for programme implementation.

The vision of the programme is *to create a globally recognised, dynamic, sustainable and competitive region that is attractive for business and visitors and where people want to live, work and invest*. The programme strategy shows *how* the vision can be accomplished. The strategy rests on three different approaches:

- A *geographical focus* on the Central Baltic Area, which binds more than 20 regions together, including four capitals.
- A *cross-border* aspect, i.e. to seize opportunities and produce benefits in situations where a solely national approach may not be enough.
- A *thematic focus* on three major *priorities*:
 - Safe and healthy environment
 - Economically competitive and innovative region
 - Attractive and dynamic societies

The programme content is further described through 22 different *directions of support* and a list of 92 examples of possible project activities. The programme's directions of support and its indicative actions are well laid out. The internal programme logic is well established with a clear link existing between goals at different levels.

The objectives of the three priorities and the directions of support are however very broad in scope. This lack of focus will, in the next stage of implementation, make it almost impossible to measure the degree of success and to assess the programme's outcome and results. One way forward here however will be to better focus the content of the priorities for each sub-programme and to formulate the individual directions of support in a more measurable way, linking the indicators more closely with the anticipated outcomes of project activities.

Outcomes and impacts are not possible to foresee

As for all Structural Fund programmes, it is not possible to foresee what projects will be applied for, and by whom. The programme will be driven by demand rather than by the priorities made by the programme. Some directions of support might not even be implemented, which is of course in itself is one way of focusing the programme.

The programme will promote cross-border co-operation, while there is also potential for positive social, economic and environmental impacts, which in turn can promote the development of the programme area. What remains unclear however is the realism of the programme goals and the probability of their realisation.

Ideally, one would want a set of qualitative objectives and quantitative objectives that are linked together – i.e. where a positive impact on one set of objectives will also be positive for the achievement of the other. The objectives remain however too general for that kind of evaluation.

It is not possible to *ex ante* evaluate the degree to which the programme will achieve its objectives based on the available funds. In order to do so, the programme would have to describe its underlying theory more clearly, and to specify how outputs and results will produce impacts.

This weakness may be mitigated in the next stages of programming by the establishment of more specific aims, indicators and selection criteria for projects concerned. Where the programme itself lacks direction, each project needs to specify how it will contribute to the objectives and show how its outputs and results are supposed to produce impacts.

Indicators do not measure success

Indicators were added at a very late stage in the programming. They are nevertheless consistent with the programme's priorities, objectives and directions of support.

The programme document does refer to some of the experiences gained from the two previous Interreg IIIA programmes in this region. Nevertheless, an indication of the experiences that are deemed relevant for both an assessment of the expected outcomes and impacts of implemented projects and the programme as a whole are not included, which is a weakness.

The output indicators set targets for the number of projects that are expected to support certain goals or activities. Such indicators are useful to monitor if the programme is doing the *right things*, in line with the programme spirit. They cannot however say much about the quality of the results achieved. The main challenge that remains is therefore to include indicators that provide an indication of whether a project is of sufficient quality and whether programme goals will be reached or not – i.e. when the programme is successful and when it is less successful.

Again, one possible way to avoid this uncertainty is to focus the programme on a limited number of directions of support. The funds available will then be large enough

to make a difference, it will be easier to create indicators for expected outputs, and it will be possible to anticipate and evaluate results.

Better competition between project applications through fixed calls

The setting up of the new administrative organisation has evidently been built on the experiences gained from previous programmes. It is moreover reasonable to believe that this provides a solid basis for co-operation and for the smooth implementation of the Central Baltic programme.

The large variety of potential actions demands a competent and highly efficient administration able to quickly assess incoming applications. A call for proposals that is open to all kinds of projects within every priority and every direction of support will provide a significant challenge to the programme organisation. One advantage with having many applications is however that projects can be assessed competitively.

To insure that the Central Baltic Programme only supports high quality projects it will probably be necessary to create such a competition between projects. One possibility here is to make limited calls, where certain directions of support or possible actions are highlighted to the public. The marketing of the programme can then be directed towards specific target groups depending on the topic announced. Such a procedure will encourage competition and comparisons between project applications and create a critical mass of projects to insure learning in the decision making process. This will, moreover, allow implementation to be better focussed than in the actual programme document.

2. Summary of the Strategic Environmental Assessment

The Central Baltic Cross-border Programme will not have significant negative impacts on the environment

Multi-annual development programmes provide core elements for the common regional policy of the European Union. The Central Baltic cross-border programme 2007-2013 is now in preparation in the context of the European Territorial Co-operation Objective. The participating territories in the Central Baltic Programme are situated in Estonia, Finland, Latvia, Sweden and Åland. The vision of the programme is *to create a globally recognised, dynamic, sustainable and competitive region that is attractive for business and visitors and where people want to live, work and invest.*

The programme has three priorities, namely, to create a: *Safe and healthy environment; Economically competitive and innovative regions; and Attractive and dynamic societies*, and will be implemented through three geographical sub-programmes:

- Central Baltic Thematic sub-programme.
- Southern Finland-Estonia sub-programme.
- Archipelago and Islands sub-programme.

The programme is a strategic document and does not describe the projects that will be carried out. The programme content is only specified in a number of “directions of support” for each of the geographical sub-programmes under each priority.

Environmental impacts can therefore only be assessed at a general level and based on the intentions of the programme. Based on a description of the state of the environment in the programme region and an analysis of the possible implications of the programme on the environment, the conclusion is that the implementation of the Central Baltic programme *not* is likely to have any significantly negative impacts on the environment.

Integration of environmental considerations in the programme

Environmental aspects are integrated throughout the programme. A description of the state of the environment in the programme region is included in the regional analysis, there are references to the general European goals for sustainable development, and the first of three programme priorities relates to the promotion of a safe and healthy environment.

The most important measure for securing a good environmental profile for the programme is to include criteria for project selection that take environmental impacts into consideration. Environmental authorities will be invited as members of the Steering Committee for each of the sub-programmes. The programme document does not however include selection criteria which is a weakness. This shall be corrected at a later stage of programming when selection criteria are described and monitoring routines established.

Monitoring and the mitigation of possible negative environmental consequences

Several indicators of a 'positive environmental impact' in respect of projects are included under *Priority A* (Safe and healthy environment). These indicators are however formulated only as "number of projects", "number of studies", "number of co-operations" etc., and, as such, do not measure the projects' expected impact on the quality of the environment.

With a very open programme such as this, the development of concrete project selection criteria and monitoring routines is very important, as this is the only way to compensate for the general level of description in the programme and to bring environmental considerations into the projects. Like the criteria for project selection, monitoring routines and procedural operations for the mitigation of possible negative environmental impacts shall be decided at a later stage.

Participation in, and the results of, the public hearing

The draft programme (version 3, dated 15.12 2006) and the draft SEA report (dated 23.12 2006) were made publicly available during the period 05.01 2007 to 26.01 2007 (from 12.01 2007 to 02.02 2007 in Latvia). The hearing was organised nationally and was conducted in all countries:

- In Åland, the hearing was organised by the Government of Åland and announced in the two regional newspapers. Altogether seven organisations responded: four municipalities and three NGOs.
- In mainland Finland, the Ministry of the Interior and the four involved Regional Councils organised the hearing and announced it on their websites. Two of the regional councils also made announcements in regional newspapers. They also sent out targeted request for comments by e-mail to other regional authorities, municipalities and social partners. Two hearing events were organised, one in Turku and one in Helsinki. Through these various means, some 34 written comments were received, of which four referred to the SEA.
- In Sweden, the hearing was organised by the Stockholm County Administrative Board. Announcements were made in the main newspapers and invitations to participate were e-mailed to all municipalities and relevant NGOs in the region. Three hearing events were organised. In total, 21 responses were received. None of these made any comments in respect of the SEA.
- In Estonia, the information about the opening of public hearing was sent by e-mail to regions, line ministries, international organisations, municipalities, NGOs, etc., while a hearing event for line ministries was arranged in Tallinn with 51 participants. There are no specific references to the SEA in the summary of received comments.
- In Latvia, the hearing was announced in the newspaper *Latvijas Vestnesis*, on the homepage of the Ministry of Regional Development and Local Government and by e-mail to regions and line ministries. No specific references to the SEA were made in the comments received.

The comments received did not result in any further programme changes in respect, specifically, of environmental issues.

PART 2: EX-ANTE EVALUATION

1. Introduction

1.1 The programme

During the 2000-2006 programming period, 64 INTERREG IIIA cross-border programmes were developed in Europe, with participants from 40 countries. Their general aim was to support co-operation across national borders. The EU has a specific interest in border regions as it has been extensively shown that border barriers significantly hamper European integration. Better co-operation across borders can provide border regions with new opportunities for labour market integration and economic growth therefore contributing to the fulfilment of the Lisbon targets.

The Central Baltic cross-border programme 2007-2013 is a co-operative venture between the EU and Estonia, Finland, Latvia, Sweden and Åland. The total budget is approximately €125 million, of which the ERDF contribution is approximately €102.2 million. The programme is divided into three sub-programmes:

- Central Baltic Thematic sub-programme.
- Southern Finland-Estonia sub-programme.
- Archipelago and Islands sub-programme.

The two latter sub-programmes can be seen as a continuation of two INTERREG IIIA programmes currently under implementation. The total budget for the 2000-2006 Southern Finland-Estonia Programme was €40 million, of which €20 million was ERDF funding. The corresponding figures for the Archipelago Programme were €18 million and €9 million respectively.

Border regions are often located in national peripheries and are often located “side-by-side” across an international border. The focus of such regions is usually directed towards their respective national centres and thus away from the border zone further diminishing the potential for cooperation and advancement. This is however not the case with the new Central Baltic programme, where four countries and their respective capital regions are included. With the exception of the Estonian-Latvian border, this region only has sea borders, something which naturally impacts on both the level and the content of cross-border co-operation. In this respect then the Central Baltic programme is unique.

1.2 The programming process

Preparations for the new programme began in May 2006 when the Member States, i.e. the Estonian Ministry of the Interior, the Finnish Ministry of the Interior, the Government of Åland, the Latvian Ministry of Regional Development and Local Government and the Swedish Ministry of Industry, Employment and Communications, agreed on a joint mandate letter for the preparation of the programme.

The relevant regional and national Estonian, Finnish, Latvian, Swedish and Åland authorities were asked to draw up a programme proposal. A programming organisation was set up with six different bodies:

- A *Joint Programming Committee (JPC)* with overall responsibility for the preparation of the programme. The JPC consisted of representatives of the core partners at national and regional level.
- Four *Working Groups (WG)* were reporting to the JPC, one for each of three sub-programmes and one for management issues. WG members for the sub-programmes were appointed by the regions involved in each of the programmes.
- The Regional Council of Southwest Finland, in Turku, was appointed as the common programme Managing Authority (MA).

Programme content has thus been developed at the sub-programme level in a co-operative effort between the regional authorities in the sub-programme regions.

The WGs as well as the JPC have had several meetings throughout the programming process. JPC meetings were arranged for 13-14 June 2006 in Turku, 4-5 October 2006 in Tallinn, 4-5 December 2006 in Stockholm and 1-2 March 2007 in Riga. The programme draft will thereafter be submitted to the European Commission. Implementation will probably begin in early 2008.

1.3 The evaluation process

As with all new programmes, an *ex-ante* evaluation must be performed, aiming at providing support for the programming process. The main purpose of the evaluation is to “optimise the allocation of resources and improve the quality of programming”. In the case of the Central Baltic programme, the main task of the *ex-ante* assessment has been to support the work of the JPC and the four WGs.

After a public tendering process, the contract for the *ex-ante* evaluation and the SEA was awarded to *EuroFutures*, Stockholm. *EuroFutures* began work as an *ex-ante* evaluator in early September 2006 when the programming process had already been running for about three months. We have, from that time, participated in the programming process. Our main contribution has been to provide feedback on programme drafts and to provide recommendations for further work. We have, in an interactive process, supplied the Managing Authority, the Joint Programming Committee and the Workings Groups with input and recommendations in meetings, by e-mail and through telephone discussions. Our recommendations have in some

cases been taken into account while others have not, as will be further outlined below. The programming timetable was amended during the process, and the deadline for this *ex-ante* report postponed from November 2006 to March 2007.

A general description of the expected outcomes of *ex-ante* evaluations is provided in DG Regio's *Draft Working Paper on Ex Ante Evaluation* (October 2005). This paper requires that all *ex-ante* evaluations shall address a number of common issues while also noting that the work must be in line with the size and the direction of the programme.

The general questions for *ex-ante* evaluations are concerned with the proposed programmes

- *relevance* for the development of the region (does it address the right issues?),
- *effectiveness* (will programme outputs/results/impacts meet programme objectives?),
- *efficiency* (are the relations between inputs and outputs/results/impacts reasonable, i.e. are the programme interventions cost-efficient,
- *sustainability* (will programme outputs/results/impacts have any impact on the region's social/economic/environmental development?).

This *ex-ante* evaluation report is structured in accordance with the general questions outlined above. We have assessed the analysis of the region and its challenges, the link between the analysis and the expected outcomes and the impacts of the programme, the indicators and the programme implementation organisation and in addition, the degree to which the programme can expect to have an impact on the region's social, economic and environmental development. For each of these issues, the assessment is structured in two parts, where the first provides a brief description of the programme document and the second the *ex-ante* assessment including an overview of the identified weaknesses that still remain.

The report was written on the basis of the fourth programme draft dated 22 February 2007. The Joint Programming Committee discussed a draft *ex-ante* and SEA report in its Riga meeting of 1-2 March 2007. Changes made after the JPC meeting were discussed with the client, the Finnish Ministry of Interior, on 7 March 2007.

2. Ex-ante evaluation

2.1 Analysis of the region and it's challenges

Every programme must begin with an analysis of the situation of the eligible area encompassing economic, social and environmental perspectives. The analysis should pin-point the problems disparities and gaps as well as the potentials for development. The programme should contribute to the use of available resources for better interaction within the region thus contributing an improvement in living conditions and further economic development.

The analysis provides the basis for the programme, its objectives, and the allocation of resources. A clear connection should, ideally, exist between the description of the

current status of the region and the various challenges/opportunities on which the programme focuses its resources. This can potentially include descriptions and/or analyses of natural resources, employment patterns, competence-development issues, business development, the environment and other social issues.

Factors such as the level of education, economic specialisation and the formation of clusters, transport infrastructure and regional integration, innovation and entrepreneurship, etc., are known to have impact on the development of certain regions. It is important to show through the analysis how the specific regional endowment can be utilised for further development. No single answer exists on how to generate regional development. Each region needs its own solution, in the right context, at the right time and in the right place.

The ideal situation is that the action undertaken within the programme should produce 'added value' in addition to the regular flow of regional investment and other EU-programmes. The regional analysis and the SWOT¹ analysis should, together with the best available knowledge of the driving forces of development, provide the programme with both a solid conceptual background and further motivation to implement in practice the chosen strategies and objectives.

2.1.1 The regional analysis

The regional analysis of the Central Baltic Programme consists of a general description of the programme area covering a programme area of 18 NUTS III regions and 9 adjacent areas. The total area of the programme encompasses about 5 per cent of the total land area of the EU and roughly 2 per cent of its population. The area includes four capital regions, but also some areas that are more peripheral and sparsely populated, especially in the Archipelago and Islands sub-region.

