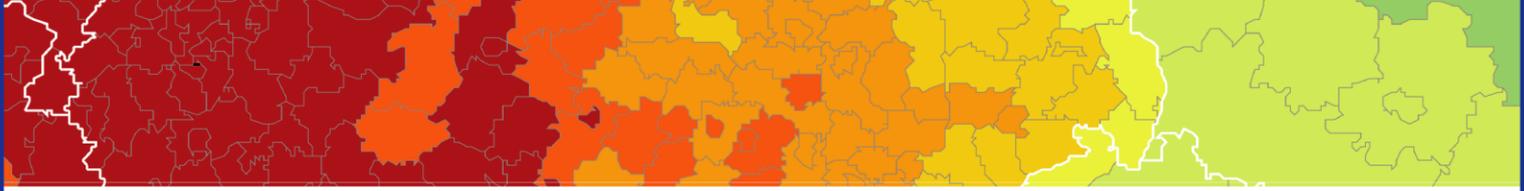


Inspire policy making by territorial evidence



Cross-border Public Services (CPS)

Targeted Analysis

Final Report

Scientific Report – Annex VIII
Case study report – South Karelia



Version 16/11/2018

This targeted analysis is conducted within the framework of the ESPON 2020 Cooperation Programme, partly financed by the European Regional Development Fund.

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Cross-border Public Services (CPS)

Final Report

Scientific Report – Annex VIII
Case study report – South Karelia

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Abbreviations

BCP	Border Crossing Point
CPS	Cross-border public services
ERDF	European Regional Development Fund
ESPON	European Territorial Observatory Network
EGTC	European Grouping of Territorial Cooperation
ENPI	European Neighbouring and Partnership Instrument
ENI	European Neighbouring Instrument
EU	European Union
ESIF	European Structural and Investment Funds
GDP	Gross domestic product
PPP	Purchasing power parity
WLAN	Wireless Local Area Network

1 Introduction

This case study report describes cross-border public service (CPS) provision in the Finnish region South Karelia and in its neighbouring Russian region.¹ However, the majority of the data and informants came from the Finnish side of the case study region, due to data availability. The report will identify services and their main features that provide public benefits across the border. For the first time it develops a comprehensive overview of existing CPS in South Karelia. This case study report is part of the ESPON project “cross-border public services” that aims to support a better delivery of cross-border public services and to improve awareness about their added value. This analysis is one of ten case studies within the project that are presenting different CPS provision bases across ten different border regions in Europe.

Some of the main characteristics of the South Karelia case study region are:

- Long term tradition of CPS despite combination of EU and non-EU regions.
- Geopolitics highly affects to the case study area and its CPS provision. The question of how to reorganize and revitalize the CPS provision in the changing geopolitical and business situation is high on agenda within the case study area.
- Tourism plays an important role in current cross-border activities. Also, many of the development ideas are related to tourism.

This report will describe how the different border effects are impacting the provision base of CPS and what are the objectives and obstacles of established and prospective -CPS. The development potentials and long term CPS needs are mainly outcomes of the discussions with regional stakeholders and service providers during the project’s workshop in Imatra at 31th May.

The report consists of six chapters. Chapter 2 describes briefly the methods of this study. Section 3 describes South Karelia’s main characteristics as border region and its existing CPS provision. It is worth noting that the ESPON CPS project followed a systematic approach for identifying CPS within the wide variety of public cross-border activities. The working criteria for the CPS identification were, however, less strictly applied for South Karelia in order to illustrate the border effects for CPS development at an external EU border region.

Chapter 4 describes more closely some existing CPS that are also most likely the basis for the prospective CPS development. To streamline the future development of CPS in the case study area, two priority themes were selected together with the Regional Council of South Karelia. Future needs and the selected priorities are described in chapter 5 by opening up the workshop discussions on two separate themes: digital information services and health tourism.

¹ In this case study report, the term 'South Karelia' refers to the whole case study area including the neighbouring region in Russia. Sole reference to only the Finnish part of the case study area is indicated as 'Finnish region South Karelia' and sole reference to only the Russian part of the case study area is indicated as “Russian region South Karelia”.

Finally, the last chapter will conclude the findings of this study and describe ideas how to transfer the lesson learned to other external EU border regions.

2 Methodology

This report has been drafted based on desk research, communication and interviews with regional stakeholders and service providers. This included phone interviews with stakeholders from the Regional Council of South Karelia and 11 regional cross-border public service providers conducted in March 2018. Desk research included, inter alia, the Karelia cross-border cooperation (CBC) Joint Operational Programme 2014-2020, South-East Finland – Russia Joint operational programme 2014-2020, and the document on South Karelia's regional strategy in view of their potential support for CPS development in this case study area. Desk research and interviews have been complemented with findings and conclusions of the intensive discussions during the project's workshop in Imatra, Finland on 31th May, 2018.

The workshop focused on two selected priority themes previously agreed with the Regional Council of South Karelia. Together with regional stakeholders, administrative representatives and service providers, we analysed challenges and obstacles and looked at the region's possibilities and strengths to deepen the existing cooperation within the selected priority areas. The discussion included identifying actual first steps to further develop ideas of the workshop for facilitating the region's CPS development potential.

In order to develop CPS provisioning practices, the involvement of service providers and stakeholder was crucial. One of the project's aims was to foster the dialogue between local actors to facilitate the development process of new CPS. This was taken into account when identifying the participants for the selected future priority areas.

3 The case study region at a glance

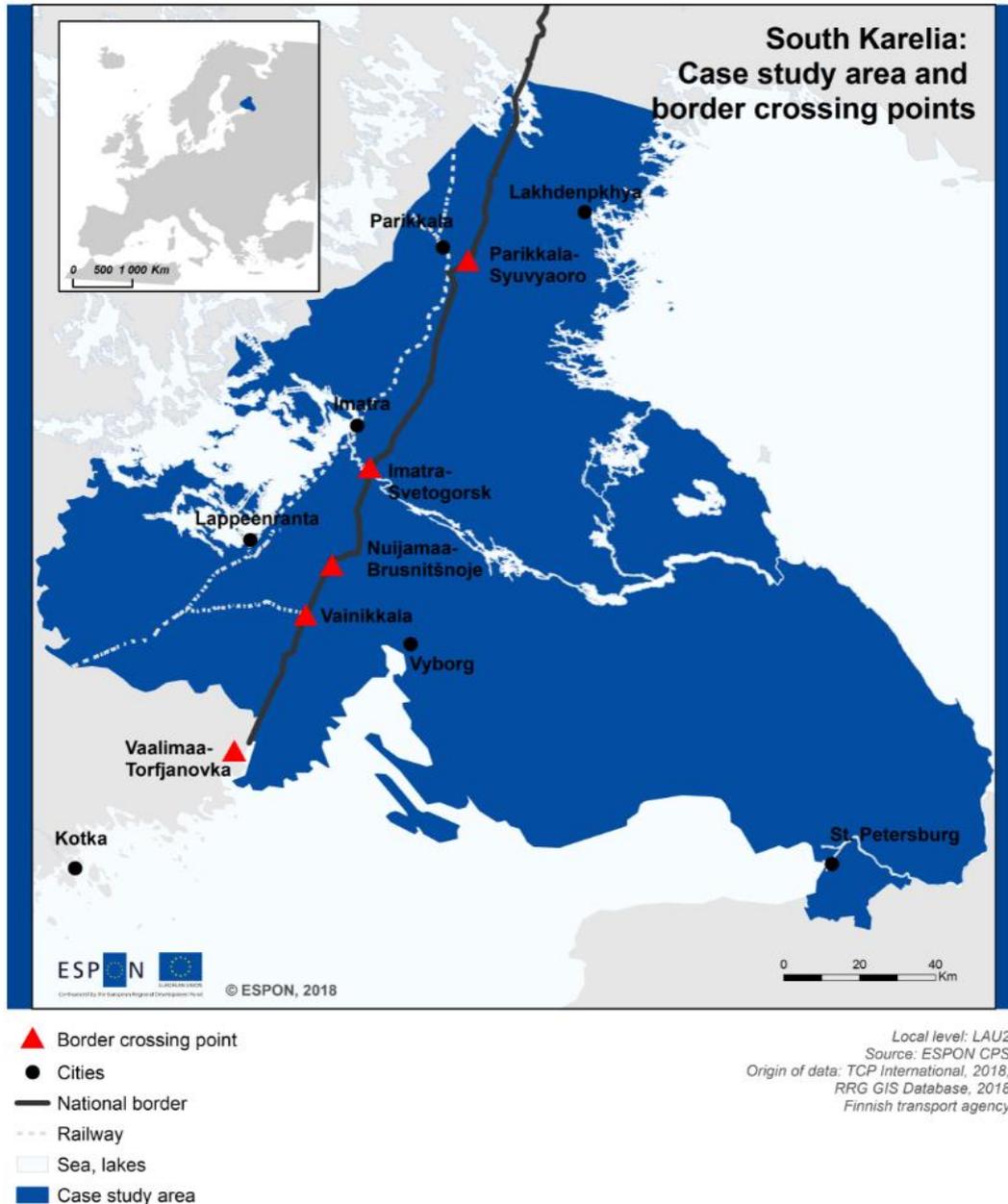
The main characteristics of the region with regards to the further development of cross-border public service in South Karelia are described in this section. As an external EU and non-visa free border region, the region confronts many challenges in cross-border cooperation not existing at internal EU borders. This frames the overall analysis of CPS in South Karelia. Apart from few examples of committed long-standing cross border cooperation, the concept of cross-border public services is not that acknowledged as a joint objective across the border. The physical border is still a major accessibility factor to and it is also one of the reasons to the fact that needs and interests differ considerably between both sides of the border.