The analysis covers all aspects of sustainable development. It begins with a description of the population, development within the health and the social sector, and cultural life. The second part of the analysis provides a description of economic issues, such as employment rates, business development, education and R&D, and communications. The transport links, including rail, air and sea traffic are presented, as are ICT and telecommunications.

The third aspect of sustainable development, environment, raises issues concerning diversity in nature, waste management, air pollution, and the sea – both inland and in terms of the Baltic Sea area as a whole – and the state of environmental 'know-how' in the programme area.

This fairly broad analysis is followed by three separate analyses of specific characteristics within each sub-programme region. The analysis for the area as a whole also applies to the Central Baltic Thematic sub-programme, since they cover the same geography, while the Southern Finland – Estonia and the Archipelago and Islands sub-programme are geographically limited.

¹ A SWOT is an analysis of the region's strengths (internal factors to build on), weaknesses (internal factors to mitigate), opportunities (external factors to utilise), and threats (external factors to prevent).

Characteristics of the sub-programme regions, in brief

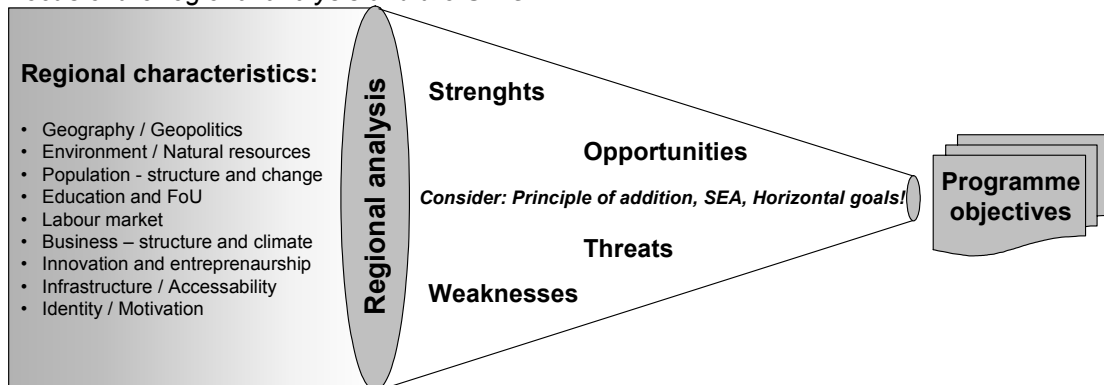
Central Baltic Thematic	Southern Finland–Estonia	Archipelago and islands
<ul style="list-style-type: none"> • The environment in the Baltic Sea is a common concern. • Large investments in R&D do not provide enough innovative outputs and economic prosperity. • Negative demographic change and labour shortage. • Some missing and inadequate transport networks and links. 	<ul style="list-style-type: none"> • Negative population trend • Increase in transports across the Gulf of Finland • Shallow inland waters and sensitivity to pollution • Risk of major oil leakage. 	<ul style="list-style-type: none"> • Variation of geography • Small and diminishing population • Weak tradition of co-operation between companies • Difficult and expensive physical communications • Poor environmental condition of the Baltic Sea

2.1.2 The SWOT

The SWOT is constructed in the same way as the analysis; with a common SWOT applicable to the whole programme area with, in addition, some special characteristics of the two geographic sub-programmes Southern Finland-Estonia and Archipelago and Islands. The purpose of the SWOT is to identify the strengths and weaknesses in the eligible area as well as possible external opportunities and threats. It should also identify the strengths that could be used to stimulate employment and competitiveness. The weaknesses should be addressed so that they can be mitigated. Possibilities should be utilised and threats avoided.

The SWOT can also be seen as an abstract form of regional analysis, which leads to the chosen strategies and a limited number of the most urgent needs that the programme should deal with, as illustrated in the figure below.

Focus of the regional analysis and the SWOT



Chapter 3 in the programme includes a table with highlighted aspects that are relevant both for the whole programme and the Central Baltic Thematic sub-programme (CBT) as well as tables for the two other sub-programmes:

SWOT for the whole programme and the CBT sub-programme

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong relationship between regions and cities in the area • Capitals and major cities in the area are attraction poles • Strong presence of well managed and experienced global successful companies • High level of innovation capacity and a strong existing IT and R&D infrastructure • Large number of good universities, centres of excellence and networks of excellence • Diverse and attractive nature • Skilled and highly educated workforce 	<ul style="list-style-type: none"> • Weak role of small and medium-sized enterprises. Lack of new business creations and entrepreneurship. Difficult to access the market • Insufficient coordination or co-operation between the educational and business worlds • Considerable parts of the CBP consist of small, peripheral areas which are difficult to reach. • Communication problems within the CBP, such as language issues, administrative and cultural capacity • Underdeveloped transport connections combined with large distances within the area and to the main European markets • High threshold and low mobility on the labour markets for certain groups • High unemployment for certain groups
Opportunities	Threats
<ul style="list-style-type: none"> • Gateway to Russian and Asian markets. • Further development and specialization of sectors • Internal market represents a considerable potential for growth • Better connections and use of ICT • Co-operation in policy-making, common welfare development, close positions at EU level and common interests in EU • Co-operation between universities and R&D units • Potential to develop better sustainable transport and infrastructure links, with a focus on ports and maritime connections • Co-operation between regions, cities and municipalities to address common issues • Common promotion and marketing of Central Baltic Area 	<ul style="list-style-type: none"> • Slow response of educational sector to market needs. • Increased risk for major environmental disasters within the region. • Local environmental problems • Disability of public sector to keep up with the demands of an ever changing and globalizing society • Effects of ever globalizing society and economy on CBP • High level of mobility of highly educated work force within and beyond the CBR. • Increasing disparities between sectors and regions with regards to availability of skilled workers

Specific points made in the SWOT for the Southern Finland-Estonia sub-programme

Strengths	Weaknesses
<ul style="list-style-type: none"> • Transport connections • Small area (in km²) • Cultural understanding 	<ul style="list-style-type: none"> • Stagnating co-operation networks • Health and the social sector
Opportunities	Threats
<ul style="list-style-type: none"> • Developing traffic links • Geographic position • New industries 	<ul style="list-style-type: none"> • Policy changes and growing bureaucracy

Specific points made in the SWOT for the Archipelago and Islands sub-programme

Strengths	Weaknesses
<ul style="list-style-type: none">• Tradition of co-operation	<ul style="list-style-type: none">• Limited labour markets and few branches
Opportunities	Threats
<ul style="list-style-type: none">• Development of tourism	<ul style="list-style-type: none">• The environmental situation of the Baltic Sea

2.1.3 Ex-ante assessment

The working groups have invested considerable time and effort in the regional analysis and the SWOTs. They have used different methods in developing the analysis which has led to slightly different structures being produced. In the end these inputs have however been added together quite successfully in a common chapter.

The analysis has improved significantly as new drafts of the programme were developed. One of the major challenges for the working groups entailed separating out the relevant information from the extensive amount of background material produced. A socio-economic description of the programme area runs the risk of being too broad and too general with little support in terms of hard facts. This had previously been the case as noted by the evaluators though this issue has now been addressed in a satisfactory manner.

EuroFutures finds that the analysis in its current form is well written and retains its high quality throughout. In our opinion, the analysis provided addresses all of the relevant questions, while the quantitative descriptions are based on the latest available statistics.

The analysis succeeds in balancing the different aspects of sustainable development. The economic, environmental and social issues are each presented, while a good overview of their current status of each in the Central Baltic Region is provided. A clear link is also provided between the analysis and the SWOT.

EuroFutures' conclusion is that the Central Baltic Programme has delivered a well written regional analysis and a SWOT that is relevant to the development of the region and the programme. It addresses the right issues and relates well to the Lisbon agenda.

2.2 Objectives for the development of the region

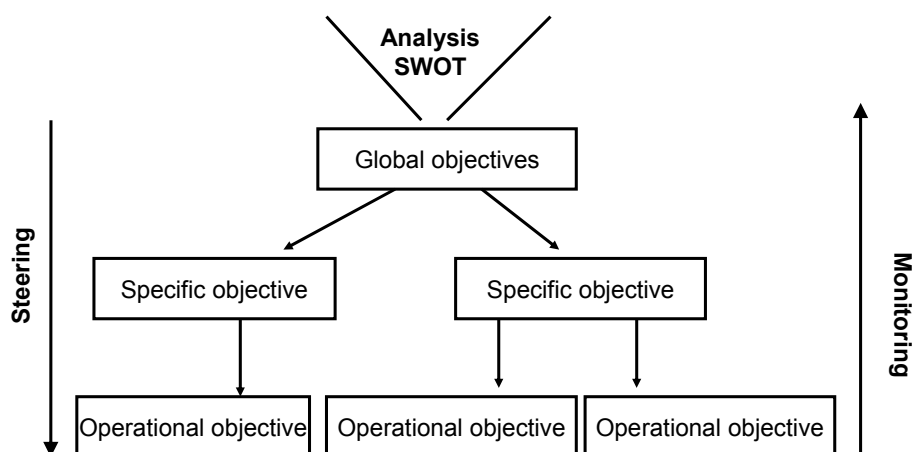
An important part of the *ex-ante* evaluation is the analysis of the strategy and consistency of the programme. Once the regional analysis is performed and the programme needs identified, a structure of objectives has to be created as a platform for programme implementation. The question is however whether internal coherence exists between the regional analysis/SWOT in the first step and programme priorities and objectives in the next. The evaluation should identify any deficits in the programme structure and suggest improvements.

Experience of earlier Structural Fund programmes illustrates that it is difficult to create consistent programmes that are easy to administrate and monitor. Several evaluations have concluded that the level of ambition has been too broad and the objectives too general. It has however been difficult, at this stage, to come to any hard and fast conclusions on the actual results and impacts of the programme.

To analyse the Central Baltic Programme from this perspective, *EuroFutures* has used a model of a hierarchy of objectives, as illustrated below. The programme structure is tested in relation to this model which is used to help identify weaknesses.

At the top of the hierarchy a global objective or vision is placed which indicates the direction in which the programme leads. The global objective is then divided into a number of specific objectives providing further information on *how* to achieve the overall global objectives. The specific objectives may, at the next level, be further separated into operational objectives that reflect the achievement in an even more detailed manner.

A hierarchy of objectives



The figure illustrates a hierarchy with different levels of steering. The logic of the structure says that if the operational objectives are achieved, a step has taken toward an achievement of the specific objectives and, hence, towards the global objectives.

Any inconsistency in the structure, for example a weak connection between objectives at different levels, can result in a less effective steering process and a less transparent programme. This is caused by difficulty in choosing between different activities, simply because one does not know what objectives to relate to. A consistent structure also simplifies the prioritization of activities and projects based on their contribution to the fulfilment of specific objectives. To the end, this is a prerequisite for the evaluation of the impacts of the programme stating whether the actions taken have influenced the original needs and challenges, as identified in the SWOT.

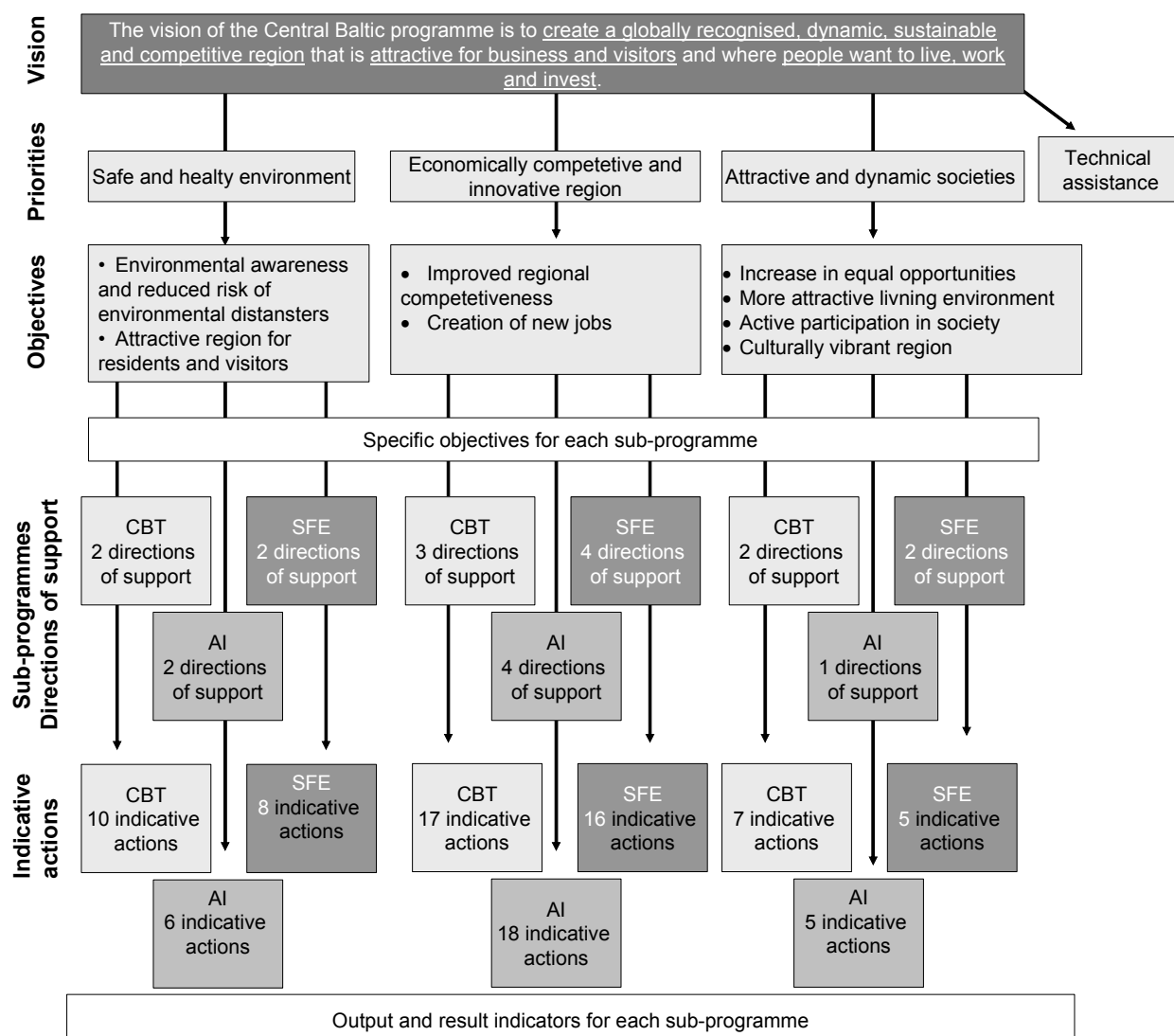
The structure of objectives should be followed by a system of indicators relevant to the programme.

2.2.1 The programme objectives

It proved difficult to perform an *ex-ante* evaluation of the consistency of the programme and the objectives during the process as the structure changed from one programme draft to the next. The current structure is the result of suggestions made by the Commission to use three thematic priorities and one priority for technical assistance.

The programme structure can be illustrated as in the figure below where we have structured the programme elements in a hierarchical model.

Programme structure



2.2.2 The vision

There is a joint vision for the programme as a whole:

The vision of the Central Baltic programme is to create a globally recognised, dynamic, sustainable and competitive region that is attractive for business and visitors and where people want to live, work and invest.

The vision points out *what* the programme should strive for. It is long-sighted and always possible to improve. *EuroFutures* finds that the vision is rather general but includes many important aspects. The updated Lisbon agenda is taken into account as one of the leading principles of the Central Baltic Programme stating that people are the backbone of development. “People that want to live, work and invest” includes permanent residents as well as investors. Other groups that preferably could be adjoined in the vision include visitors (business and leisure) and companies.

The programme does moreover clearly address the Gothenburg agenda and the strategy to link economic development with social security and environmental well-being.

The strategy for the Central Baltic Programme shows *how* the vision can be accomplished. The strategy rests on three different approaches:

- It brings forward the added value created by the *cross-border* aspect, which is supposed to seize opportunities and produce benefits where a solely national approach is not enough.
- The *thematic focus* on three major priorities – the environment, competitiveness and attractiveness - is expected to address topics where common interest are greatest.
- The *geographical focus* on the Central Baltic Area, which binds more than 20 regions together, including four capital regions, creates new opportunities for co-operation.

The programme stresses a common desire to deepen and intensify co-operation inside the programme area. With the tools offered by the Community, these regions are willing to create and further develop their collaboration in the fields of economic, social and environmental activities. This shall be done through joint projects for sustainable territorial development.

EuroFutures' conclusion is that the vision and its strategy are consistent with the regional analysis and the SWOT and that it provides good justification for the chosen priorities. *EuroFutures* has also found that the priorities are clearly linked to ERDF regulations for the cross-border strand of the European Territorial Cooperation objective of the Structural Funds.

2.2.3 The three priorities

Chapter 5 describes the priorities of the programme, which includes an introductory and a background section to each priority, one objective and a number of “*directions of support*” sorted under each of the sub-programmes.

The programme has three priorities:

- A safe and healthy environment
- An economically competitive and innovative region
- Attractive and dynamic societies

The first priority, *A safe and healthy environment*, focuses on protecting and improving the common environment and puts special focus on the Baltic Sea. The priority supports a sustainable environmental development of the programme area making it attractive for both inhabitants and visitors.

To achieve such a quality of life target, improvement in the ecological quality of the Baltic Sea, primarily the Gulf of Finland, is a central target, along with environmental education and awareness-raising. Improvements in the physical and cultural environment, through better spatial planning, are important factors here.

The targeted directions of support can be summarized as:

- Cross-border co-operation leading to reduced environmental risks and pressure in the CBP maritime area and better understanding of the environmental problems common to the programme area.
- Support of business and public sector management helping to sustain and improve the quality of the natural environment.
- Sustainable infrastructure.

Joint work within the programme area is seen as the central framework in which sustainable development for the region as a whole can be achieved.

The second priority, *An economically competitive and innovative region*, focuses on enhancing the overall economic development and competitiveness of the programme area through the improvement of the determining factors for innovation. It emphasises innovation and cross-border cooperation and the better flow of goods and people.

The priority is designed to stimulate the vitality of the programme-area’s communities and the creation of jobs. To achieve the ambitious goals of this priority, a particular focus is placed on innovative methods for improvement, and on ensuring that areas in which the programme-area already excels are built on further.

The directions of support in the three sub-programmes can be summarized under three headlines:

- Improvements of cross-border activities for growth, innovation and entrepreneurship through new solutions transposed into joint actions.
- Sustainable tourism and archipelago and island-specific economic activities.

- New/more jobs through better co-operation and utilisation of the labour force and better internal and external accessibility.

The priority addresses the area’s current inability to turn its innovation and R&D assets and inputs into outputs and businesses. The use of cross-border interaction in innovation and the better utilization of the labour force are important components in the ambition to make the region a global centre of economic growth.

The third priority, *Attractive and dynamic societies*, focuses on the development of the human resources potential of the region, promoting social well-being, good living conditions and vital communities. The intention here is to create togetherness in the Central Baltic Area and offer equal opportunities by actively supporting citizen participation in public affairs and social inclusion.

This priority can be understood as a countermeasure to the rapid process of globalisation and is designed to help redevelop a sense of identity. It is also based on the negative aspects of economic development and growth in dense and highly populated urban areas, such as deprived neighbourhoods, high unemployment among “outsiders”, high crime rates and pollution. This urban paradox is a reality in every capital area included in the programme.

The intended support to projects from Priority C can be summarised thus:

- Improving social and environmental conditions and promoting social inclusion
- Supporting the labour market, social well-being and security through new forms of cooperation, including cultural, social and environmental heritage
- Preventing brain drain and the exclusion of population groups with difficult social backgrounds from ‘dropping out’ of society through encouragement and support for active citizenship programmes

2.2.4 Specific objectives and directions of support

In total, the programme has 22 different *directions of support*, each with a headline (e.g. “Environmental awareness raising and expertise”) and a list of examples of possible project activities. The number of examples runs to 92.

The Archipelago and Islands sub-programme, which is the smallest sub-programme in economic terms, had 10 directions of support and 29 possible examples of activities mentioned before the last version, when the directions of support were reduced to 7, though the number of activities remained unchanged. The economically largest sub-programme, CBT, has 7 directions of support and 34 examples of possible activities:

Number of directions of support and examples of possible activities in the programme

	Directions of support	Examples of Possible activities
CBT	7	34
SFE	8	29
AI	7	29
Total	22	92

The table below exemplifies the programme structure within the context of the priority - *A safe and healthy environment*. The structure is similar for all priorities: there is one priority and one objective for the whole priority. There is also between one and three specific objectives and a number of directions of support for each of the sub-programmes depending on their particular challenges:

Example of the Programme structure

Priority	Objective	Specific objectives	Directions of support
<i>A safe and healthy environment</i>	The actions taken under this priority should lead to <u>increased environmental awareness and a reduced risk of environmental disasters</u> within the programme area. Through integrated spatial planning and the protection of the environmental values of the programme area, the region will become <u>increasingly attractive for residents and visitors</u> .	<p><i>Central Baltic Thematic</i></p> <ul style="list-style-type: none"> • Raised environmental awareness and increased exchange of environmental expertise • Increased co-operation concerning sustainable spatial planning and environmental management <p><i>Southern Finland-Estonia</i></p> <ul style="list-style-type: none"> • Improving the local environment of the Gulf of Finland • Preserving the values of the cultural landscapes in the region • Increasing the level of environmental awareness and transferring this into individual and community accountability for the environment. <p><i>Archipelago and Islands</i></p> <ul style="list-style-type: none"> • Improving the condition of the archipelago and island environment in the Central Baltic area 	<p><i>Central Baltic Thematic</i></p> <ol style="list-style-type: none"> 1. Environmental awareness raising and expertise. 2. Supporting sustainable physical planning and management. <p><i>Southern Finland-Estonia</i></p> <ol style="list-style-type: none"> 1. Maintaining and improving the condition of natural environment 2. Taking responsibility for our physical environment. <p><i>Archipelago and Islands</i></p> <ol style="list-style-type: none"> 1. Sustainable infrastructure 2. Raising environmental awareness

From this example we can see that the objective of the priority is very broad. It looks more like a strategy than a measurable objective. And in addition, the objectives of the directions of support are often formulated without any direction, e.g. will “sustainable infrastructure” not work as a goal or as guidance for a selection of projects? With this structure it will be very difficult to know whether development occurs in the direction of the objective or not.

2.2.5 Ex-ante assessment

It took some time before the working groups could finalise the analysis and move on to the objectives and programme content. The vision and objectives, even specific and operational ones, were included in the second draft, before the last restructuring of the priorities according to the Commissions suggestions.

EuroFutures recommended at that time that a further discussion about the objectives be held, since they were still vague and general; at least when it came to the possibilities of following up results and impacts.

The third version, dated 15 December 2006, had a new structure in respect of priorities and objectives. The objectives were now less specified than in the second draft, and our conclusion was that the programme had taken a step backwards in this respect. This was changed once more in the final version, where specific objectives and a set of indicators were included. Some of our suggestions have thus, been followed. Others have not had the same impact.

EuroFutures suggested two changes:

- First, it is important to bear in mind that the programme has limited resources to use in a vast number of areas. As such the programme cannot be used to solve every problem in the Central Baltic Region. Moreover the SFE and AI sub-programmes remain perhaps a little over ambitious. They should be better focused to enable them to achieve more sustainable impacts. This advice has not been entirely followed.
- Second, the programme objectives should be revised at the same time as the indicators are fixed. The hierarchy of objectives could stand as a model in this process. More work also needs to be done in order to make the objectives even more distinct.

The objectives of the priorities nevertheless remain too broad such that it will be extremely difficult to measure the quality of the results achieved.

This problem can to some extent be avoided by the specific objectives that have been included in the programme in this final version. The specific objectives connect to the directions of support illustrating more precisely what the programme would like to achieve. The recently attached indicators can also compensate for the broad objectives.

The current programme structure, with three priorities and a large number of directions of support, was established at a very late stage of the programming process. *EuroFutures'* overall impression is that the fairly concrete priorities have lost some of their focus by being immersed in the large number of directions of support and in the even larger number of examples of actions. There is a risk here that this lack of focus may make it more difficult to select the projects that will make a difference for the development of the region.

It is a very difficult art to define the objectives and directions of support that will last for seven years while the region and its economy is changing. It is a challenge to set objectives that are precise enough to be used to select projects that will impact on regional development, and at the same time are wide enough to allow for flexibility. It is thus important so separate objectives that show *what* impacts and values the programme wants to achieve and *how* and the *projects/methods* that can be used to do this. This distinction has not successfully been made. The objectives on the priority level often include both: i.e. *“The actions taken under this priority should lead to increased environmental awareness and reduced risk of environmental disasters within the programme area. Through integrated spatial planning and protection of the environmental values of the programme area, the region will become an increasingly attractive region for residents and visitors.”*

The question of focus or flexibility could also differ between the sub-programmes. The Southern Finland-Estonia and the Archipelago and Islands sub-programmes have many years of co-operation and experience behind them while the Central Baltic Thematic sub-programme is completely new. It should, based on these experiences, be easier for the two first sub-programmes to focus their directions of support and to limit the number of possible activities. The Thematic sub-programme will probably need more time to settle and a therefore greater flexibility in terms of structure.

2.3 Expected outcomes and impacts

In this chapter the *ex-ante* evaluator should discuss the allocation of resources between priorities and measures and describe the expected results and impacts of the programme and the implemented projects.

2.3.1 Allocations and budget

The total eligible budget for the programme is approximately €125 million of which €102.2 million is EU-financing from the ERDF.

Of their total ERDF allocations for cross-border programmes, Sweden contributes €45 million to the programme, Finland €27.8 million, Estonia €23.3 million and Latvia €5 million.. The funding allocation from each country is further sub-divided across each of the sub-programmes as shown in the table below. National co-funding is additional to this, and will be 25% for Finnish and Swedish participants and 15% for Estonian and Latvian participants.

The CBT will be the largest sub-programme with approx. €52.6 million allocated followed by the SFE with approximately €28 million and finally the AI with €16 million.

The difference in allocations between sub-programmes is a consequence of three factors:

- differences in total allocations of ERDF funding (which is based on the population size in eligible regions in each country for all cross-border programmes as a total),
- different participation in the three geographical sub-programmes (only Estonia and Finland participate in all three sub-programmes), and
- different national priorities in respect of the sub-programmes.

Estonia and Finland have each allocated most of their resources to the bilateral SFE sub-programme with the budgets being well balanced between the countries in both the SFE and the AI sub-programmes. The funding of the CBT sub-programme is however rather less balanced, as 73% of the available ERDF resources come from the Swedish ERDF allocation.

Priority B *An economically competitive and innovative region* is the largest priority with an allocation of €43 million. Priorities A and C have each been allocated approximately €27 million.

The planned distribution between priorities and sub-programmes is indicated in the table below. The financial tables in the programme will be organised by priorities only.

	CBT	%	SFE Min	SFE Max	%	AI Min	AI Max	%	Total min	Total max
PRIORITY A A safe and healthy living environment	14 194 980	27 %	7 980 000	8 637 000	30 %	5 105 800	5 868 800	35 %	27 280 780	28 700 780
PRIORITY B An economically competitive and innovative region	24 184 040	46 %	10 640 000	11 516 000	40 %	6 564 600	7 545 600	45 %	41 388 640	43 245 640
PRIORITY C Attractive and dynamic societies	14 194 980	27 %	7 980 000	8 637 000	30 %	2 917 600	3 353 600	20 %	25 092 580	26 185 580
TOTAL	52 574 000	100 %	26 600 000	28 790 000	100 %	14 588 000	16 768 000	100 %	93 762 000	98 132 000

The programme will provide a substantial economic contribution to the development of the Central Baltic Area. Nevertheless, the reality is that it perhaps only accounts for the GDP of about 800 people for a period of seven years. It is important then that the ambitions and objectives are set in accordance with these proportions.

The best estimation of the expected outcomes and impacts of the programme can probably be gained with reference to the experiences with previous Interreg-programmes in this region. This comparison is particularly applicable in respect of the SFE and AI, where evaluations of the Interreg IIIA programmes provide possible sources of information. The Central Baltic Thematic sub-programme is a new programme that is more difficult to assess based on past experiences in the area though the results of the Interreg IIIB Baltic Sea Region transnational programme should be of use here.

The Central Baltic Programme document refers to some of the experiences gained from the two Interreg IIIA programmes, but experiences that are relevant for the assessment of the expected outcomes and impacts of implemented projects and the total programme are not included, which is a weakness. *EuroFutures* does therefore recommend that the most valuable lessons from the promotion of cross-border co-operation and networking in this region, including the previous programme's influence on the social, environmental and economic development of the region, are extracted and used when the targets are set for this new programme: based on the experiences, and the outcomes, results and impacts it is reasonable to believe that the programme can realistically contribute to.

Considering the programme area and the total size of the economy, it is obvious that the expectations should remain rather modest. The number of directions of support and the more than 90 possible kinds of activities give little reason to believe that the programme will have significant impacts on the prioritized areas, identified in the regional analysis. This risk can be foreseen, particularly if the funding is scattered around within the context of the kind of focus that the programme represents. The

only reasonable conclusion is therefore that it is more likely that other external factors, such as priorities within the state budgets and investments in the private sector, will have greater impacts on the Central Baltic Programme priorities, unless the cross border perspective turns out to be very successful and brings about a measure of added value far greater than one could initially have expected. An additional problem here is that the set of objectives and indicators will most probably not be very useful in monitoring these changes.

The conclusion here must then be that the programme should be more focused and the number of directions of support reduced. *EuroFutures* also recommends that the programme strategy attempts to emphasise the cross-border perspective even more strongly. This could then contribute with greater added value to other structures and strategic initiatives in the region. As such then, €100 million should go quite far on meetings between people, setting up networks, performing studies on the environment and transport, arranging conferences and seminars and establishing cross-border cooperation between organisations.

2.3.2 What kinds of projects will the programme support?

The programme is a strategic document and does not describe the projects that will be carried out. Possible impacts can therefore only be assessed at a general level and based on the intentions of the programme. The possible activities mentioned do however provide some guidance.

As an example, we can illustrate the anticipated activities under *priority A* as in the table below.

It appears from this list that activities and projects under *Priority A* can involve the development of know-how and increased awareness in cross-border co-operation between NGOs and other organisations, academic institutions, companies and local, regional and national authorities. The directions of support in the AI sub-programme will also allow for small-scale environmental solutions and investments.