These main characteristics of the border region and the multidimensional reality of the border in the case study area is discussed more in-depth in the following section. This is followed by an overview of existing CPS in South Karelia in section 3.2.

3.1 Characteristics of the border region

The Finnish region of South Karelia consists of nine municipal authorities and five border crossing check points to Russia. The region is also the easternmost area of European Union. It is an external EU border that requires visa for all passengers. South-Karelia's area is 6,873 square kilometres with 129,895 (2017) inhabitants (Regional Council, 2017).

Map 3-1 Geographical coverage of the case study area and the border crossing points



South Karelia is located in Finland along the external EU border. The Russian part of the case study area is defined based on the interviews with the case study experts during the case study work in 2018. This describes the most relevant area for CPS in this case study.² The

² This area consists partly of the Karelian Republic, Leningrad Oblast and St. Petersburg.

whole Finnish-Russian border has a length of 1,340 km with 11 border crossing points (BCP). South Karelia is one of the southernmost parts of this border line. Map 3-1 illustrates the geographical coverage of the case study area. The case study area has an external EU and Schengen border of approx. 120 kilometres. In the Finnish region of South Karelia are approx. 5,000 permanent inhabitants with foreign background of which more than 50 percent have roots in Russia (Regional Council, 2017). Despite the low number of permanent foreign inhabitants, there are approx. 4,000 daily shoppers and visitors from Russia to the two Finnish cities Lappeenranta and Imatra (Interview). In fact, Lappeenranta and Imatra are the leading cities in tax-free sales in Finland (Regional Council, 2017).

The administrative centre for the Finnish region is Lappeenranta city with over 70,000 inhabitants. Imatra, with over 27,000 inhabitants, is the second largest city of this region and an important centre for cross-border services and tourism. Besides, there are seven municipalities in the border area. Like in other Finnish regions, population is concentrated in these medium sized cities. The rural areas are sparsely populated and they are confronting negative demographic change. Parikkala municipality has confronted recently the biggest demographic decrease of the region and it is the only municipality where more people are living in the sparsely populated areas than in population centres (Regional Council, 2017).

Physical dimension and functional factors of the border region

More than nine million persons crossed the Finnish- Russian border in 2017. Over 50 percent of these passenger crossed the border in South Karelia. The traffic in Finnish borders was the busiest in 2013 with almost 13 million persons/travels (The Finnish Border Guard, 2017). The Ukrainian crisis and following EU sanctions to Russia and the severe devaluation of the rouble caused a reduction of traffic flows and transactions and rapidly decreased cross-border tourism on both sides of the border (Interview).

There are four check points at the Finnish-Russian border in South-Karelia. The fifth border crossing way is the Saimaa canal. Map 3-1 illustrates the BCPs in the case study area. Check point Nuijamaa – Brusnitšnoje functions as the automobile traffic link, Vainikkala crossing point functions as a passenger railway traffic link, Imatra- Svetogorsk as the automobile and cargo railway traffic link and Parikkala – Syuvyaoro as the automobile traffic link but it is not fully open for international traffic yet. In fact, Nuijamaa-Brusnitšnoje was the busiest border crossing point along the whole Finnish-Russian border in 2017 with 29 % of all cross-border travellers (The Finnish Border Guard, 2017). By train it takes approx. 1.5 hours to St. Petersburg (approx. 200 km distance). For the time being the check point in Parikkala (Finland) – Syuvyaoro (Russia) functions only with limited use, practically only the timber lorries with special permits. There has been some initiatives to open this BCP for international traffic, too. Saimaa canal is an important waterway that connects the biggest lake in Finland, Lake Saimaa, to the Finnish Gulf and the Baltic Sea. The canal lease treaty is a historical example of cooperation between the bordering countries. In 2010, the Finnish and Russian governments signed a new lease treaty for the canal and its service areas to continue

passenger traffic, icebreaking, pilotage and overnight stay for leisure. At regional level, South Karelia is one actor to maintain the functional usage of the canal. This also includes the maintenance of the canal road in both sides of the border. This is managed by the Southeast Finland's ELY centre (Economic, Development, Transport and the Environment).

Given these limitations South Karelia's external EU border can be considered as physical restriction for developing cross-border cooperation and CPS provision. Not least the limited number of border crossing points and visa requirements imply more closing than opening effects.

Territorial factors and economic dimensions of the border region

The Finnish region South Karelia is known for its short distances to the Russian region South Karelia including Leningrad region, Vyborg city, St. Petersburg and the region of Karelian republic. The vicinity of the Russian border is seen as benefit for the local economy of the Finnish region South Karelia. Many of the passengers and tourism, transit flows or logistics come also from neighbouring areas and especially from big cities like St. Petersburg and all the way from capitals and metropolitan areas of Moscow and Helsinki. Geographic location plays a crucial role for and the potential of the regional economy to grow by improving the services, especially for tourism.

South Karelia – together with its neighbouring region Kymenlaakso – is an important interface for interactions between Finland, the EU and Russia. The share of Russian EU visas issued by the Finnish Consulate in St. Petersburg is high (Scott and Nemeth, 2015). This indicates Russians' strong willingness to travel to Finland or to the Schengen area via Finland. By having the Finnish visa to the Schengen area, a Russian traveller must spend most of his/her travel time in Finland (Interview). This matter has also been acknowledged in South Karelia. The region tries to market itself as soft-landing platform for knowledge centres, for business oriented to Russia or for Russian businesses wanting to access international markets (Scott and Nemeth, 2015). A Finnish study estimates that Russians spent 345 million Euros in South Karelia in 2017 of which 189 million was used for products and goods and 30 million for services within South Karelia (TAK, 2017). This study is made by company called TAK research, which provides regional knowledge intensive business services, for instance annual statistics on cross-border tourism to South Karelia. In a region where gross domestic product (GDP) per capita was 36,521 euros in 2015 (Regional council, 2018)³, this kind of economic activity strongly impacts. In fact, shopping tourism from Russia to South Karelia was crucial for making it the second most popular travel destination in Finland in 2017. There were approximately 1.7 million tourists in South Karelia in 2017 of which 95 % were from Russia. According to the Finnish study, this means basically that every fifth foreign tourist coming to Finland has at least visited South Karelia during their stay in Finland. (TAK, 2017).

³ The national GDP per capita in Finland 2015 was Euro 38,248.