Priority A is fairly focused. In short, the projects will mainly involve “soft” activities such as networking across borders and different forms of education in order to increase knowledge and awareness. A difficulty here however is that the linkage between education and awareness on the one hand, and the cross-border impact on the other, is indirect and not linked directly via observed results. It is difficult to bring about a direct impact, which appears in the form of an improvement in the environment and in economic performance, as a result of awareness. Increasing awareness levels does however form an important part of the priority.

Directions of support	Examples of possible activities
Central Baltic Thematic sub-programme	
<p><i>Environmental awareness raising and expertise.</i></p> <p><i>Supporting sustainable physical planning and management.</i></p>	<p>Development and exchange of environmental know-how and expertise</p> <p>Identification and assessment of environmental impacts of legislation, strategies and policies</p> <p>Environmental awareness raising activities/campaigns</p> <p>Co-operation in the management of waste, water and risk prevention especially in and around the Baltic Sea.</p> <p>Co-operation aiming at reducing the environmental load and risks related to growing traffic, but also at eutrophication, hazardous substances and oil spillage especially in and around the Baltic Sea.</p> <p>Co-operation addressing urban environmental aspects (air, noise, congestion, regeneration, urban sprawl)</p> <p>Co-operation in energy efficiency and renewable energy sources</p> <p>Co-operation in spatial planning</p> <p>Development of better risk management/increased readiness for maritime risks</p> <p>Co-operation in the field of ecological innovations and clean technologies.</p>
Southern Finland-Estonia sub-programme	
<p><i>Maintaining and improving the condition of natural environment</i></p> <p><i>Taking responsibility for our physical environment.</i></p>	<p>Joint actions in order to prevent and combat oil spills</p> <p>Joint actions to improve maritime safety</p> <p>Joint actions in order to reduce and manage environmental impact through waste management (incl. recycling and reduction) and supporting renewable energy sources</p> <p>Cross-border activities to raise awareness about the natural environment</p> <p>Cross-border co-operation in spatial and strategic planning</p> <p>Joint actions in urban environmental initiatives</p> <p>Cross-border co-operation in the protection and preservation of our cultural heritage</p> <p>Cross-border co-operation in the preservation of valuable landscapes and historic sites</p>
Archipelago and Islands sub-programme	
<p><i>Sustainable infrastructure</i></p> <p><i>Raising environmental awareness</i></p>	<p>Promote archipelago and island adjusted water supply and waste water solutions</p> <p>Promote archipelago and island adjusted small-scale energy solutions</p> <p>Promote island adjusted waste management</p> <p>Support investments in sustainable infrastructure, pilot projects</p> <p>Promote cooperation and common activities between different actors in environmental issues.</p> <p>Promote the management of the island specific landscape.</p>

The situation becomes more complex when we look at the indicated activities within the two other priorities. In regard to the cross-border impact of various factors, the content of *Priorities B* and *C* are somewhat disjointed. Within these priorities, the programme will be able to support cross-border business networks, innovation systems, research institutes, business parks, the development of clusters, along with cross-border tourism and marketing to new target groups, co-operation between ports and harbours, service and safety for travellers, small-scale investments, innovative methods for job creation and labour market inclusion, the building of innovative environments, the development of local communities, improvement of life-long learning and the promotion of equal opportunities. Some of these issue areas belong at the core of cross-border and joint interaction and exchange activities, while others are simply a means of creating the prerequisites for interaction.

Based on the Commission's view on cross-border co-operation programmes it is important to clarify the link between the activities and the overall objectives and vision. This means that there should be an underlying idea about how, and by whom, a certain activity can be performed in order to attain the results that will lead to intended, sustainable impacts. This view places emphasis on implementation and particularly on learning among the participating actors.

EuroFutures finds that the programme from this theory-driven perspective lacks plausible assumptions in terms of how the outputs will be used to produce results and impacts. The existence of a fairly general set of objectives is the main reason for this weakness.

2.3.3 Ex-ante assessment

The programme's directions of support and its indicative actions are quite well set. The directions of support are fused together in the creation of a cross-border ambition. When realised they will most probably support activities towards the cross-border social, economic and environmental programme goals, and in turn promote development in the programme area. It remains unclear, however, how realistic the programme goals actually are as does the potential for their realisation.

Ideally, one would want a set of qualitative objectives and quantitative objectives that are linked together – i.e. where a positive impact on one set of objectives will also be positive for the attainment of the other. The objectives are too general for that kind of evaluation as they are formulated in the current draft of the Central Baltic programme.

As for all Structural Fund programmes it is not possible to foresee what projects will be applied for and by whom. Some directions of support might not even be implemented which is of course one way of focusing the programme. The programme would thus be driven by demand from the users rather than by the priorities drawn up by the programme writers.

This weakness is however possible to mitigate in the next stages of programming by the establishment of more specific aims, indicators and selection criteria for projects. Since the programme itself lacks important definitions, one alternative here is to ask

each project to specify how it will contribute to the objectives and show how its outputs and results are supposed to produce impacts.

In short; will the programme achieve its objectives based on the available funds? It is currently impossible to say. The optimists would say; possibly, while the pessimists would say; probably not. In order to change this conclusion the programme would need to describe its underlying theory more clearly and specify how outputs and results will produce impacts.

2.4 Indicators for project and programme performance

2.4.1 Indicators by the book

The General Regulation on the Structural Funds requires an indicator system that can be used to monitor and evaluate the programme and its measures. Indicators used in former programming periods have had a tendency to become overly complex while remaining insufficient for the needs of different users. The indicators have often either become too detailed to be practical for programme managers to work with or simply too broad making it impossible to confirm the impacts of the projects carried out. They have often been found to measure socio-economic factors that the programme seldom has the ability or purpose to influence. Evaluators have thus had significant difficulty in identifying the impacts of different programmes.

The objective for the 2007-2013 programming period is to establish a system of indicators with a clearer orientation towards users at different levels. In designing such a system, greater attention shall be paid to the different users of indicators during the process of monitoring on the one hand and evaluation on the other². The box below sorts out the different kinds of indicators and how they are defined.

Definitions

- **Input indicators** refer to the budget allocated.
- **Financial indicators** are used to monitor progress in terms of the (annual) commitment and payment of the funds.
- **Output indicators** relate to activities that have taken place.
- **Result indicators** relate to the direct and immediate effect on the beneficiaries.
- **Impact indicators** refer to the consequences of the programme beyond the immediate effects. To concepts of impact can be defined: **Specific impacts** which are effects after a certain lapse of time but directly linked to the action. **Global impacts** are longer-term effects affecting a wider population.

The *impact indicators* play a decisive role at certain stages of the programming cycle, even if impact indicators have not been provided for cross-border programmes. The *ex-ante* quantification of impacts is an instrument for the strategic orientation of a

² European Commission, Indicators for monitoring and evaluation: a practical guide. Draft working paper 2005.

programme during its planning phase. The advice given by the Commission³ regarding indicator definitions is that:

1. The establishment of the indicator system should be integrated into the programme planning at an early stage.
2. Define impact indicators only for the most important priorities of a given programme.
3. Establish reliable, measurable result indicators of good quality, rather than create impact indicators of questionable value.
4. Indicators should be based on an explanatory model so that the casual chain can be established.
5. Indicators should be developed within the discussion on the action not added when the discussion has been finished.

Even though the ultimate objective of the Structural Funds is to achieve a socio-economic impact, the difficulty is often that impacts occur *after* a considerable time lag. The Commission therefore encourages the Member States to concentrate their efforts on the improvement of the quality of output and result indicators:

“Such efforts should cover all elements contributing to the quality of an indicator: a sound analysis of the context, the understanding of the assumed causal chain, a clear definition, a baseline, a definition of the measurement method and a quantified target.”

The Commission here draws attention to some of the issues that are essential for the performance of an indicator system.

Firstly, a limited number of priorities are more likely to generate higher impact in the selected area and can be reflected in a limited set of indicators. Secondly, an indicator depends on the intervention logic of a programme, which means that every priority should make explicit its underlying economic and social rationale.

In the new programming period, one of the most important objectives is to facilitate the transition from a primarily input-driven implementation system to a *result-oriented system*. The Commission recommends that all outputs are quantified at the measure level while attention should be concentrated on the quantification of result indicators.

2.4.2 Indicators in the programme

The recommendation made to stick to output and result oriented indicators has been followed by the programme. There are specific indicators for each priority. The priority-level indicators are then further broken down to the sub-programme level. A general problem with the chosen indicators however is that not only the output

³ *ibid*

indicators, but also the result indicators measure the number of projects – which means that they are measuring activities, not results.

To provide a better understanding of the logic behind the indicators we would like to exemplify with the indicators from the Southern Finland-Estonia *priority B: An economically competitive and innovative region*.

The most common unit of measuring outputs and results is by counting the *number of projects* undertaken or the number of services or products created. In some sub-programmes however indicators such as the number of networks, the number of methods, the number of actions or the number of people involved in various activities are used.

The table below shows that the indicators are divided into two groups; output and results (as requested in the regulation) but that only one of the result indicators measures results. We do however note that one of the output indicators and one of the result indicators are identical.

Southern Finland–Estonia *priority B*: Economically competitive and innovative region

Indicator	Definition	Unit	Baseline 2007	Expected results 2015
Output indicators				
Job creation	Gross jobs, full time equivalents, created by the projects	Number of projects	0	10
Research and knowledge co-operation	Projects with co-operation between public bodies, enterprises and research institutions	Number of projects	0	10
Working conditions	Projects promoting equal opportunities in the workplace	Number of projects	0	10
Tourism	Projects developing cross-border tourism	Number of projects	0	5
Business, entrepreneurship and technology	Projects that promote businesses, entrepreneurship and the use of new technologies	Number of projects	0	3
Improved accessibility	Projects that reduce isolation through improved access to transport, ICT and services	Number of projects	0	5
Transport investments	Projects with small-scale investments in the transport sector	Number of projects	0	2
Result indicators				
Competitiveness	Projects seeking to promote businesses, entrepreneurship and new technology	Number of projects	0	5
Improved accessibility	Projects that reduce isolation through improved access to transport, ICT networks and services	Number of projects	0	5
Tourism	New services or products for tourists	Number of services or products	0	5
Labour market	Projects improving the capabilities of the employees and working conditions	Number of projects	0	5
Innovation	New services or products created and in active use	Number of services or products	0	5

2.4.3 Ex-ante assessment

EuroFutures understands that the working groups have put a lot of time and effort into this system of indicators. An external expert with experience of previous Structural Fund programmes has also been engaged in this work. We also understand that the work has been more difficult than expected. The theory and logic behind indicators *is* difficult to transform into reality.

This is reflected in the fact that the indicators were unveiled for the first time in this final draft version of the programme. The advice from the Commission that the establishment of the indicator system should be integrated into the programme planning at an early stage has thus not been followed. The indicators were added when discussion on the actions was almost concluded.

What about the quality of indicators? Are they useful tools for measuring outcomes and results? And how suitable are they for future programme monitoring and evaluation?

EuroFutures has tried to reconstruct the consistency within the programme by analysing whether the indicators are consistent with the priorities, objectives and directions of support. In a consistent structure one should be able to find a link between the different parts of the programme. Earlier drafts failed this consistency test.

Our analysis leads us to the conclusion that the programme has now managed to establish this link quite successfully. One can identify a clear line from the regional analysis down to almost every indicator. The problem is no longer one of missing links. The main problem today is how to understand when the programme is successful and when it is less successful. The indicators will be useful in monitoring whether the programme is doing the *right things*, in line with the programme spirit. But when can it be said that the programme has achieved a good or a bad result?

One example will illustrate this point. An indicator maintains that there should be 10 projects supporting e.g. co-operation between public bodies, enterprises and research institutions. But what if it turns out that five projects of high quality started rather than ten projects with poor quality? The performance on the quantitative indicator would then be only 50%, while at the same time the results are good. This illustrates the weakness of the proposed indicator structure, as the indicators do not measure any results.

The programmes' weak focus, with broad objectives, and a lack of precise definitions and indicators mainly measuring the number of activities performed, does create uncertainty in respect of expected results. It is impossible at this stage to say within what fields applicants will apply for projects. The consequences of the *demand driven* focus and the lack of information on how to evaluate results are that the programme and its projects can end up virtually anywhere. There is then a lack of "programme theory" – linking the activities to anticipated results – making it difficult to evaluate programme applications and to select the best projects in the next phase.

One possible way to avoid this uncertainty is to focus the programme on a limited number of directions of support. The funds available will then be large enough to make a difference, it will be easier to create indicators for expected outputs, and it will be possible to anticipate and evaluate results.

The programme focuses on co-operation across borders and can, primarily, have only an indirect impact on regional development. The Central Baltic Programme can *support* the creation of jobs and the economic growth by contributing to regional competitiveness. The programme cannot however create very many jobs itself except for those connected with employment in the projects themselves. It is therefore not really relevant to monitor the *impacts* of the programme on for example job creation.

To avoid unfruitful discussion on the impacts of the programme on new jobs or on the global context, *EuroFutures* recommends that objectives and indicators aimed at new jobs are omitted. This means, for example, that the specific objective of the Archipelago and Island sub-programme in *priority B: Increase the number of jobs and hereby increase the population on the islands and in the archipelagos*, should be reformulated in line with the rest of the programme. We suggests: *Broaden economic activity on the islands and in the archipelagos*.

2.5 Organisation of programme implementation

2.5.1 Organisational structure

Chapter 7 in the draft programme illustrates in detail how implementation will proceed and how the organisational structure will be developed as well as the tasks assigned to the various Committees, Secretariats and Authorities.

The programme will have a joint *Monitoring Committee*, performing the tasks defined in Art 64 of the draft General Regulation, and *three separate Steering Committees, one for each sub-programme*, responsible for selection of projects and reporting to the Monitoring Committee. The composition, chairmanship and working methods of the committees are specified in the programme.

A single *Managing Authority*, The Regional Council of Southwest Finland, in Turku, will be responsible for managing and implementing the operational programme. The Regional Council will also function as the *Certifying Authority* and probably as the *Auditing Authority* as well. The programme has chosen to locate all authorities within the same body, with a separation of functions internally. The Regional Council of Southwest Finland has ensured that, within its organisational framework, the functions will be fulfilled by three different departments within the Regional Council.

The Managing Authority will also set up a *Joint Technical Secretariat* at the Regional Council in Turku. The JTS will be the central contact point both for the programme owners, potential partners and the project owners. There secretariat will also have offices in Stockholm, Tallinn, Mariehamn and Riga.

The organisation of the programme has been developed by a specific Working Group and based on the General Regulations and past experiences from Interreg IIIA programmes.

A common challenge identified in mid-term evaluations of previous programmes is that the administrative processes are complex and time consuming for everyone involved. Some programmes have solved the issues of bureaucracy better than others. One such programme was the Interreg III *Skargarden Programme*⁴. This programme was an extension of the existing co-operation structures and thus could build on established informal and personal contacts. The Managing and the Paying Authority were in this case located in the same organisation.

The mid-term evaluation of the Southern Finland Interreg IIIA - Phare CBC Estonia programmes showed that the management model, particularly in the case of the processing of payment claims, was complicated and slow-moving from the beginning⁵. However, applicants mastered the working of the management model as time went by. Nevertheless, the complexity of the model continued to be a cause for concern, often leading to practical and financial problems for the projects. The Steering and Monitoring Committees functioned efficiently, but it was found that the Monitoring Committee met too infrequently. Sometimes the level of information among the participants was felt to be inadequate while the meeting documents often arrived late. Problems that were caused by the fact that Interreg IIIA and Phare CBC programmes did not allow joint project implementation should however no longer be an issue for the new joint programme.