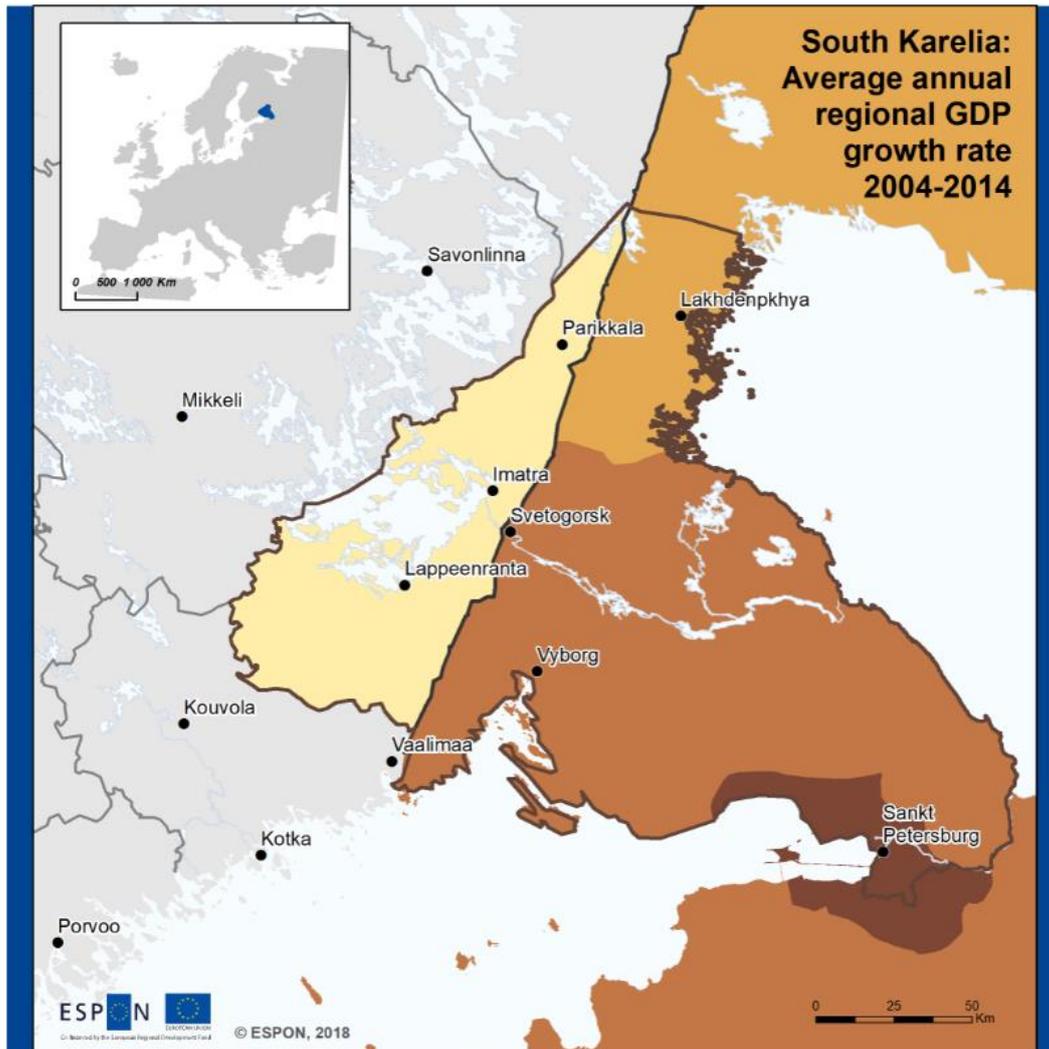
However, shopping tourism depends on exchange rate fluctuations with lowering the purchasing power for Russian travellers in Finland when the rouble is devaluated.

Rapid economic development in Russia and especially in St. Petersburg is seen as important regional development potential in South Karelia. Map 3-2 illustrates economic dynamics in the case study area by showing the average annual regional GDP growth rate 2004-2014 (OECD, 2018). The map shows that GDP growth is the strongest in the administrative division of St. Petersburg. It is worth noting, however, that Russian regional GDP refers to the total area of the Republic of Karelia and Leningrad oblast whereas this case study delineation includes only a small part of these larger regions. The higher GDP per capita growth rates in the Russian regions as compared to South Karelia indicate a possibly increasing market for Finnish products and services. ⁴

As a border region, South Karelia could promote and streamline its commercial and recreational services and increase the permeability of the EU external border. There are many good elements for stronger cross-border cooperation and CPS provision but because of external EU border characteristics, many of the services still require development of wider cross-border legal, administrative and financial frameworks.

⁴ For comparison, the absolute regional GDP (Millions USD, constant prices, constant PPP, base year 2010) in 2014 in the Finnish region South Karelia was 4963,07, 8192,31 in the Republic of Karelia, 31507,3 in the Leningrad Oblast and 117035 in the Federal city of St. Petersburg. (OECD, 2018)

Map 3-2 Average annual growth rate of regional GDP in the case study area



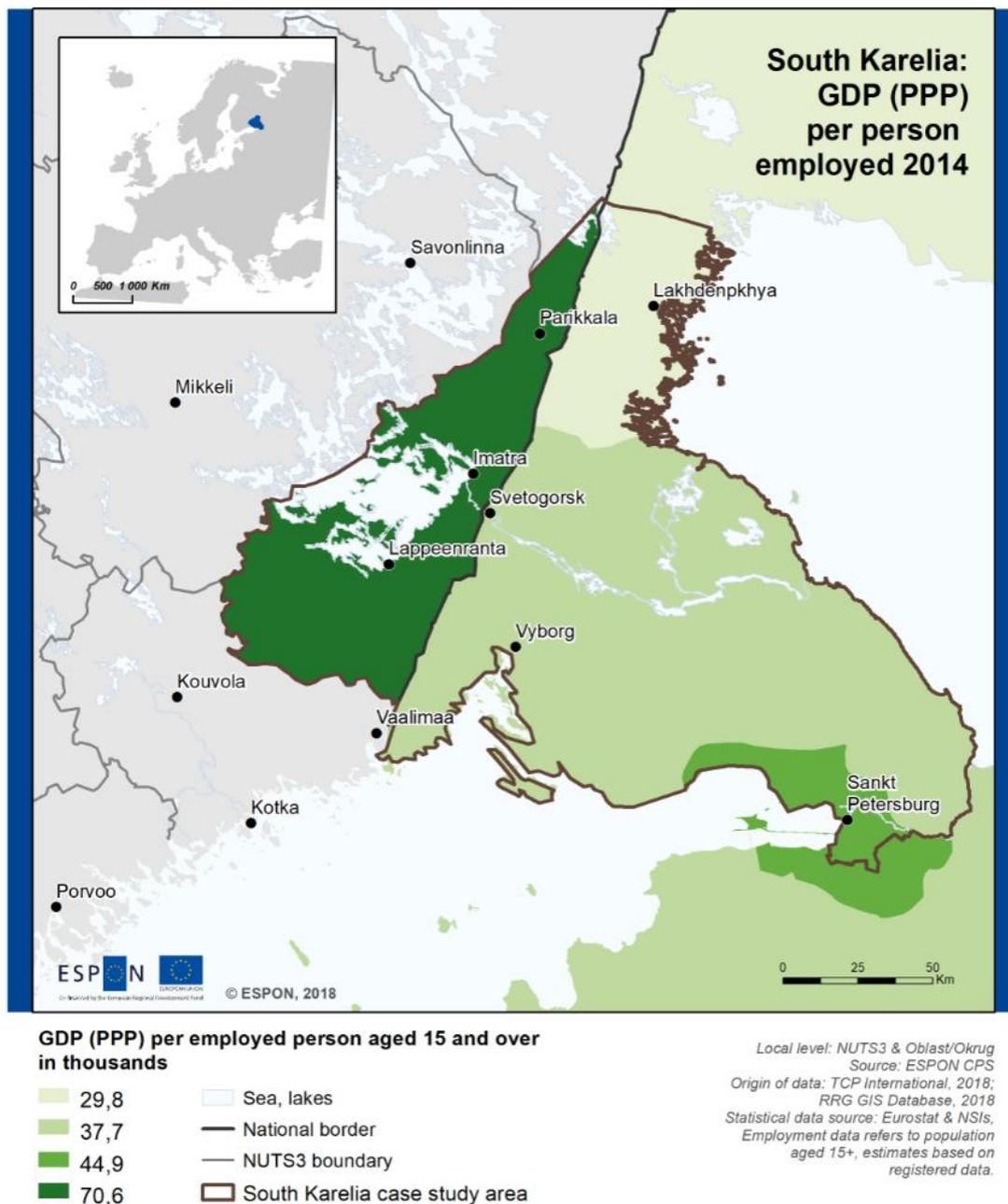
Average annual growth rate for GDP on regional level

- 0,9 %
- 1,5 %
- 3,5 %
- 4,9 %
- Sea, lakes
- National border
- NUTS3 boundary
- South Karelia case study area

Local level: NUTS3 & Oblast/Okrug
 Source: ESPON CPS
 Origin of data: TCP International, 2018;
 RRG GIS Database, 2018
 OECD, Regional GDP
 Millions USD, constant prices,
 constant PPP, base year 2010

Despite the fast economic growth in South Karelia's neighbouring regions in Russia, the economic discontinuities and the physical restrictions of crossing the border are still seen as key obstacles for setting up new CPS (Interview). Map 3-3 illustrates the regional GDP (in purchasing power parity) per employed person in 2014 in the case study area and highlights the distinct disparities between the Finnish and the Russian side of the case study area. It can be concluded that despite the fast economic growth in Russia, the GDP per employed person is still much lower and therefore Russian's regional economic development is still notably lower than in Finnish side of the border, which limits the overall demand for Finnish services.

Map 3-3 Regional gross domestic product per person employed in 2014



Legal and administrative factors and political dimension of the border region

Generally, cross-border cooperation in South Karelia and current Finnish-Russian relations are characterised by pragmatism. Historical developments (for example second world war) may have burdened the development of cross-border co-operation. However, geopolitical conditions and recent international political tension with Russia imply again closing effects and limit the effects of pragmatic cross-border cooperation (Scott and Nemeth, 2015). Many recent cross-border cooperation actions clearly aim at improving cross-border transport. Especially because of visa obligations and language barriers it is important to enhance border crossing check points and traffic connections. These help the regional economy to strengthen and to support business activities on both sides of the border.

Improved and efficient border crossing points are also well acknowledged as a prerequisite to better and more extensively provide cross-border public services (interview). The South Karelian regional operational programme 2018-2021 identifies the further development of the cross-border region as one of its key development goals (Regional Council, 2017). Cross-border economic and social activity, the development of cross-border infrastructure, common environmental protection, health and security issues and good mobility of passengers, goods and capitals are important elements of both, the regional operational programme and the South-East Finland - Russia CBC programme 2014-2020. These two programmes advocate each other's goals. The Regional Council of South Karelia is allocating the resources to regional and local CBC projects.

The South-East Finland – Russia CBC 2014-2020 programme is one of three programmes implemented at the border regions between Finland and Russia under the European Neighbourhood Instrument (ENI). South Karelia together with Leningrad and St. Petersburg regions are one of the core regions eligible for the programmes' objectives and funding. A well-connected region and more precisely the promotion of border management and border security are among the priorities within the current programming period 2014-2020. The programme is aiming to “contribute to economic and social development, to mitigate common challenges and to promote mobility among actors of regional relevance to further improve cross-border cooperation and sustainable prerequisites of the programme area.”(CBC 2014-2020 South-East Finland – Russia, Joint Operational Programme, p.34) The programme is supporting cooperation projects working for a more innovative and more accessible regions, where partners look for joint solutions to common mobility issues. In addition to the thematic objectives of well-connected regions, the other thematic areas are SME development, support for education, research, technological development and innovation as well as environmental protection, climate change mitigation and disasters prevention and management.

The total funding frame of the programme is 72,3 million euros of which the EU co-financing is 50% and the other half is equally covered by the state co-financing from Finland and Russia. However, due to administrative challenges in Russia the programme has not yet been ratified. The decisions for project funding has been published from two consecutive programme

rounds but the actual project contract for the implementation of these project is still waiting the final subscription. (Interview) The delay in actual implementation of the CBC programme does not only indicate administrative hurdles but shows also the limitations in terms of available funding to enhance cross-border cooperation and thereby to develop CPS.

Some of the projects accepted to be within the CBC programme 2014-2020 include cooperation development projects like cultural cooperation, whereas some projects are larger infrastructure or investment initiatives to provide border crossing equipment that improve the smoothly moving border crossing traffic, e.g. new border checkpoints, border crossing projects for security or new bicycle route across the border. They are targeted to improve mobility and to enhance the facilitation of international visits and business activity. However, the share of the EU contribution allocated to such large infrastructure projects may not exceed 30 %.

Last programming period aimed to promote the case study area as an integrated economic zone and a centre for transportation and logistics to strengthen its competitiveness and attractiveness for investors. In consequence, large scale investments for projects like the development of the Imatra – Svetogorsk international rail and automobile border crossing point with the budget of 31.4 million Euros were funded (Oxford research, 2016). These investments aimed at developing the infrastructure required for developing cross-border services – public and private.

South Karelia is one of the adjoining regions of the Karelia CBC programme. Together with some core regions South Karelia is eligible to participate in the programme implementation where it is required by the nature and by the objectives of the project and is necessary for its effective implementation. In this case, partners participating in projects from adjoining regions are expected to bring an expertise or know-how that is not available in the core area as such. The programme objectives are very similar to the South-East Finland – Russia CBC 2014-2020 programme. The total funding frame of the programme is 43 million Euros and funding and co-funding ratios are the same as in the South-East Finland – Russia CBC programme.

Despite these commonalities of CBC programmes and the agreement on mutual objectives, the institutions and administrative procedures differ between the two sides of the border. Mutual projects and actions have to be supported in different ways and according to country specific routines. Especially after the regional administrative reform in Russia 2006 local governments handed many of their public services over to regional (oblast) level. This resulted in diminishing cooperation at least between twin cities Imatra and Svetogorsk (Interview), which creates further closing effects due to administrative barriers. Bridging these differences requires sometimes situation-sensitive solutions, that take into account the specific characteristics and conditions of the case study region (Scott and Nemeth, 2015).

Cultural and language factors affecting cross-border interaction

In general, there are not so many persons who would have a good command of both languages, Finnish and Russian. Often, Finnish people do not speak Russian neither Russians speak Finnish. Despite of close cooperation between schools, exchange and mobility of students, teachers and professors and many joint cultural projects, there exist high language barriers and cultural differences. The Finnish culture and the Russian culture are often seem to be not too similar which may also cause additional challenges. After 2013 incidents in Ukraine and increase of macro-political volatility with Russia, also the number of students with an interest to study Russian has dropped dramatically in the region in the last few years (interview).

3.2 Existing CPS in the region

With a less restrictive application of criteria for identifying CPS at this EU external border as compared to EU internal borders, a total of 15 cross-border public services were identified for the South Karelian case study area (see Map 3-3). These services are related to various policy fields including e.g. transport, economic development, tourism and culture, education and training as well as civil protection (see Map 3-4 and Table 3-1), The following describes briefly these CPS and their main characteristics.

In the field of transport several CPS provide train, bus and ferry connections. The train is the fastest way to cross the border with a travel time decrease between Helsinki and St. Petersburg by two hours since December 2010. The travel time within the case study area between Vainikkala and Vyborg is approx.. 30 minutes. The launch of the 'Allegro' train with three and half hours travel time improved accessibility of these border regions as compared to the six to eight hours required by car or bus depending on the traffic situation at the border crossing points. Special arrangements for passport controls while the train is leaving allowed for travel time reductions. Today Finnish authorities carry out their border and passport control between Kouvola and Vainikkala and Russian authorities do so between Vyborg and St. Petersburg with Russian authorities. The bus between Lappeenranta and Vyborg takes approx. 3,5 hours depending on the time crossing the border.

One of the latest CPS developed in the region is connected to communication services in the field of transport. The city of Imatra released recently an open access mobile application which aims to streamline cross-border traffic with up to date information of transit times and queues at border crossing points. According to the Schengen border agreement, queueing number system are not allowed for private cars. Instead of applying a queueing system the city of Imatra created an information service that helps travellers to estimate the best time to cross the border. This system is not connected with the border authorities but based on crowdsourcing data from private cars and collected by the service providers. Another related CPS is a courier service mainly for companies and regional business operating already since 1991.

Universities with joint curriculum and exchange and mobility programmes as well as the Finnish-Russian school of Eastern Finland are the most established education and training services in the case study area. Universities' cooperation of Lappeenranta university of Technology, St. Petersburg State University Graduate School of Management (GSOM SPbU) and Plekhanov Russian University of Economics (REA) was driven by high interest from students. Bilingual education for pre-school and upper secondary school pupils is an important backbone for cross-border cultural education. However, cultural education and social support is also given by a specific the service of "cultural interpreters". The service is targeted to support wellbeing and integration of Russian and Finnish Russian families as well as social and educational workers, developing a good practices. Its activities combine language interpretation, emotional support, and guidance. (Interview)

The region has a variety of CPS in the field of economic development, tourism and culture with different foci and target groups. These include a cooperation of museums with regular joint exhibitions, a digital tourist information portal for travellers on both sides of the border and other information services about recreational services, as well as information about rights to roam (for anybody) in Finland and boat safety on inland waterways. There are also public service elements in private travel agencies, which play a crucial role for travellers to get their visas and to provide them with the necessary information for visa applications.