2.5.2 Ex ante assessment

The new administrative organisation has evidently been built on the experience of previous programmes. It is reasonable to believe that this provides a solid basis for co-operation and implementation of the Central Baltic programme.

The sub-programme structure is however new. The proposal is to have one common Monitoring Committee for the whole programme and one Steering Committee for each sub-programme. This structure will allow for applications to be evaluated at sub-programme level, while the funding is organised per priority. The advantage of this solution is that it is better designed to cope with differences in the sub-programmes' timetables (it is anticipated that the Central Baltic Thematic sub-programme will have the slowest start) and hence increase the likelihood that the rules for financial progress are met. The disadvantage however may be that it is likely to be more difficult to monitor progress at the priority level when implementation is decentralised. It will then be a particularly important task of the Monitoring Committee and the Managing Authority to maintain the perspective of the full programme.

One possible risk that should be mentioned at this point however is that the vast variety of possible actions will need a highly efficient administration order to assess

⁴ Programme summary of the Skargarden Interreg IIIA Programme. Interact, October 2005.

⁵ Mid-term Evaluation, Interreg IIIA Southern Finland coastal zone – Phare CBS Estonia Joint programme. University of Tampere. 19.8.2003.

incoming applications, as well as substantial competence. A call for proposal that is open to all kind of projects within every priority and every direction of support can thus pose significant problems.

If the number of incoming projects is large, it will probably take some time before every project is assessed and decisions delivered to the applicants. One advantage with many applications is however that the assessment of different projects can be performed in competition.

To insure that the Central Baltic Programme will only finance high quality projects it is probably necessary to create such competition between projects. This would be hard to achieve if the programme only receives one or possibly two applications in a certain area.

An alternative then to a completely open call procedure is to make limited calls where certain directions of support or possible actions are highlighted to the public. This makes it possible to direct the marketing of the programme towards specific target groups depending on what the particular call is all about. Such a procedure will encourage competition and comparisons between project applicants and create a critical mass of projects while ensuring better learning in the decision making process. In practise this would mean that the programme attempts to focus its implementation schedule better than the actual programme documents have been able to do.

PART 3: STRATEGIC ENVIRONMENTAL ASSESSMENT

1. Introduction

1.1 Fundamentals of SEA

The Strategic Environmental Assessment (SEA) is a procedural tool for assessing, *ex ante*, the impacts of policies, plans and programmes on the environment. The SEA Directive - 2001/42/ links European environmental legislation at a strategic level with development and economic issues. It requires the environmental effects of a broad range of plans and programmes to be assessed, so that they can be taken into account while plans are actually being developed, and in due course adopted. The public must also be consulted on the draft plans and on the environmental assessment and their views must be taken into account.

Two objectives for environmental assessments in accordance with the Directive are laid down in Article 1:

- To provide for a high level of protection of the environment.
- To contribute to the integration of environmental considerations in the preparation and adoption of certain plans and programmes with a view to promoting sustainable development.

These objectives link the Directive to the general objectives of Community environmental policy as outlined in the EC Treaty (Article 174). Article 6 of the Treaty outlines that environmental protection requirements must be integrated into the definition and implementation of Community policies and activities in particular with a view to promoting sustainable development.

In the context of programme preparation, SEA represents a tool for greening plans and programmes and for improving their overall logic, consistency and effectiveness. The purpose of the SEA is to secure positive environmental impacts through constructive participation in the programming process.

The role of the environmental report is to highlight and facilitate environmental considerations in the preparation and adoption of the programme identifying the potential for significant effects on the environment that should be taken into account. It subsequently forms the basis for monitoring the environmental effects of the programme. Preparation of the report and the integration of environmental factors form an iterative process that contributes to sustainable solutions in decision-making.

1.2 Setting a framework for projects and other activities

In accordance with the SEA Directive a number of topics shall be addressed by the SEA:

- *The relevance of the programme for the integration of environmental considerations, in particular with a view to promoting sustainable development.* The question to be addressed in this context is how far the programme can contribute to reducing harm to the environment. A programme, which has great scope to affect the environment, will be a strong candidate for comprehensive assessment whilst one with few environmental implications most likely not will be.
- *The relevance of the programme for the implementation of Community legislation on the environment (e.g. plans and programmes linked to waste management or water protection).* The Directive uses a rather neutral word ('relevance') in this criterion. Both positive and negative contributions to the implementation of Community legislation need to be considered here. It is required to ensure that the full range of Community legislation on the environment, relevant to the programme, is taken into account.
- *Uncertainties regarding the likely environmental effects.* Many uncertainties exist, and insufficient or missing data and inadequate knowledge may make it difficult to decide whether significant effects are likely. Nevertheless it is assumed that a rough estimation of the effects should always be possible.

The nature and characteristics of the likely effects will influence their significance in the context within which they are being considered. For example, it is relevant to consider whether the probability or frequency of effects will be very low (accidental cause) or whether the effects will occur continuously. Moreover, the more complex (e.g. due to synergies and accumulation), the more widespread, or the more serious the effects, the more likely it is that they should be considered 'significant'.

An equally important factor to be considered is the area likely to be affected by the programme and consequently by its effects. It is not only areas that have a designated protection status which are required by the Directive to be given attention. The particular value or vulnerability of the area likely to be affected may make it more likely that effects must be considered significant.

Applying the criteria for determining potential environmental effects requires the consideration of the recipients of these effects, i.e. biodiversity, population, human health, fauna, flora, soil, water, air, climatic factors, material assets, cultural heritage including architectural and archaeological heritage, landscape and the interrelations between these factors. The effects should also include secondary, cumulative, short-, medium-, long-term permanent and temporary, positive and negative effects. The use of these effects, together with the criteria for determining the likely significance of the effects (referred to in Article 3/5 of the Directive), enables cross-media effects to be considered in a multidisciplinary manner.

- *Influence on other plans and programmes.* If a programme strongly influences other plans or programmes, environmental effects may be spread more widely (or deeply) than if this is not the case. Schematically, plans and programmes can be divided into two categories, ‘horizontal’ (plans and programmes belonging to the same level, or having an equal or similar status) and ‘vertical’ (plans and programmes belonging to a hierarchy). There is a horizontal relationship between Structural Fund programmes. In a hierarchy, plans and programmes at the higher, general level might influence those at a lower, detailed level.

The legal aspect of a plan or programme - is it binding or not – may play a determining role. Plans or programmes which are the only ones in a sector and do not belong to a hierarchy might have less possibility of influencing other plans or programmes.

1.3 Structure of the SEA

The SEA has been undertaken in accordance with Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment. Subsequently, the assessment draws upon the requirements of the Articles in the Directive and includes the following steps:

- Step 1 - Determination of the scope and level of detail of the assessment (scoping process).
- Step 2 - Outline of the relevant environmental issues and objectives.
- Step 3 - Description of the state of the environment in the programme area.
- Step 4 - Identification of the likely significant impact on the environment by the operational programme.
- Step 5 - Demonstration of reasonable alternatives.
- Step 6 - Assessment of the likely significant impacts on the environment base on the environmental issues and objectives introduced in step 2.
- Step 7 - Recommendation of measures to avoid or reduce negative impacts on the environment.
- Step 8 - Recommendations for a monitoring strategy to gauge the effectiveness of the programme in addressing environmental issues.
- Step 9 – Public hearing and completion of the environmental report.
- Step 10 - Consultations about the integration of the results of the SEA during programme implementation.

2. The Central Baltic Cross-border programme 2007-2013

2.1 The programme area

The participating territories in the Central Baltic Programme (CBP) are situated in Estonia, Finland (including Åland), Latvia and Sweden. The programme is divided into three sub-programmes:

1. Central Baltic Thematic sub-programme (CBT)
2. Southern Finland-Estonia sub-programme (SFE)
3. Archipelago and Islands sub-programme (AI)

The CBP is a cross-border programme. Eligible regions are those located along the borders between the participating countries. Regions along maritime borders may be separated from each other by a maximum of 150 kilometres.

2.2 Aims and priorities of the programme

The CBP is carried out under the European Territorial Co-operation objective. The aim is to promote stronger integration of the territory of the Union in all of its dimensions. In so doing, cohesion policy supports the balanced and sustainable development of the territory of the Union at the level of its macro-regions and reduces the “barrier effects” through cross-border cooperation and the exchange of best practices.

The programme has three priorities:

- A safe and healthy environment.
- An economically competitive and innovative region.
- Attractive and dynamic societies.

The programme content is further specified in a number of “directions of support” for each of the geographical sub-programmes under each priority.

The programme stresses in its introductory section that it has been established in the common desire to deepen and intensify co-operation within the programme area. This is the common goal that these participating territories are aiming at. With the tools offered by the Community, these regions are willing to create and further develop their collaboration in the fields of economic, social and environmental activities. This shall be done through joint projects for sustainable territorial development.

This statement and others underline the programme’s intention to implement the objectives of the Gothenburg agenda, i.e. the synonym for the European strategy for sustainable development - the key European strategy linking economic development with social security and environmental well-being.

The programme document moreover clearly addresses attention to the Union's mainstream horizontal policies, like sustainable development and environmental protection, equality between men and women and the prevention of discrimination. These issues are considered explicitly in the programme document.

Last but not least, the Union's updated Lisbon agenda is taken into account as one of the leading principles of the Central Baltic Programme. Consequently, the priorities of the CBP aim to make the programme area more attractive and competitive for both people and businesses. Priorities are also designed to encourage innovation and entrepreneurship and to foster the general conditions for the creation and development of a modern knowledge-based economy.

In conclusion the programme stresses the importance of environmental quality as a horizontal goal within the implementation process of the programme, its vision and strategy, priorities and directions of support. Furthermore, the environment is closely linked with the other two dimensions of sustainable development, the social and the economic, throughout the programme document.

3. Regulatory environmental context

The description of the environmental issues and objectives relevant to the programme is the basis for the assessment of its likely environmental effects. The environmental objectives are generated from EU directives and regulations and from the national regulations and programmes of the programme countries.

3.1 Environmental policies and strategies

This section identifies the key environmental policy initiatives that provide the frame of reference for the evaluation of the consistency of the programme with the environmental goals and objectives adopted by the European Union.

- *EU Sustainable Development Strategy.* Sustainable development became a fundamental objective of the EU in 1997, when it was included in the Treaty of Amsterdam as an overarching objective. Subsequently, at the Gothenburg Summit in June 2001, the first EU Sustainable Development Strategy (SDS) was launched. Whereas the Lisbon strategy focuses on employment, economic reform and social cohesion, the SDS adds an environmental dimension and establishes a new approach to policy-making. In June 2006, the European Council adopted a renewed SDS. From an environmental perspective, the SDS outlines priorities in the four key areas of climate change, transport, public health and natural resources.
- *EU Sixth Environmental Action Programme.* The Sixth Community Environmental Action Programme 2002-2012 (EAP6)⁶ addresses the key environmental objectives and priorities based on an assessment of the state of the environment and of prevailing trends including emerging issues that require a lead

⁶ Decision No 1600/2002/EC of the European Parliament and of the Council of 22 July 2002

from the Union. It promotes the integration of environmental concerns in all EU policies. Its four priorities are climate change, nature and biodiversity, environmental health and quality of life, and natural resources and waste.

The European Commission developed, in accordance with the requirements of the above EAP6, seven thematic strategies to fulfil the objectives of the EAP6. Based on the four priorities, these Thematic Strategies work with themes rather than with specific pollutants of economic activities. They take a longer-term perspective in setting clear environmental objectives up to around 2020 thereby providing a stable policy framework. Finally, they focus on identifying the most appropriate instruments to deliver European policy goals in the least burdensome and most cost effective way possible. These strategies are often cross-cutting while synergies with other policies of other sectors are vital.

3.2 Environmental issues in a regulatory perspective

In this chapter the environmental protection objectives, due to the requirements in annex 1, paragraph (e)⁷ of the SEA Directive, are selected from the regulations described in the previous chapter. The objectives are then linked with selected environmental issues following paragraph (f) in annex I of the SEA Directive and relevant to the assessment of the programme.

3.2.1 Principles

The selection of *environmental issues*, as possible targets of the programmes priorities and objectives, was conducted with the aim of achieving consistency with other international, EU and national programmes and protocols/reports. The list consists of:

- Population, Human Health, Air Quality.
- Flora, Fauna, Ecology (Biodiversity).
- Soil.
- Water.
- Climate/Climatic Factors.
- Landscape.
- Cultural heritage and other material/physical assets.

The description of *environmental objectives* of relevance to the programme forms the basis for the assessment of the likely significant impacts on the environment. The objectives are derived from the following sources:

- European Community sustainable development strategy – the Gothenburg strategy.
- The EU's sixth environment action programme.

National legislation (or regional legislation in the case of Åland) is not considered for reference since the programme area includes countries with different legislative

⁷ The environmental protection objectives, established at international, Community or Member State level, which are relevant to the plan or programme and the way those objectives and any environmental considerations have been taken into account during its preparation

endowments. The only common regulatory framework which can be referred to is the one at the EU-level.

Recent lawsuits filed by the European Commission against individual Member States for failing to comply with EU environmental regulations, including the Council Directive 97/11/EC of 3 March 1997 amending Directive 85/337/EEC on the assessment of certain public and private projects on the environment and the Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment, mirror the pivotal importance of European law.

Environmental *indicators* are needed to describe the state of the environment, to monitor the potential impacts on the environment (environmental changes) by the Central Baltic Programme, and for the evaluation of the monitoring results. They are supposed to be of general relevance, easily accessible, and easy to handle.

3.2.2 Issues, objectives and possible indicators

Human Health, Air Quality

Objective 3 of the *EU Sixth Environment Action Programme*, “environment and health and quality of life”, aims to ensure that pollution does not harm human health or the environment. Its objectives are to improve our understanding of threats to the environment and to human health, to ensure that chemicals are produced and used in non-harmful ways, to substitute dangerous chemicals by safer chemicals or technologies, and to reduce the impacts of pesticides. It seeks to achieve quality improvements in water and air as well as a reduction in traffic noise.

The thematic strategy to combat air pollution (adopted 21/09/2005) sets health and environmental objectives and emission reduction targets for the main pollutants by 2020.

*The EU Sustainable Development Strategy*⁸ (SDS) relates in particular to the long-term effects of many hazardous chemicals in everyday use. Within a generation chemicals shall only be produced, handled and used in ways that do not lead to a significant impact on health and the environment. Improvements should be made in respect of information on environmental pollution and adverse health impacts.

Based on the above EU regulations, two major objective targets can be summarized:

- Prevention of harmful impacts to human health and to the environment by the main pollutants.
- Prevention of harmful impacts to human health and to environment by ambient noise.

Indicators:

Four indicators for the above-mentioned objective targets are selected as relevant:

- Number of days the specific threshold value of relevant pollutants (see priority 3 of EAP6) is exceeded.
- Stationary morbidity by pulmonary disease.

⁸ Renewed version of June 2006

- Area (number and total area) of ambient noise “conflict zones”.
- Number of people polluted/stressed by ambient noise.

Flora, Fauna, Biodiversity

The *EU SDS* addresses this point in its priority 4 (natural resources). Following the United Nations Convention on Biodiversity (the Rio Convention/CBD, 1993), focus is put on the promotion of the conservation of biological diversity, the sustainable use of its components, and the sharing of the benefits of general resources.