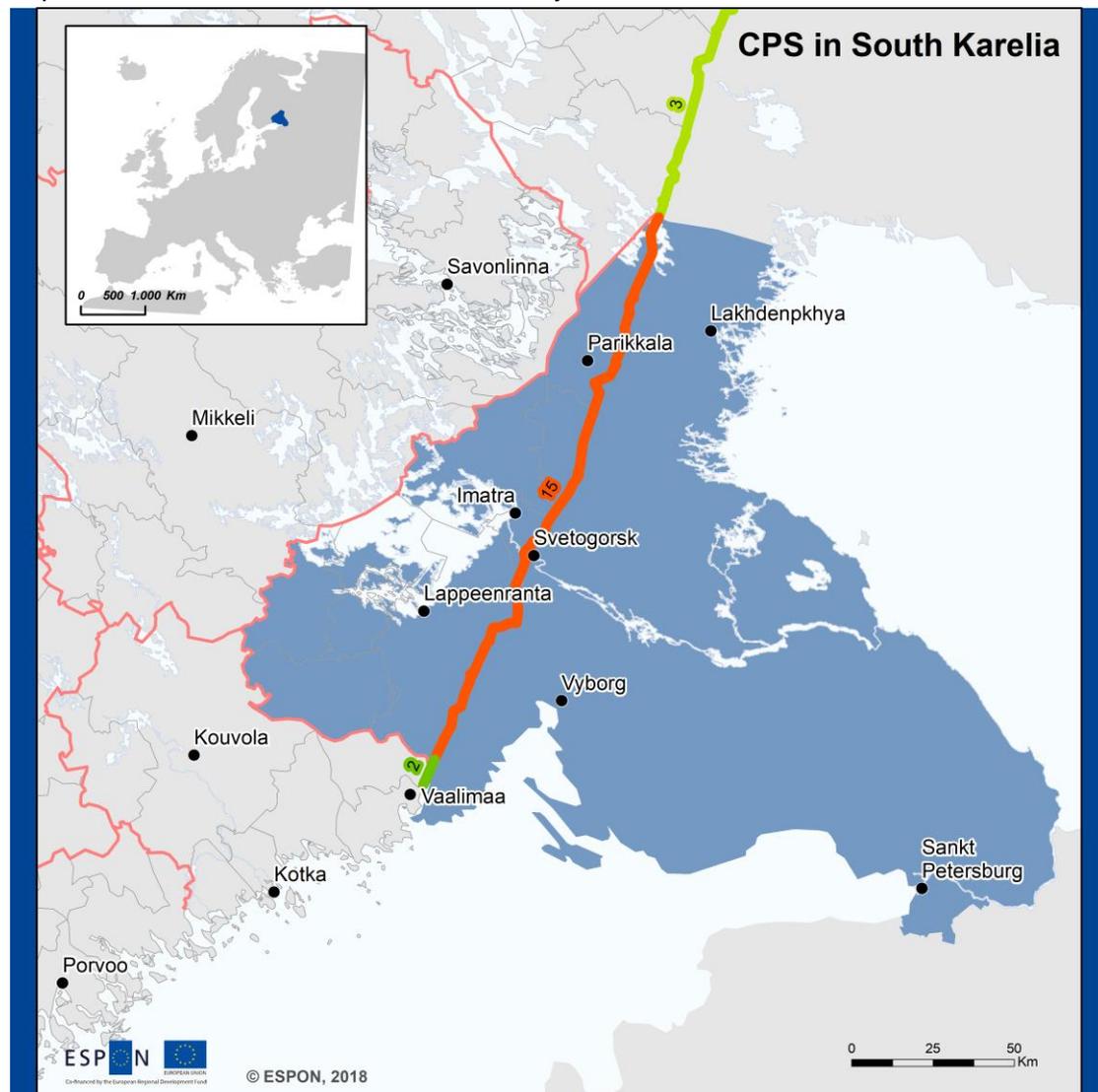
The Finnish employment agency with a permanent Russian speaking customer service helps regional employers and employees to navigate in the local labour market. This service addresses in particular the considerable number of Russian inhabitants in the Finnish region South Karelia.

The Finnish-Russian Transboundary Water Commission, established in 1964 was one of the first cross-border public services in the case study area and one of the first in the field of joint water protection and management in whole Europe. The transboundary water commission coordinates and steers the local actors and civil servants responsible for the water protection and management actions in the region. Another environmental protection and natural resource management related service is the joint air quality measurement between the cities of Imatra (Finland) and Svetogorsk (Russia). This service originates from the twin city cooperation between these two border cities and its industry base to pulp and paper.

Finally, civil protection and disaster management actions providing rescue assistance on both sides of the border complement CPS activities in South Karelia. First joint rescue CPS were established in 1962 when Finland and Russia signed the first lease treaty for Saimaa Canal. According to the treaty Russian authorities are responsible for road emergencies in the surroundings of Saimaa Canal and Finnish authorities are responsible for acting in case of waterway emergencies. In addition, to the responsibility in case of emergencies the treaty also defines responsibilities regarding the required infrastructure maintenance. The regional stakeholders from Finland have recently requested Russia to repair the road surrounded by the canal. Since the connecting road in the surroundings of Saimaa Canal links to the busiest

border crossing point in the area regional Finnish stakeholders have recently requested repair and maintenance work for the road by Russian authorities. In 1994, the original treaty was complemented by a broader agreement of joint rescue assistance in case of and prevention of catastrophes, big accidents and forest fires. Although the agreement is not legally binding actual cooperation in case of challenging incidents is taking place and fire stations and rescue services have regular meetings, joint exercises and education for fire fighters. The service covers a larger area than the case study area, including South Karelia, Kymenlaakso and North Karelia in Finland and Leningrad oblast and Karelia republic in Russia. (Interview)

Map 3-4 Number of CPS in South Karelia case study area



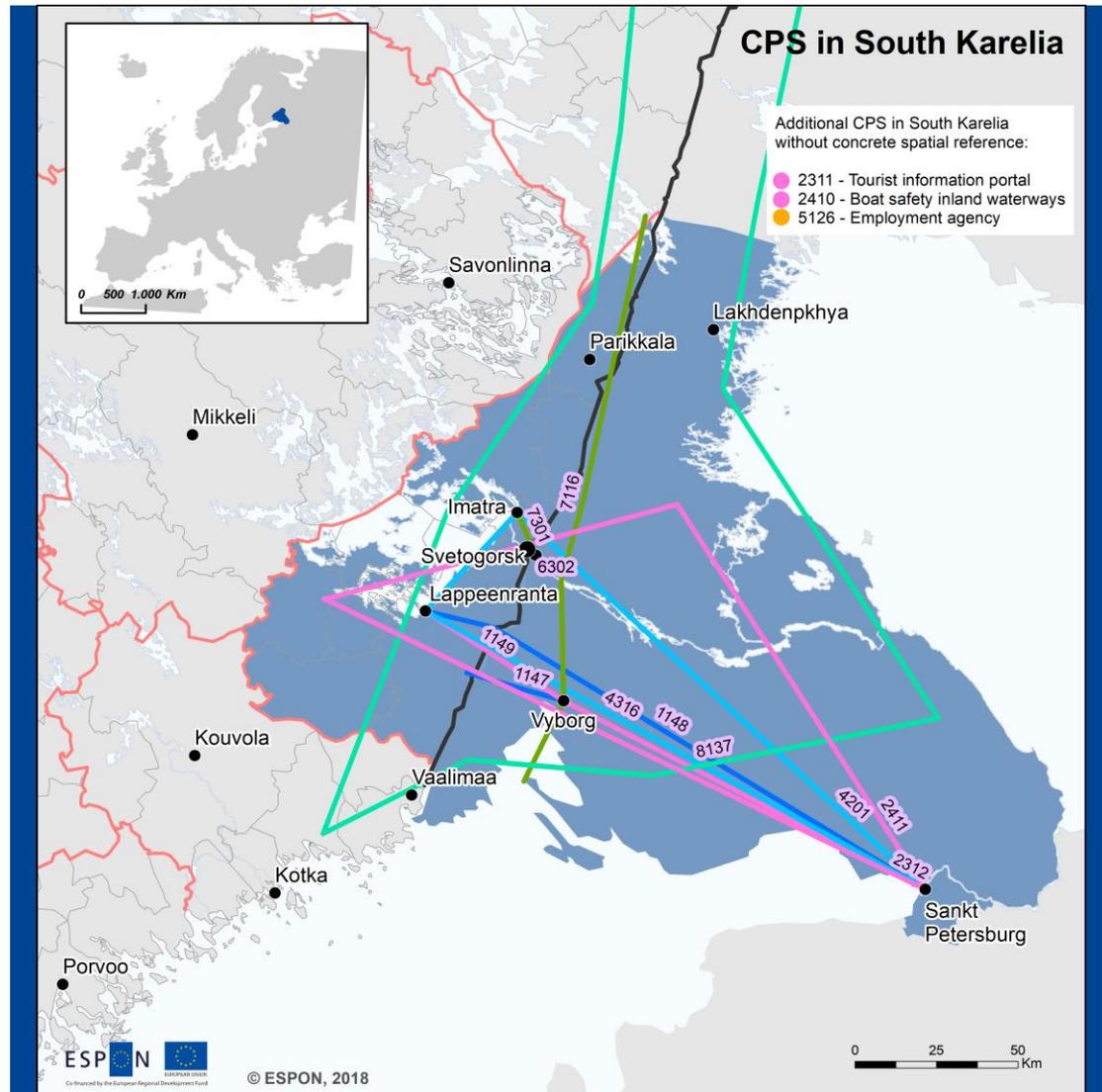
Number of CPS per border segment

- no CPS
 - 1 - 2
 - 3 - 5
 - 6 - 7
 - 8 - 10
 - 11 - 15
 - 16 - 23
- Case study area
 - NUTS3 boundary
 - LAU-2 units
 - Sea, lakes

Local level: LAU2
 Source: ESPON CPS
 Origin of data: TCP International, 2018;
 RRG GIS Database, 2018

Many of these service's establishment process, especially the most recent development has been funded by the European Structural and Investment Funds (ESIF). CBC programmes, are part of the ESIF but also include co-funding by the states Finland and Russia. Map 3-5 illustrates all of these cross-border public services by policy areas. Table 3-1 lists these cross-border public services with short descriptions.

Map 3-5 CPS by policy areas in South Karelia



Themes / fields of application of CPS services

- Citizenship, justice and public security
 - Civil protection and disaster management
 - Communication, broadband and information society
 - Education and training
 - Environment protection
 - Healthcare and social inclusion
 - Labour market and employment
 - Spatial planning, tourism and culture
 - Transport
- Case study area
 - National border
 - NUTS3 boundary
 - LAU-2 units
 - Sea, lakes

Local level: LAU2
 Source: ESPON CPS
 Origin of data: TCP International, 2018;
 RRG GIS Database, 2018

Table 3-1 Cross-border Public Services in South Karelia

#	Map	Name	Theme	Year	Target group	Description
1	1147	Fast train connection (Allegro)	Transport	2010	Public transport users	Connections between Helsinki-St. Petersburg four times a day to both directions. (additional stops in case study region in Vainikkala & Vyborg)
2	1148	Co-operative bus connections between Lappeenranta, Imatra, Vyborg and St.Petersburg.	Transport	1993	Public transport users	Three separate routes every day
3	1149	Ferry connection between Lappeenranta and Vyborg through inland waters (Saimaa Canal and Gulf of Finland)	Transport	1998	Public transport users and tourists	Inland waterway connection in the case study area without visa requirement for any tourists
4	1301	Cross-border traffic fluency / Digital border crossing mobile application	Transport	2017	Residents	Mobile application for car passengers with accurate information on transit times and queues at the border.
5	2311	Regional tourist information portal in Finnish and Russian / www.gosaimaa.com & digital tourism info network	Spatial planning, economic development, tourism and culture	2010	Residents and tourists	Online and printed targeted information.
6	2312	Co-operation between South Karelian, St. Petersburg and Vyborg-museums	Spatial planning, economic development, tourism and culture	2003	Tourists	Regular shared exhibitions, pedagogical exchange, shared workshops and seminars along with joint research projects.
7	2410	Information of recreation rights and instructions for right to roam and boat safety on inland waterways	Spatial planning, economic development, tourism and culture	2012	Residents and tourists	Online and printed targeted information.
8	2411	Travel agencies and visa services - CPS elements carried out by private companies	Spatial planning, economic development, tourism and culture	2003	Residents and tourists	Provide information for travellers from both sides of the border and for their visa application process.
9	4201	Finnish-Russian school	Education and	1997	Pupils	Pre-school & upper secondary school education,

			training			morning and afternoon activities for children, basic education (a joint comprehensive school with grades 1-9)
10	4316	Cooperation between universities and recognition of degrees	Education and training	2006	Students and researchers	Joint curriculum with focus on master and doctoral levels of double degrees.
11	5126	Finnish employment agency with permanent Russian speaking service	Labour market and employment	-9999	Employers and jobseekers	Agency is located in the city of Lappeenranta.
12	6303	Courier services and transportation	Communication, broadcasting and information society	1991	Residents and companies	Fast deliveries to both sides of the border
13	7116	Finnish-Russian Transboundary Water Commission	Environmental protection, natural resources management and climate change action	1964	Public authorities, NGOs	Water protection and management: The joint commission is working to plan utilisation of frontier waters and instruct the use of the transboundary rivers and lakes.
14	7301	Air quality measurements	Environmental protection, natural resources management and climate change action	1980	International paper and pulp factory in Svetogorsk	Finnish civil servants conduct the measurement on the both side of the border
15	8137	Rescue and firefighting assistance on both sides of the border	Civil protection and disaster management	1962	Residents and rescue authorities	Joint rescue assistance in case of and prevention of catastrophes, big accidents and forest fires.

4 Cross-border public services provided in the region

From the above overview of existing CPS in the region, the following two CPS have been identified together with the stakeholders for a further in-depth analysis:

CPS 1: "Mobile e-Border" digital application in support of traffic fluency

CPS 2: Digital information services for tourism and border crossing

Both services have been considered to be particularly interesting for an in-depth analysis that can prepare future CPS development. The following sections provide detailed insights into the framework conditions of the provision of these CPS. They highlight what needs are addressed and how CPS provision is organised, respectively.

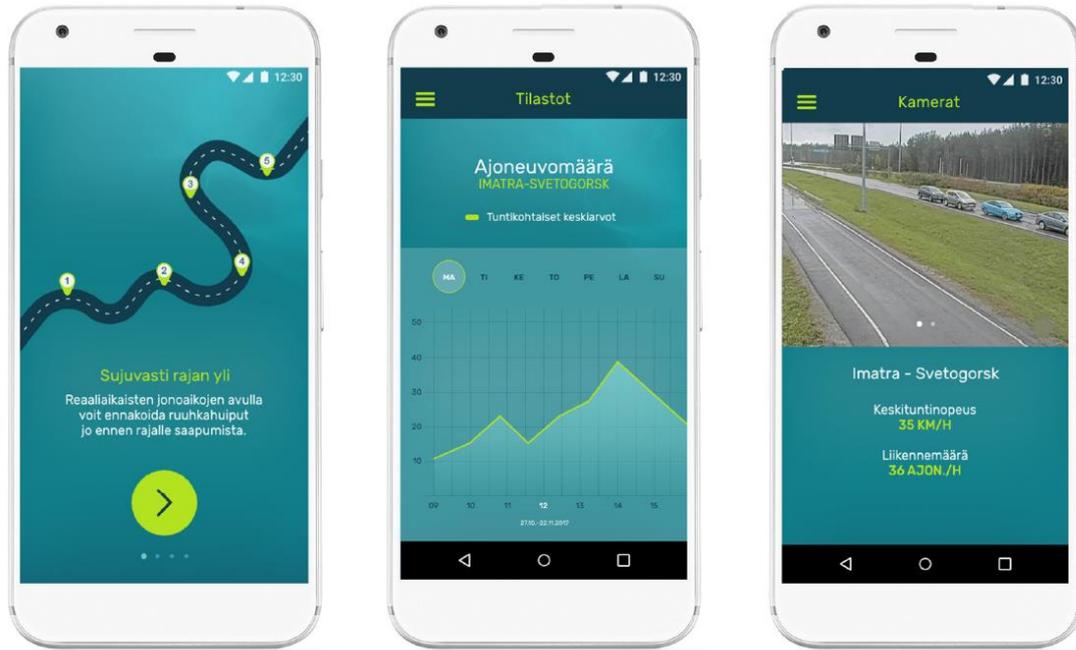
4.1 "Mobile e-Border" digital application

The mobile border crossing application for traffic fluency of the Imatra – Svetogorsk border crossing point (BCP) is a good example of a modern, digital and multifunctional public service that contributes to CBC and regional objectives to improve traffic fluency across the border. It is targeted to facilitate the border crossing by providing accurate information of border transit times. Because of its multifunctional possibilities and its recent development many different actors are interested in this application. It is mainly targeted to passengers from both sides of the border but its development can also serve different authorities working on border issues. This includes border guards, customs or national travel agencies as well as private actors such as insurance companies or companies that want to promote their services to international travellers.