The *EU Sixth Environment Action Programme* formulates the following objectives with regard to the “Fauna, Flora, Biodiversity” priority: “restoration of nature and biodiversity from damaging pollution; conservation, restoration and sustainable use of marine environment, coasts and wetlands, areas of significant landscape values, species and habitats; and promotion of sustainable use of the soil, especially preventing erosion, deterioration, contamination and desertification”.

Numerous other directives also address this issue, e.g. the Habitats Directive (92/43/EEC) updated by Directive 97/62/EC, the Birds Directive (79/409/EEC) and respective national regulations, which may be consulted during the programmes project selection process, if projects are likely to have significant impact on the environment.

By following the general regulatory conditions and the domination of forests and marine/coastal habitats in the programme area, the objective targets can be summarized as:

- Protection of biodiversity through conservation, restoration and sustainable use of natural habitats and landscape diversity (focus on nature reserves and *Natura 2000* conservation areas/network).
- Protection of forest and marine/coastal ecosystems and its restoration.

Indicators

The regulatory context and nature of the Central Baltic Programme leads to the selection of following indicators:

- Quality of the nature reserves/conservation areas
- Number of endangered species in the programme area
- Ecological diversity of marine and forest ecosystems
- Decline of forest area and natural coastline

Soil

The *EU SDS* includes in its operational focus the protection of soil and the need for measures to avoid its overexploitation. Under priority 4 the loss of soil and declining fertility are described as eroding the viability of agricultural land. Strong economic performance must go hand in hand with a sustainable use of natural resources.

The *EU Sixth Environmental Action Programme* requires the promotion of the sustainable use of the soil, especially preventing erosion, deterioration, contamination and desertification under its priority 2. Indirectly it also addresses the issue by referring, in its thematic strategies, to a more *sustainable use of pesticides* and *sustainable use of natural resources*. The overall objective of this thematic strategy is

to reduce the negative environmental impacts generated by the use of natural resources in a growing economy, a concept referred to as “decoupling”.

As with the environmental issues discussed above, other regulations (directives, protocols, programmes) also address this issue and may be consulted during the programmes project selection process, to assess project activities’ likely impact on the environment.

Following EU regulations three objective targets are summarized:

- Reduction in loss of soil.
- Stopping the decline in soil quality (especially such of highly productive land and land with high ecological quality/potential).
- Prevention of the accumulation of hazardous substances in the soil.

Indicators

The targeted objectives require indicators that allow us to describe/assess changes in land use/loss of fertile land, increase/decline in protection of ecological valuable land, and level of soil contamination:

- Ratio of land use for settlements and transport in the programme area (degree of sealing of the soil surface).
- Revitalisation of fallow land and polluted areas.
- Decline of arable land.
- Deposition of heavy metals.

Water

The *EU SDS* relates to the water issue in its priority 4 by stressing the need for improvements in fisheries management to ensure healthy marine ecosystems. In its operational focus the improvement of water management to avoid overexploitation is a major concern.

The *EU Sixth Environment Action Programme’s* thematic strategy “protection and conservation of the marine environment” is designed to protect and restore Europe’s oceans and seas and to ensure that human activities are carried out in a sustainable manner so that current and future generations can enjoy, and benefit from, biologically diverse and dynamic oceans and seas that are clean, safe, healthy and productive.

In line with other issues and for the water issue also other regulations (directives, protocols, programmes) are of relevance, depending on the programme’s project selection. The most relevant here is the Water Framework Directive (2000/60/EC) designed to protect and enhance the status of aquatic ecosystems, promote sustainable water use, and reduce aquatic pollution. The key measure is the creation of River Basin Management Plans by 2009.

The targets then can be summarized as:

- Ensuring the status quo of aquatic ecosystems and their improvement.
- Improvement of the ecological quality of surface waters and their hydraulic and morphological requirements.
- Improvement of groundwater quality.

Indicators

The above purposes can be assessed by the following indicators:

- Water quality indicator.
- Regional maps of coastal and surface water quality and morphological development.
- Number of exceeded threshold values.
- Number of marine and/or freshwater discharges.

Climate/climatic factors

The Climate Change priority of the *EU SDS* is designed to limit climate change and its costs to society. Emissions of greenhouse gases from human activity are causing global warming, and the resulting climate change is likely to cause more extreme weather events (hurricanes, floods) etc. with severe implications for infrastructure, property, health and nature. The EU-15 and most EU-25 Member States are committed under the Kyoto Protocol to targets for reducing greenhouse gases by 2008-2012. The EU-15 target is for an 8% reduction in emissions compared to 1990 levels. The EU encourages Member States to meet the Kyoto commitments as well as reducing emissions beyond these targets. EU measures support the research, development, and dissemination of technology on clean and renewable energy resources.

The *EU Sixth Environment Action Programme* also refers to the Kyoto Protocol, contributing to the long-term objective of stabilising greenhouse gas concentrations, and thereby preventing unnatural variations of the earth's climate. Its objectives involve implementing international climate commitments and reducing greenhouse gas emissions in the energy and transport sectors and in relation to industrial production.

Indicators

Three relevant indicators are described:

- Carbon dioxide emissions.
- Energy consumption as an indirect indicator of CO₂-emissions.
- Ratio of renewable energy (in percentage of total energy consumption).

Cultural heritage, including landscape and other material/physical assets

Culture is a national issue and handled by the respective authorities. Consequently neither the *EU SDS* nor the *EU Sixth Environmental Action Programme* provides any regulative descriptions on this issue. The only link appears under priority 2 of EAP6 (Nature and Biodiversity), where mention is made of “. . . areas of significant landscape values . . . “as integral parts of its objectives”.

However, the maintenance of cultural monuments and other cultural assets – including cultural landscapes - is a key political issue in all of the countries participating in the Central Baltic Programme. Thus the following general objective can be formulated:

- Maintenance of buildings of historic importance and other historical monuments, including historical areas and places as well as districts.

Indicators

A useful indicator of the above-mentioned objective is:

- The state of preservation of the cultural good(s)

4. The Environment in the Programme Area

4.1 Basis for the environmental description

The description of the current state of the environment follows the requirements of the SEA Directive to describe the actual situation in the programme area (annex 1, paragraph 'b'), including the likely development of the environmental conditions *without* implementation of the Central Baltic Programme (the zero alternative).

The description of the status quo is based on the analysis of available sources, which deal with the environmental situation in the programme area. The documents utilised for this purpose are the Third Assessment Report of Europe's Environment, the State of the Environment Reports of the participating countries, and complementary information provided by regional authorities.

The zero alternative is the environmental scenario eventually occurring *without* the implementation the Central Baltic Programme. The prognosis timeframe corresponds to the end of the new programme period, i.e. 2013.

To define the zero alternative a qualitative estimation of future trends is carried out based on a mix of data and experience.

4.2 Environmental issues in the programme area

The description of the relevant aspects of the current state of the environment follows the requirement of the SEA Directive, annex 1, paragraph (b) and the likely evolution thereof *without* implementation of the plan or programme (= the zero alternative).

This description is based on the analysis of available sources of information provided by the respective national or regional agencies. It also relates to the EU database of the SERIS inventory of national *state of the environment* reports⁹. The information is in many cases not programme area specific, but concerns the countries involved.

The compilation of relevant information is based on the scope of the programme and the level of detail delivered by its content with regard to the programme priorities and activities to result from these. Since the content of the programme is of a very general nature and hence does not describe any concrete activities, the description subsequently follows this general mode. This is justified by the fact that, due to the

⁹ SERIS is an inventory of national 'state of the environment' reports. The database contains brief publication details of recent (1997 onwards) reports for countries included in the EEA's third assessment report. National and multi-national reports are included in the database.

programme's general character, a more detailed environmental description would still not allow for a more precise assessment of possible environmental impacts.

4.2.1 Human health and air quality

These issues primarily relate to the group of environmental impacts that has the potential to pose a direct risk to human health. The most important factors here are the emission of air pollutants and noise. Risks from water pollutants are also included in the water section.

Air Pollutants

To protect both human life and other forms of nature against the harmful effects of air pollutants, and to reduce the risk of damage to the minimum, legal limits and defined threshold values for each substance have been set. The actual level of air pollution, in comparison with the respective threshold values, illustrates that Europe has already made great strides in reducing many forms of air pollution, leading to better level of health for European Citizens. Nevertheless, continuing exposure to pollutants remains a problem.

In respect of emission levels from acidifying substances, Finnish emissions have decreased since 1990 with SO_x now showing a level well below the EU national emission ceilings (NEC) directive. Variations in emission levels depend on numerous variable conditions, like the export/import of electricity, the availability of hydropower, and climatological conditions/changes among others.

Swedish emissions of sulphur dioxide and ammonia are also below the NEC directive. However, further actions are needed to reduce the emissions of nitrogen oxides, mainly from heavy vehicles, and mobile machinery.

In Latvia, approximately 5 % of the country's pollution is generated domestically the rest comes from other countries. The proportion of Latvian generated nitrogen (oxidized and reduced) deposition is, on average, 7.5% of the total nitrogen deposits in Latvia.

In Estonia due to the decline in energy production SO₂ emissions decreased by about 63% from 1990 to 2003. The power industry is by far the largest polluter. In line with her EU accession treaty Estonia needs to significantly reduce total SO₂ emissions from stationary and mobile sources by 2010 as well as SO₂ emissions from oil shale power plants. It also needs to fix the maximum sulphur content in ship fuel at 1.5% according to the development plan for transport 2004-2013.

However, while smog has been eliminated in many areas and acid rain reduced high concentrations of fine particulates and ground level ozone continue to cause health problems, particularly in cities and their surrounding areas. Ground level ozone is also damaging for ecosystem health and for crops across rural areas.

In Finland, however, ground level ozone concentrations are low. Occurrences of elevated levels are due only to the long-range dispersion of emissions. The emission

levels of ozone precursors have been decreasing and the existing emission reduction targets are now within reach.

In Sweden the general development trend is similar. However, during the years 1998-2003 the decrease has slowed mainly because of an increase in household stationary combustions.

In Latvia, the use of lower sulphur content fuels, the use of catalytic converters in motor vehicles and improvements in treatment plants has led to a significant decrease in ozone precursors. The target values, information and alert thresholds for ground-level ozone concentrations in ambient air were not exceeded.

In Estonia the situation is similar to that of Latvia. However, emissions from non-industrial fuel combustion (households, agriculture, business and the public sector) have grown due to an increase in wood and wood waste combustion. Between 1990 and 2003 CO emissions decreased in the main because of the decline in vehicle fuel use. Recently there has also been increased use of diesel cars. In 2003 the largest CO polluters were, small combustion facilities using solid fuel, household stoves, and transport. Transport is the largest source of nitrogen oxides pollution.

Ambient Noise

Noise levels over *40 Ldn dB(A)* affect our well-being, while there is evidence that levels over *60 Ldn dB(A)* can affect our physical and psychological health. While the last two decades have seen significant reductions in the noise produced by all sorts of vehicles, the rapid growth in transport – particularly air and road – has resulted in well over 120 million people in the EU being exposed to noise levels above *55 Ldn dB(A)* outside the front doors of their houses.

As a result the European Environment Agency (EEA) elaborated a proposal for a Noise Data Reporting Mechanism, including guidelines, which was the subject of consultation with the Member States. Assistance was also provided in preparing the guidelines for the specific reporting related to spatial issues in 2005.

The objectives of the EC noise policy, namely to improve the quality of life and the health of citizens, will be achieved in practice by reducing exposure to unacceptable and undesirably high levels of environmental noise. An essential part of the process, through which the overall objective will be achieved, is to communicate noise-related information in an effective manner through noise mapping.

Noise mapping covers the whole mapping process from the collection of raw data, the storage and retrieval of this data for computation/modelling, to the presentation of information related to outdoor sound levels, sound exposure, noise effects or numbers of affected persons.

Effective noise mapping is primarily reliant on the availability, accuracy and quality of input data (e.g. information on sources, geographical situations, etc). Therefore, it is vitally important to develop a thorough knowledge of what data is available in the respective Member States. At present no comprehensive information exists for all of the countries of the Central Baltic Programme.

Zero alternative

Environmental health trends are more or less heterogeneous. The “classical” emissions, like SO₂, SO_x and CO_x show a clear trend towards improvement, while “recent/modern” air pollutants, like ozone and fine particulates, are increasing. Based on the compliance with the relevant threshold values, the zero alternative for the latter is appraised as unchanging. Pulmonary diseases also remain relatively unchanged.

Noise, on the contrary, shows a clearly increasing trend in urban and industrial areas and along roads. Already implemented measures of the EU Directive 2002/49/EC¹⁰ could probably slow this trend. On the other hand, increasing road traffic may undercut this positive trend. In conclusion, it is anticipated that the level of noise will increase under the assumption of a zero alternative.

4.2.2 Flora, fauna and biodiversity

Natural habitats and their plant and animal communities have declined and are still declining in quality as well as quantity. More species and habitats are coming under threat to varying degrees. The greatest negative changes are occurring in farmland habitats maintained by human activities, in forests, and on shores. Pressure on biodiversity is particularly highlighted in areas where land use pressure is intense. This is primarily in growing urban areas, major industrial sites and farming regions, and is usually even more intense on islands.

Threatened biotopes are facing primarily the following challenges:

- Numerous protected biotopes, including nature conservation areas, are often not linked, as they are located amidst intensively used land areas; there is often no buffer zone and no marked linkages to establish a network of important biotopes, as required by the FFH Directive.
- The pressure on protected and other valuable areas is growing by increasing leisure activities in pristine and sensitive landscapes.
- Drawdown, eutrophication, acidification have long-term negative impacts on many habitats and ecosystems.
- Use of open and nature-related landscapes, urban sprawl and fragmentation of habitats and ecosystems goes on unabated. Pressure on the rural landscape seems to be of particular concern.
- The size of nature reserves and nature management is not alone sufficient for the safeguarding of biodiversity.

Nature Reserves

The number of reserves/protected areas has grown steadily over the last two decades, whereas their ecological quality is steadily decreasing. This is primarily due to continuous settlement development and increasing industrial and traffic infrastructure.

Endangered Species

There are an increasing number of endangered species. In relation to the decline of ecosystems and natural resources, the state of the Baltic Sea’s fish stocks illustrates

¹⁰ Directive 2002/49/EC for the assessment and abatement of ambient noise, 25th June 2002

most clearly the dangers of over-using natural resources and damaging the functions of ecosystems.

Forests/Woods

In Estonia and Latvia the state of forest resources is good in terms of increasing forest stand area, growth in stock volumes and high productivity per hectare. Although the age structure is abnormal, the high share of middle and premature stands contributes to the larger annual increment rate in this region. Moreover, game populations connected with forest ecosystems are generally in good condition.

Although forest management tends to operate according to the principles of sustainable development (ecologically sound, economically viable forestry), growing commercial interest is a strong driving force leading to more intensive use. Currently, the goal of sustainable timber resource use is being met; however, the intensity in Estonia and Latvia – particularly in private forests – is among the highest in Europe, indicating that the limits of sustainability may be reached in the near future.

This trend is driven by the importance of forestry in the economies of these countries. The desire for fast growth in the private business sector and the poor socio-economic conditions in rural areas (high unemployment, decline in agricultural income) also contribute to the increase in forest felling intensity.

In Sweden the trend is towards a more uniform forest landscape. Thus the environmental quality objective, as far as biological diversity is concerned, will probably not become apparent until after 2020, despite appreciable improvements for several of the factors on which it depends (dead wood, large trees, deciduous trees in coniferous forests, and old forests).