The system of this mobile application sends online information about the waiting time and time required to pass the individual controls of Finnish and Russian border guards so that passengers can plan their travel time more accurately. Simultaneously this contributes to reducing traffic congestion. Passengers need to register to the application to see and share the information. Users are encouraged to share their location and travel time data with small commercial incentives. These incentives are meant to assure travellers willingness to continue sharing their information through the mobile application.

The first beta version of the service was published and promoted in social media in February 2017 for the BCP of Imatra – Svetogorsk. The CPS is meant to become commercial during the summer 2018 after the successful pilot testing. Figure 4-1 illustrates the mobile application which consists of schematic presentations and photo snapshots of the actual situation at the border.

Figure 4-1 Mobile application for border crossing



4.1.1 Application of Schengen external border requirements

The innovation and the development of this service was initiated by the data management staff (DigiLab) of the city of Imatra. During the last European Neighbouring and Partnership Instrument (ENPI) programming period large investments at the Imatra – Svetogorsk BCP supported its development towards an efficient border crossing. This digital innovation was a natural continuation of the infrastructure investments for optimising the BCP's capacity by easily accessible and transparent information.

Not only bureaucracy and challenges at the external EU border but a stricter border regime and regulations on cross-national cooperation of public sectors stimulated voluntary work on this issue. The service is provided by the city of Imatra together with a private partner from Russia. They are also the owners of the data that enables the provision of this service. Data of EU travellers and cars (e.g. pictures, register numbers or travel time) are saved in Finland and data of Russian travellers are saved in Russia by the two involved partners, in order to comply with data security requirements of both countries.

The application functions independently without active intervention by any other public authority, although the city of Imatra has possibly contributed to the development of the product. From the beginning open information, voluntariness and crowdsourcing were the basic principles for the service providers to develop this CPS. The application was built on the existing legal framework and therefore its establishment process did not need any legal adjustments. Negotiations with various authorities were however needed to clarify coherence of the system with Schengen requirements.

In general, the state and the state-owned companies are responsible for investments and maintenance of the national border crossing points. The main actors working at and with the

BCPs are the Finnish Transport Agency, the regional centres for economic development, transport and the environment (ELY-centre), border guards, customs and Senate Properties. The transport agency is mainly responsible for road maintenance and traffic flows across BCPs. They are also overseeing the Schengen agreement related to traffic issues. According to the Schengen border agreement, no queuing system is allowed for private cars at external Schengen borders. For trucks and large vehicles this kind of queuing system is applied at Vaalimaa BCP. In order to establish a mobile service on border crossings, these authorities had to understand the actual functions and potential benefits of the CPS. The application does not function as a queuing number system, which needed to be emphasised during negotiations.

In addition, the service providers needed permission from border authorities for installing cameras and WLAN networks at the border. Even though the mobile application is meant to function as a commercial service border authorities were following its development with interest and therefore they were willing to cooperate.

Using a small and agile task force and good working relations to local authorities, these emerging problems were solved quickly. Besides, a legal investigation was made by an external lawyer to secure users' and partners' privacy. In addition, a legal privacy statement and terms of conditions were included to the beta version of the mobile application. At the moment the service providers and the Regional Council of South Karelia are negotiating for similar decisions and permissions at Nuijamaa BCP and establishing this CPS at other Finnish-Russian BCPs is envisaged.

4.1.2 A system interface infrastructure providing border specific information

Provision of this CPS is based on a system interface infrastructure because of its aims at alleviating an existing cross-border information asymmetry. The CPS is an IT-based mobile application with practical information on accurate travel and waiting time at the BCP.

At the beginning of 2016, the Regional Council of South Karelia launched a call under the national theme of "Regional Innovation and Experimenting" (In Finnish AIKO funds). This funding toolkit was announced in 2015 by the Ministry of Economic Affairs and Employment for regional councils to support innovations of their regions. The Regional Council of South Karelia approved the proposal for the mobile application for to be funded under this theme. Service providers' main idea from the beginning was to experiment novel and agile methods of facilitating the border crossing traffic. Possible economic failure costs to this innovation were very low.

The first AIKO funding from the regional council was 53,000 Euros and it enabled the service providers to create the beta version of the application during 2017 and to test it at the beginning of 2018. Later this funding was complemented by 200,000 Euros ERDF funding from the regional council. With this funding the beta version was tested for its stability and reliability. During this testing, the service providers also built the capability to handle and

analyse the information from thousands of travellers. Because of the successful beta version also the neighbouring city of Lappeenranta and their Nuijamaa BCP showed their interest and wanted to start cooperation related to this CPS.

4.1.3 Private travellers can optimise their travel plans

Despite previously already available detailed and high quality data on cross-border traffic fluency from the individual country's perspectives the application addresses needs on both sides of the border. The new application enabled harmonisation of traffic information and its use through one channel that shows the total travel time required to pass Finnish and Russian border guards and custom controls. By developing and extending this service and the information provided by the application, travellers and border authorities can estimate the BCP's actual capacity at each moment. Therefore, travellers who are using this application can optimise their travel time by choosing the best time to approaching the border. One of the future objectives is to extend this service to all automobile BCPs in South Karelia so that travellers could even optimise the selection of the route and BCP for crossing the border. At the moment, average border crossing time to both directions is approximately one hour in Nuijamaa BCP, 20 min in Imatra – Svetogorsk BCP, and 15 minutes in Vaalimaa BCP (Interview).

The mobile application provides a promotion opportunity for South Karelia's companies to offer their services and goods to Russian travellers. Further developments of the application could be used e.g. by the regional council to inform Russian travellers about public services in South Karelia.

So far approx. 1,800 users have downloaded the application. About 52 % of these users were from Finland and 42 % from Russia. 6 % of the users were from other European countries, like Estonia, Belorussia, Germany, Czech Republic and Ukraine. At the moment, there are approx. 500 users per month and 250 single app uses per day. The service is rather new so there are many potential users who have not adopted this service yet. After commercialising, extending the CPS to a busier BCP and including more technical features, it is very likely that more potential users will sign up.

4.1.4 Public-private partnership of Finnish and Russian actors delivers the CPS

The deliver model of the service is a networking model in which Finnish actors take the leading role but the Russian actors work in close cooperation by providing the relevant data from the Russian side.

The service is developed with the above mentioned funding. In the longer run, the funding for maintaining the service is expected to come from private companies who are willing to promote their services and gain visibility through the application.

The blocking factors that have delayed the current delivery included challenges in negotiations especially in building up the common understanding between the Finnish and the

Russian counterparts. Also the constant change of relevant contact persons in the negotiations has seen as delaying factor.

Moreover, it should be noted that immigration Agencies and customs require certain documents from travellers to cross the external EU border. In addition, Russian travellers are required to have and show a certain certificate of EU valid vehicle insurance to enter the EU territory by car. The application allows Russian car drivers to buy the required vehicle insurances. This possibility however, is not well acknowledged by the travellers yet. One year is the shortest duration passengers can buy such insurance from Russia. The CPS offers shorter insurance contracts with lower cost. Lower costs, digital format of the insurance certificates and the baseline database included in the application can facilitate border guards to identify potential frauds more easily.