Deciduous forest is the most species-rich forest type in Sweden. It is made up of warmth-demanding species (e.g. oak, beech). Mature deciduous trees in coniferous forests can also contribute significantly to biodiversity. Mature forests with a large deciduous element are defined as forests containing at least 25% deciduous (broad-leaved) trees which are at least 80 years old in northern Sweden or 60 years old in the south. If current trends continue, the area regenerated with deciduous forest is expected to increase. At present, the principal means by which the state can promote this interim target are advice and education aimed at forest owners. The regional forestry boards have run advisory schemes addressing a number of the issues involved.

For many species, the qualitative aspects of particular deciduous habitats are more important than the total area. Many of these ecosystems are currently threatened.

Finland is Europe's most forested country. About 70% of the land area is covered by forests. These forests contain some 2,000 million cubic metres of timber. These reserves are steadily increasing by about 80 million m³ a year, while about 70 million m³ of timber is harvested annually. Finland's forests contain very few trees of exotic species. Approximately 80% of the Finnish timber used by Finland's forest industries comes from privately owned forests. It is therefore crucial that private landowners support the protection of forests.

Some 7.6% of Finland's forests are protected (2002). About 4.1% of all the forestland is strictly protected, meaning that forestry cannot be practised. The proportion of Finland's total land area covered by strictly protected forests is about four times higher than the European average.

The Forest Biodiversity Programme for Southern Finland (METSO) was launched in 2002 to find new ways to promote biodiversity in privately owned forests by getting landowners to voluntarily commit themselves to protecting their own forests. Some of these schemes involve natural values trading, where in return for financial compensation landowners commit themselves for specified periods to manage ecologically valuable areas of forest where rare species may occur, for instance.

Finnish and Swedish forests have a great value as a recreational amenity. Liberal laws of access to the land, known as "everyman's right", give everyone the right to roam forests and the countryside freely, and forests are the most important environments for outdoor recreational activities.

Zero alternative

While the absolute number of nature reserves is growing their ecological quality is decreasing due to the increasing use of open and nature-related landscape. As a result the zero alternative is rated as "worsening". Moreover, the number of endangered species is, in general, increasing, thus the zero alternative here also results in "worsening". The health of the forests, on the other hand, seems to have recovered in recent years. Since at this stage a long-term prediction is impossible, the zero alternative is categorized as "partly improving".

4.2.3 Soil

Land is a finite resource. Arable and nature related land is thus a particularly important factor for an ecological responsible and sustainable development. Many of the ecologically important functions of soil and land surface are negatively affected by infrastructure development, like rural settlements, urban sprawl, roads and industrial and business development. The preservation of the soil's natural ecosystem support functions like a filter, buffer and habitat functions, not only of natural landscape and woods but also of farmland, remain a key issue to be considered in avoiding negative impacts on other environmental elements (groundwater, biodiversity, health, cultural heritage, sustainable food, etc).

Some of the areas of the participating programme regions have the highest population density of the respective countries. In these areas the human influence on the landscape (settlements, dwellings, transport infrastructure, businesses) is particularly high. Most of these highly developed areas are coastal zones.

Of particular importance are those pollutants, which by atmospheric deposition accumulate in the soil and start chemical reactions with other elements, resulting in negative impacts on soil quality and its systemic functions. These so-called "persistent" pollutants are primarily:

- Heavy metals and other organic substances (e.g. arsenic, cadmium, lead, chrome, copper, nickel, mercury, zinc, thallium).

- Organic pollutants (in particular aromatic hydrocarbons, biphenyl, dioxin and furan).

The deposition of harmful substances, primarily of heavy metals, is locally concentrated in industrial and former military areas, mostly in the coastal zone.

Zero alternative

All indicators except for pollutants have the tendency to worsen due to the increasing use of natural land. However, due to the clean up and conversion of old industrial compounds and sites, the percentage of re-developed areas has increased as compared to green-field development.

4.2.4 Water

The availability of freshwater resources is good and the rate of water extraction is not considered a problem. Furthermore the abstraction of freshwater is stable or declining except in Estonia during the period 2003-2004. In Finland the abstraction *per capita* is above average but the abstracted amount is a very small proportion of the available water resources. Sweden within the context of the national environmental objective, ‘flourishing lakes and streams’ has water protection plans, including water protection areas and protection regulations for all public and large private surface water sources. Latvia encourages modernisation and reconstruction of water management in small towns by state investment programmes. In Estonia the reorganisation of technology and increased water taxes has given rise to more sustainable water use in industry and households.

Metal contamination, organic pollutants and oil, and eutrophication are all matters of concern in coastal waters. The long-term point source loading of watercourses, especially by nutrients, as well as the indirect effects of increasing demand for different land use, e.g. agriculture and building activities in catchment areas, and the construction of water-courses have had deleterious effects in many ways.

The coastal zone is the contact point between the pelagic ecosystem and human coastal activities. Various anthropogenic activities have led to severe impacts with negative effects on the littoral zone, e.g. intensive nutrient loading. Proliferation of filamentous algae and anoxic bottoms along with regular blue-green algae blooms in the open sea areas are the most evident consequences of the eutrophication.

Considerable amounts of hazardous substances have been released and accumulated in the Baltic Sea. Depositions of several substances in marine sediments and organisms have reached toxic levels. Several harmful contaminants enter the coastal zone as effluents from industry, as diffuse loads and via the atmosphere. Many of the harmful compounds originate from incomplete combustion (PAHs, dioxins), the disposal and disintegration of old condensators, transformers or other electrical equipment (PCBs), or are by-products of chemical processes (PCDD/Fs). After the ban on PCBs and DDTs, the input of these organo-chlorines into the northern Baltic Sea has declined.

Zero alternative

In general, freshwater shows a trend towards a more sustainable use and qualitative improvement, while the results of groundwater analysis show a more or less unchanged quality. The quality of coastal water in contrast shows serious problems of contamination. The trend indicates continuous negative change.

4.2.5 Climate

The reduction of greenhouse gases is the key element of the international strategy to minimize climatic changes and their subsequent effect on nature and society. This implies the conservation of important ecosystems and their functions to absorb and metabolize carbon dioxide.

The participating countries are signatory states to the Kyoto Protocol. With regard to greenhouse gas emissions, all countries except Finland achieved a significant decrease in GHG emissions. In Estonia and Latvia, structural change has had a major impact on the reduction of such gases and as such in achieving the targets of the protocol. Sweden is on track to fulfil the target of the Kyoto Protocol.

A key issue here is the reduction of energy consumption and the shift towards renewable energy resources and innovative technology. The ratio of renewable energy has increased significantly, though it remains small in respect of overall energy consumption.

A prognosis of the energy scenario of the Third Assessment of the European environment indicates a rise in renewable energies and gas and a reduction in the use of other fossil fuels.

Zero alternative

Emission levels for greenhouse gases are decreasing so the roadmap to achieving the targets of the Kyoto Protocol seems to be leading us in the right direction. The zero alternative therefore is appraised as an “improvement”.

4.2.6 Cultural heritage and other material assets

The CBP area is part of a rich culture with a long tradition. The capitals of all participating countries are included with their richness in built heritage. Through its diverse physical geography and cultural diversity, it is rich in genuine cultural features.

Dominating features of the regional cultural heritage include:

- Historical medieval town centres dominated by pre-industrial craftsmanship and *Hanseatic League* tradition including the sacral and secular buildings of the territorial powers.
- Rural monasteries, manors and the castles of the aristocracy.
- Numerous historical examples and documents of European town planning, construction characteristics, engineering and equipment.

Zero alternative

No specific trend can be ascertained.

4.2.7 Landscape (including ecosystems and natural resources)

The landscapes of the CBP area, which are a critical part of its cultural heritage and essential homes for biodiversity, are currently undergoing a period of widespread and potentially irreversible change. These changes impact the ecosystem as well as the society's socio-economic functioning. Tensions are rising, particularly along the coastal zones, between society's need for resources and space and the capacity of the land to support and absorb such needs.

The drivers of many environmental problems affecting the Central Baltic region originate beyond the actual territory. The main drivers of such changes are market globalisation, the measures of the common agricultural policy (CAP), trans-European traffic networks, and large-scale demographic and socio-economic changes.

As a result of the Soviet approach to agriculture, much of the traditional landscape features were lost in the Baltic States. Land was transformed into intensively used crop or grassland or was left for natural deforestation. With the ongoing (re)privatisation process traditional agricultural styles are being reintroduced, which favours an increase in landscape diversity and the re-establishment of a typical mosaic-type landscape.

A major force behind landscape change here is the changing socio-economic situation, which includes land reform, unemployment and a lack of positive economic perspectives for rural areas, low market prices for agricultural products etc. These tendencies result in the urbanisation and depopulation of rural areas, and in the decreasing importance of traditional land use practices.

Zero alternative

Continuous settlement development leads, despite numerous conservation projects, re-naturation and conversion measures, to a partial loss of the particular features of naturally and historically distinct landscapes. This trend is most likely set to continue.

5. Environmental Assessment of the Programme

5.1 The Process

From the outset of the programming process the environmental authorities of the participating countries were asked to provide environmental information meaningful to the definition of the scope and level of detail of the programme SEA. Only after several repeated requests did information begin to slowly arrive. Moreover this information was also highly divergent in terms of both quantity and quality. Most of the detailed and precise information came from the regional authorities.

This also had an impact on the intended iterative process of feeding environmental information into the programme development at different stages. The purpose of this process is to use the relevant environmental information to adjust the scope and level of detail following the development of the programme's focus and the increasing specification of its content and clarity of interdependence in respect of its thematic *foci*.

Following the analytical description of the programme area's environment and how environmental issues were considered in the phases of the programme planning, the priorities and their respective objectives are appraised for their match with the objectives of the EU Sustainable Development Strategy and the EU Sixth Environmental Action Programme. For the actual assessment of likely significant effects, the most detailed level of programme information is used, that is the one of priorities. For each case a range of effects is discussed from environmental decline to no significant change and environmental improvement.

At the programming level the likely significant effects of the programme can be appraised at a very general level only, since the exact locations, nature and impacts of actions cannot be identified. This depends on the specific projects that will support the implementation of the programme and its strategy, priorities and objectives. Subsequently the exercise of this environmental assessment is to provide a range of potential effects and suggest ways in which negative impacts can be mitigated or even avoided.

Mitigation

Based on the appraised environmental effects, mitigating measures are described. They are supposed to be the result of a discussion process that runs parallel to the programme development and SEA process. Ideally, the programme planners and the environmental authorities should co-operate in the discussion but also in the coordination and tuning of the assessed and edited data (priorities, objectives, accompanying measures). Based on the mitigating measures changes in the assessment of the environmental effects of the programme are described.

Alternatives

The appraisal of alternatives is a useful method and powerful tool with which to present the comparative environmental effects when programmes have fixed local actions (usually in the context of its projects). At this abstract level of programming, as in the case of the Central Baltic Programme, meaningful alternatives would mean in the end developing an alternative programme. This cannot of course be accomplished by a SEA – and this is not its task. Therefore the main focus is placed on the level of actions, which can be considered in this context as “micro” alternatives. For reasons of clarity, comprehensibility and conclusiveness they are subsumed under mitigating measures.

5.2 Public hearing

The draft programme (version 3, dated 15.12 2006) and the draft SEA report (dated 23.12 2006) were made publicly available in the period from 05.01 2007 to 26.01

2007, except in Latvia, where the period was from 12.01 2007 to 02.02 2007. The hearing was organised nationally and was conducted in all countries:

- In Åland, the hearing was organised by the Government of Åland and announced in the two regional newspapers. Altogether seven organisations responded; four municipalities and three NGOs.
- In mainland Finland, the hearing was organised by the Ministry of the Interior and the four involved Regional Councils, all of whom announced the hearing on their websites. Two of the regional councils also made announcements in regional newspapers. They also sent out targeted request for comments by e-mail to other regional authorities, municipalities and social partners. Two hearing events were organised, one in Turku and the other in Helsinki. Through these various means, a total of 34 written comments were received, of which four referred to the SEA.
- In Sweden, the hearing was organised by the Stockholm County Administrative Board. Announcements were made in the main newspapers and invitations to participate were e-mailed to all municipalities and relevant NGOs in the region. Three hearing events were organised. In total, 21 responses were received. None of these made any comments in respect of the SEA.
- In Estonia, the information about the opening of a public hearing was sent by e-mail to the regions, line ministries, international organisations, municipalities, and NGOs, etc., and a hearing event for line ministries was arranged in Tallinn with 51 participants. There are no specific references to the SEA in the summary of received comments.
- In Latvia, the hearing was announced in the newspaper *Latvijas Vestnesis*, on the homepage of the Ministry of Regional Development and Local Government and by e-mail to regions and line ministries. No specific references to the SEA were made in the comments received.

Specific comments concerning the programme text have been taken into consideration in version 4 of the programme document. The comments have not resulted in any particular further changes in the programme in respect of environmental issues.

The rather general character of the programme also means that the potential environmental impacts can only be described very generally. This has been noted, in the context of the hearing, as a weakness. It has also been noted that the conclusion in the draft SEA, that environmental considerations will be made in the implementation phase, is not supported by any specified method or procedure in the programme. The assertion that the programme will not have significant negative environmental impacts has however not been challenged in the general conclusion.

5.3 Assessment of the programme's priorities and objectives

5.3.1 Priority A: A safe and healthy environment

General description

This priority aims to integrate the environment as a horizontal theme, linking the developed target objectives, namely the improvement of the common environment

leading to a better quality of life, and a safe, environmental risk-reduced and healthy living environment combined with an increase in environmental awareness.

The *foci* of this priority are integrated by their common support of a regional development that considers environmental sustainability as a key element in achieving sustainability as well as making the region attractive for both inhabitants and visitors.

To achieve such a quality of life level, the improvement of the ecological quality of the Baltic Sea, primarily the Gulf of Finland, is a central target. The improvement of the physical and cultural environment through better spatial planning and support for traditional architecture and craftsmanship are important factors. The targeted directions of support can be summarized as:

- Cross-border cooperation leading to reduced environmental risks and pressure in the CBP maritime area and a better understanding of the environmental problems common to the programme area.
- Support for business and public sector management that helps to sustain and improve the quality of the natural environment (improvement in environmental performance).
- Sustainable infrastructure/Physical Planning and Management.

It is recognized in the above priorities that the improvement of environmental problem areas needs stringent assessment to reduce, e.g., the impact of growing traffic, eutrophication, hazardous substances and oil spills, and investments to take care of the basic infrastructure for waste management and waste water treatment. This is linked with the need for preventing future problems.

Joint work within the programme area is considered as providing the central framework for the achievement of sustainable development for the whole Central Baltic region. The focus on the generation and transportation of knowledge on the environmental impacts of legislation and policies on the one hand, and improved cooperation in physical and environmental planning on the other, is expected to facilitate this process. Themes such as urban environment, energy sufficiency, human health, well-being and security contribute to the overall picture.

Urban specific concerns, including health and well-being, are addressed through the exchange of experience and best practices, as well as in joint-training schemes and institution building. Another important issue tackled here is the inclusion of vulnerable societal groups via the exchange of best practices and innovative methods.

Cultural activities are recognized as providing another cornerstone of the programme. At the forefront here are people-to-people exchanges, under-utilization of the cultural heritage by using historic quarters, museums and other architectural and physical assets such as facilities along with cross-border cultural events.

Assessment of environmental effects

The directions of support will have a positive effect on the environment by following the clear mission to safeguard and improve the environment. By linking the nature-and/or environment-related activities with the social and economic dimension, the objectives consequently target the implementation of the sustainability paradigm.

One of the tools suitable to manage such a demanding integrative approach in a maritime environment like that of the Central Baltic area is Integrated Coastal Zone Management (ICZM)¹¹. Co-operation in spatial planning is one of the objectives under the Central Baltic Thematic sub-programme though ICZM is not explicitly mentioned as a topic.

The urban theme is also addressed under these priorities, including environmental, social, health and educational issues. Linked with the other common concerns in the programme the approach of this priority adds a holistic and integrative dimension to the programme. If implemented in the described comprehensive manner, the resulting projects and activities may in fact forward the principles of prevention, based on understanding of the real problems and their interrelations, induced through education, training and social cohesion. The environment is put at the forefront of these joint efforts, as environmental education is to be integrated in all kinds of activities.

This priority also offers support to activities to encourage entrepreneurship though these have to be supportive of a sustainable environment. This is, in principle, a measure that has the potential to lead to a reduction in environmental pressure (e.g. less emissions and use/consumption of natural resources). But as the coin has two sides, socio-economic activities always require the use of space and other natural resources while also producing emissions and waste. However, the intention here is to replace environmentally harmful activities and processes with more sustainable ones. If successfully implemented this may lead to improved results in the environmental balance of economic activities.

The impact of support for small-scale infrastructure development on the environment very much depends on the location. It may lead to a fragmentation of pristine land or park areas in suburban settings, if not by itself then through related infrastructure development (e.g. roads, parking areas etc.). But since all projects must demonstrate an understanding of their impact on the environment and must make an assessment of these, the impacts should not be significantly negative for the environment.

The inclusion of cultural heritage issues, e.g. by integrated spatial planning and the use of historic buildings and facilities in historic quarters for cultural and tourist events as well as for cultural and academic exchange and cooperation (including education and training) contributes to their preservation and leads to a broader and better understanding of cultural practices and developments and their impact on the environment and effects on sustainability.

Mitigation

In the various initiatives that could emerge under this theme, it will be important to find the appropriate balance between the use and conservation of natural resources, forming a foundation for long-term sustainability in the CBP region. High standards should be maintained over time with clear environmental credentials and momentum.

¹¹ ICZM has thus far proved to be an effective process of good decision-making based on sound science, a holistic approach, and public participation. The European Commission and the European Parliament, following the results of its Demonstration programme on Integrated Coastal Zone Management, are currently promoting the process of ICZM. Recent EU recommendations have outlined a number of tasks which all Member States with a coastline must undertake in order to support ICZM implementation across the EU.

Projects should be able to demonstrate that they are achieving sustainable management either through certification or mentoring, for example, co-ordinated through a forum that transfers best practice and experience. Projects linked to climate change should be monitored to prevent approval of lower quality proposals presented as essential or deserving priority treatment. To establish good project selection procedures the monitoring routines are of paramount importance here.

Renewable energy facilities can also present problems such as blighting landscapes, noise, and environmental damage caused by supporting infrastructure in the form of access roads and power lines. As with transport projects, Environmental Impact Analysis should accompany each proposal as foreseen in the legislation.

5.3.2 Priority B: An economically competitive and innovative region

General description

This priority aims to increase the economic competitiveness of the region respectively the region's business and individuals (actors and stakeholders) through the improvement of the determining factors for innovation. The *foci* of this priority are designed to stimulate the vitality of the programme area's communities and the creation of jobs. The overall goal is to enhance economic performance in the face of the challenges of globalisation. Economic growth does always entail a significant potential for negative environmental impacts. However, with the programme's emphasis on knowledge and education as well as the integration of social issues and the environment in a horizontal way, a conscious attitude to these possible goal conflicts is encouraged.

To achieve the ambitious goals of this priority, a particular focus is placed on innovative methods for improvements and on building on sectors in which the programme area excels. In addition, the development of new business opportunities through the support of new initiatives is also considered crucial for the competitiveness of the region. To meet the needs of the globalizing market for local and regional business, this may include the transition from traditional business models to new innovative solutions.

The directions of support of the three sub-programmes may be subsumed, due to their similarity, under three directions:

- Improvement of cross-border activities for growth, innovation and entrepreneurship through new solutions transported to the spot by joint actions.
- Sustainable tourism and archipelago and island-specific economic activities (maritime heritage, etc.).
- New/more jobs in new branches through better cooperation and utilisation of the labour force and better internal and external accessibility.

In achieving the targeted directions the sub-programmes of *Priority B* foster similar themes but also emphasise distinct nuances. They address the area's weak ability to turn its assets into innovative outputs which hold back the area's potential to emerge as global centre for economic growth. Subsequently, the better use of cross-border

interaction in innovation, cluster development and joint-marketing is demanded. This group of directions of support recognizes the importance of the knowledge-based economy and requires a sound base in research and its further dissemination through education and training.

A key issue on the road to improved competitiveness and innovation is also seen in the context of a dynamic entrepreneurship which could help reduce the obstacles to a better utilization of the labour force and help overcome the problems of demographic change.

A specific nuance of this priority is the emphasis on the learning theme, including school education of the young, vocational training, research and development in an entrepreneurial and academic context and life-long learning. The same counts for the public-private partnership issue.

Distinct to the archipelago and islands sub-programme is the focus on sustainable tourism and its high profile in respect of archipelago and island-specific economic activities. Emphasis is therefore placed on traditional and island-typical business and products, as well as on sustainable quality tourism to attract international tourists. As a basis for this the programme considers these natural and cultural assets as a primary source.

Assessment of environmental effects

This priority, and respective objectives and directions of support, has the greatest potential to effect the environment negatively. Consequently it may also lead to conflicts with the environmental dimension of the sustainable development paradigm. However, the effects on the environment will most likely be indirect in nature, as the programme will primarily support the “soft factors/skills” dimension of cross-border cooperation. Nevertheless such activities may prepare the fundament for the hard factors of economic development such as public and private infrastructure for business/industry and tourism.

New jobs may be achieved either through an extension of existing businesses or through launching new companies/businesses. The resulting impact on the environment can be of negative effect, e.g. by increased use of land/space (settlements, industry, transport). New production sites can generate more noise through the production itself or induced traffic, e.g. by delivery of production material and transport of goods.

The actual impact depends very much on the choice of location as well as on the decision to convert and revitalize old industrial areas and other existing infrastructure (including polluted sites) or to newly develop more or less pristine land.

The programme’s focus on traditional products, as well as on tourism to attract international tourists, may produce increasing pressure in terms of traffic congestion and the generation of greenhouse gases and other pollutants associated with travel. This seasonal aspect of tourism, coupled with the concentration of tourists in certain regions, is also likely to add pressure to the environment in relation to energy and water supply, wastewater treatment, waste generation, traffic congestion and air emissions. It should also be recognized that inappropriate development of tourism-

related infrastructure can often have negative consequences, and visitors engaging in hiking and equestrian activities have the potential to harm sensitive areas of high ecological and resource value.

The emphasis on the support of traditional and island typical products can also have impacts adverse to those intended by the priorities of the CBP. Linked with tourism activities they may actually undermine cultural identity as in traditional industries, fishing and farming and contradict the interests of the indigenous people.

On the other hand, the implementation of the Gothenburg Agenda is a central aim of the CBP and is as such determined to very carefully consider cultural, social and environmental issues in its supporting activities. Furthermore the focus on innovation and new solutions though joint efforts indicate the potential for the improvement of current practices of infrastructural development and the fostering of the shift towards a modern knowledge-based economy.

These joint efforts are further supported by the programme's objective in school education of the young, vocational training, research and development in an entrepreneurial and academic context and life-long learning.

In conclusion the overall impacts of the priority's objectives and directions of support are appraised as mostly indifferent in their effects on the regional environment and positive for the region's cultural heritage. There may, however, also be negative impacts.

Mitigation

Within the above group of objectives and target directions of support, there is the risk that competitiveness is interpreted as a basis to cut environmental costs, potentially by delaying legislative obligations or by seeking minimum compliance in environmental standards. Accordingly, this priority of the programme should convey a clear message that positive environmental impact is a *key* element of the priority's strategy. Moreover competitiveness should be based on high environmental standards and environmental management techniques. Similarly, innovation should be understood to include environment, or possibly prioritise environment, as a way of fulfilling the programme's strategy for sustainable development.

As noted previously, the range of negative environmental impacts is quite limited. Nonetheless, the risk remains that this could represent a missed opportunity with no useful/positive environmental impact, particularly if innovation is directed primarily at sectors other than environmental ones or the new branches, clusters and networks fail to include environmental actors and stakeholders. Again, the establishment of good criteria for project selection is the most important measure that can be taken here in the programme implementation process.

5.3.3 Priority C: Attractive and dynamic societies

General description

The third priority summarizes thematic *foci* such as developing the potential of human resources, advancing social well-being and good living conditions and increasing the

vitality of local communities. This thematic group embodies the vision of life-long learning and safeguarding of the cultural heritage, combined with the creation of equal opportunities for different social groups and active citizenship, leading to a greater attractiveness of the island communities as living environments.

Priority C may be understood as the linking theme between priorities *A* and *B*. Understood as a countermeasure to the rapid process of globalization that will help to sustain or even redevelop a sense of identity and local belonging, this priority in fact may become the fundament for an integrative practice, that is the genuine characteristic of the sustainable development paradigm – and thus of the Lisbon and Gothenburg Agendas, in the implementation phase of the programme's different priorities.

The targeted directions of support for *Priority C* can be summarized as:

- Improving social and environmental conditions and social inclusion.
- Supporting the labour market, social well-being and security by new forms of cooperation, including the cultural, social and environmental heritage.
- Preventing brain-drain and the exclusion of population groups with difficult social backgrounds from dropping out of society through the encouragement and support of active citizenship.

Life-long learning is one of the key issues here supporting the development of human capacity in all ages and improving active participation of all population groups in society. This may well link with the upgrading of security efforts in a broad societal sense, including health, social security and crime, as active citizenship is one of the cornerstones of a sustainable society. Moreover when keeping in mind the aim to involve the local actors in projects, human capacity building and active citizenship, as two sides of the same coin are essential for mid-and long-term success.

To include the support of administrative cooperation between the municipalities as measure for a better match of management cultures is also an important contribution to effective cross-border cooperation aiming at preventive and sustainable local development. The integration of the principles of sustainable development as well as the application of environmental assessment in all such activities underlines the importance of environmental issues in the process of programme implementation.

Within the framework of improved municipal cooperation the issue of public-private partnership can gainfully be transported to the spot. In conjunction with the request to always consider the horizontal goals and character of sustainable development, as well as the demand for environmental assessment in case direct impacts of project applications and respective measures become apparent, the important role of the environment, including the health and cultural heritage aspects, becomes quite evident.

Another cornerstone of this group of priorities is the promotion of local networks and their utilization for cross-border projects aiming at the exchange of best practices and equal opportunities in achieving a good living environment. As elements for such a quality of life, sustainable solutions for water supply, wastewater and waste management, energy, etc. are subject to programme support

Assessment of environmental effects

The target objectives and resulting directions of support of this Priority are expected to have no direct negative impact on the environment but rather a potential for positive implications. Similar to the other Priorities a strong commitment to linking the socio-economic and socio-cultural dimensions of human well-being to the environmental dimension exists.

The potential for significant negative effects on the environment could accrue from the programme's success in leading to a scale of economic development where remote areas become much more accessible. As a secondary effect increased transport and tourism activities could bring cumulative effects involving greater emissions, increased waste generation, more travel and associated noise and could lead to loss of habitats and other features.

Nevertheless, the increase in cross-border network activities will most likely *not* result in a significant rise in traffic. This is primarily due to the use of modern information and communication technologies, like the use of emailing and internet-based group conferences among project partners from the participating countries. Another aspect of such positive anticipation is the small size of possible projects. As a result the impacts cannot be assessed, but would not under any circumstances be large enough to be significantly negative for the environment.

Programme related activities might also lead to more rational transport and communication activities resulting in less impact on the environment. The effects of a growing number of environment-/nature-related co-operations may have positive implications. In terms of sustainable solutions in the energy sector, the significant impacts are most likely to occur on the overall appearance of the landscape. The type of energy alternative(s) supported is thereby the critical element (e.g. wind power/mills, biomass, etc.).

The largest number of supported projects will however consist of the "soft", non-investing type, including measures like knowledge and technology transfer, personal exchanges and best practice experience with no negative but a possibility for positive impacts on the environment.

Mitigation

Since this Priority does not seem to be comprised of significant negative environmental effects no measures for mitigation are discussed.

6. Guidance for the assessment of project applications

For programmes like this, where the environmental effects will arise from projects decided at a later stage of programme implementation, only the general direction of the priorities and foreseen actions can at present be assessed.

The most important measure for securing a good environmental profile for the programme is to include criteria for project selection which take environmental

impacts into consideration. The draft programme document does not include selection criteria, which is a weakness. However, this weakness should be corrected at a later stage of programming when selection criteria are described and monitoring routines established.

For a systematic, practical application of the assessment procedure required by the SEA Directive, the following structure is proposed:

1. The application form should include a part where the applicant is asked to assess possible environmentally significant aspects of the project (e.g. “in which way may the environment be impacted by the proposed project?”). This part of the application form should be developed on the basis of the specific challenges of the region and the foreseen content of the programme.
2. In cases where there might be environmental impacts, the applicant and the programme secretariat should assess the possibilities to strengthen positive impacts or to mitigate the negative impacts of the proposed project.
3. The environmental assessment of project proposals should be one of the elements when applications are prioritised.
4. In a situation where several similar (and eligible) projects are competing for resources, the project with the most positive environmental impacts shall be preferred.
5. The programme monitoring system should include environmental impacts and project owners should be asked to report continuously on positive as well as negative impacts. The indicators that will be requested for monitoring should already be described in the application form.

The programme will probably not support investments or other actions of such a size that they will be subject to an Environmental Impact Assessment according to national or regional (Åland) legislation. National legislation will be applied in the unlikely event that this should happen, and the assessment will be the responsibility of the national authorities.

7. Monitoring

Monitoring of the significant environmental effects of the programme, respectively the directions of support, have to be an integral throughout the entire duration of the Central Baltic Programme 2007-2013.

Environmental monitoring is very much based on the respective environmental regulation, which is traditionally based on the assumption that environmental protection and business are irreversibly at odds. Current approaches are rather based more on performance than on a narrow definition of compliance and use such policy instruments as market incentives for performance measurement. They also take into consideration differences in the willingness and capabilities of different actors (business and public administration) to meet their environmental obligations, and encourage innovation by allowing actors in the business and industry sectors on the one hand, and infrastructural development on the other, more flexibility in how to achieve environmental goals.

The environmental impacts of projects should be monitored throughout the project implementation phase. This monitoring should be based partly on information from project owners, and partly on available environmental information systems in the programme region. The authorities responsible for strategic environmental assessment in the participating countries should be consulted regarding monitoring routines, which they will through their membership in the Steering Committees. Practical experience shows that process- and performance-related measurements of environmental goals are necessary. Single projects will only rarely have environmental impacts that are measurable in respect of environmental indicators. The focus must therefore be on ensuring that the projects implemented contribute in the right direction and do not harm the environment.