4.1.5 Conclusions

This service is unique at the external borders of the Schengen area with strict border regimes. The CPS shows how existing open access digital information can be utilised for the benefit of the public and to support both public service providers and travellers at the international border. The effective establishment process of the CPS is based on the successful technological development and trustful cooperation between service providers and regional authorities.

The example furthermore illustrates how crowdsourcing data can be created and utilised at external EU borders. Crowdsourcing of voluntarily collected data from travellers, enables the fact that this service could be developed and provided with low costs at any external EU border. With the mobile application, information can be accessed easily. With the collected data, the service providers can anticipate when is the busiest time for border crossing passengers. This is very valuable for both passengers and border authorities to optimise BCP's capacity.

The application is developed in such a way that it enables sharing of digital documents, like vehicle's documents or travel declaration, with border the authorities. From the beginning, the idea was to include these documents digitally in the mobile application. This would have been a very positive factor to increase the traffic flow at the BCPs. However this was not succeed in the first pilot phase of the service development. With the electronic documents the risk of forgery for border crossing documents would be reduced, as the data for instance for vehicle insurances would be secured directly from the insurance companies' servers. However, more negotiations with inter alia Russian border guards and national travel agencies, patience and hard work is still needed to establish all of these features. One positive step towards this development has been that the Svetogorsk customs have changed to use the automatic printing method for reading the passport and visa certificates.

4.2 Digital information services for tourism and border crossing

This chapter describes information services that are provided for cross-border travellers and tourists in the Finnish region South Karelia. Digital information services are provided through a joint regional marketing and tourist information platform. The focus in this section is on the regional tourist information portal. This is complemented by other information services, like services to international second home owners, that could be integrated in an extended digital platform to promote South Karelian's tourism and provide better access to regional services.

The regional joint marketing and tourist information platform was established in cooperation with South Karelia's cities and municipalities and with a confederation of regional businesses in 2010. It is sharing information in four languages but Russian speaking travellers are acknowledged as the main target group. The service provider has partners in Russia with whom it has regular monthly meetings. The service is carried out by a private company "GoSaimaa Oy" whose mission is to share regional information and promote South Karelia's tourism by marketing a wide range of tourism related services provided in the region.

4.2.1 Information service provision through a mandate for a non-profit organisation

GoSaimaa Oy functions as non-profit organisation with a public mandate. It works in cooperation with approximately 50 different service providers which are both marketing and tourism companies from both sides of the border. GoSaimaa Oy coordinates the regional tourism promotion work by engaging a regional network, negotiating and finding competitive subcontractors. It is actively cooperating with tour operators, organising different regional events like travel fairs and participating in different meetings with regional stakeholders. All work is based on joint funding from the regional council, cities and the region's business confederation that is targeted to develop and promote regional tourism sector.

At the moment, GoSaimaa Oy is coordinating, inter alia, the ERDF funded project "Lake Saimaa Purest Finland" that is running for three years. The project's main objective is to implement the region's tourism strategy by facilitating the growth of the international tourism sector. The tourism strategy has been developed jointly by the cities, regional development companies and the regional council. In practise, the implementation of the strategy focuses on practical business cooperation in the Lake Saimaa region. GoSaimaa Oy aims to increase the dialogue between local tourism service providers and to emphasise the importance of different actors and stakeholders by creating business oriented and pragmatic cooperation. The focus is on developing a networking model to translate the region's tourism strategy into more consistent regional cooperation.

One key product of the project is an improved joint webpage of the different service providers with a distinct Lake Saimaa brand and customer oriented information and services. At the moment, there is an ongoing discussion to extend the content of the GoSaimaa Oy platform by taking into account different needs from regional service providers and this way promote regional services more systematically.

A system interface infrastructure for tourists The CPS is based on a system interface infrastructure. Especially the ongoing project is aiming at alleviating an existing cross-border information asymmetry related to tourism and its marketing across the border.

Besides coordinating this project, GoSaimaa Oy's main activity is already focused on maintaining online channels, like the webpage and social media and setting up and coordinating the regional network for marketing and tourism services.

The service targets consumers and tour operators in the cross-border region. The main target group includes individual business and private travellers from Finland and Russia, but also other international tourist groups with interested in the Finnish region South Karelia. The service provides digital services and conventional face to face customer services in cooperation with local cities. Local tourist offices provide information and assistance services by using marketing material prepared by GoSaimaa Oy for their needs. The service and its development have been co-funded by CBC programmes and national ERDF funding, since it supports overall regional economic development objectives.

70 % of the GoSaimaa Oy's webpage activity and 95 % of South Karelia's tourism is linked with Russia. Citizens from Leningrad Oblast and St. Petersburg have been the main target and both regions act as close partners in the tourism promotion. GoSaimaa Oy together with other regional service providers have regular meetings with these Russian authorities to inform regional journalists in Russia about ongoing events and tourism possibilities on both side of the border. The corresponding actors in Russia are the Committee for tourism development of St. Petersburg and the St. Petersburg's travel information portal. They have had also common projects to develop joint marketing services within the whole case study area. Cross-border cooperation and service provision within the tourism sector shall be further enhanced upon the CBC ENI programme's ratification by the Russian Duma.

4.2.2 Current needs for digital services to foreign second home owners and tourists

There is current need to develop accessibility and awareness of services provided for international second home owners and tourists. In practise, this means for instance digital services related to public transport or summer housing or simply more systematic share of information provided by different kind of stakeholders. Some of such services has already been started but developing and creating awareness about them needs further work. Since GoSaimaa is a non-profit company, their current challenge is sometimes to find potential private companies who would be willing to sell such services. At some cases finding suitable actor for this purpose has been challenging for the company which is promoting regions touristic opportunities jointly.

Second home ownership has become a popular trend among Russians since 2000. Russians purchased 4,424 properties in Finland between 2000 and 2015. They are the biggest group of foreign second home owners in Finland (Hannonen, 2017). South Karelia together with Southern Savonia is the most popular region for Russian owned second homes. They spend

approximately 119 days in Finland (TAK, 2013). Foreign second home owners create economic potential for South Karelia. However, Hannonen (2017) states that “The economic impact of foreign owners remains below their potential due to limited knowledge about the locality. This relegates the economic contribution of foreign second home owners to their initial investments and compulsory monthly payments to the local economy.”

In few of these developments municipalities needed better information to advise foreign visitors and possible future foreign inhabitants and investors. To meet this demand the Regional Council of South Karelia has made the "Acquisition and Construction of Property" guide available for the municipalities of South East Finland to advise Russians and other foreign buyers and builders of real estate. The bilingual guide was prepared together with municipalities and juridical assistance. It was carried out as EU ENPI co-financed project in 2009. With the guide, municipalities became more capable to inform foreigners about rights and obligations of buying, using and building a property owned by foreigners. In order to increase use and effectiveness of this service, digitalisation of the information provided is envisaged (see chapter 5).

4.2.3 Combination of centralised and networking CPS delivery

The CPS combines a centralised service delivery with a network structure. The CPS itself is provided centrally by GoSaimaa Oy but builds on an extensive network with and knowledge of the local stakeholders. The CEO of GoSaimaa Oy estimates that they may reach about a few hundred thousand people through their online channels. However, at the moment, limited human resources challenge the coordination work they do. This challenge has emerged recently because of the positive trend in tourism 2017 in South Karelia. (TAK, 2017) Strategic decisions on service provision are made in the company's board where the representatives from cities and the Finnish regional tourism companies voice their interests.

4.2.4 Conclusions

The Lake Saimaa Purest Finland project is important for implementing the regional tourism strategy. This project has also promising potential to strengthen collaboration of regional actors and streamlining the regional tourism strategy. Strong regional networks and across the border enable strategic development of the region's tourism sector. Strategic and coordinative actions, however, were identified as needs for establishing a more extensive and custom oriented platform. Also, a stronger and permanent involvement of the Russian stakeholders could foster the provision of this CPS.

5 The future of CPS in the region

The Regional Council of South Karelia and the ESPON CPS study team agreed to select two priority themes for further CPS development in the region. Themes were selected that address needs apparent in the region and have a potential to be driven forward.

The first future CPS development focuses on cross-border digital information services that can build on the achievements made so far. A few key existing digital information services

were identified that could support further CPS development in this field. These are described above in the chapter 4. Service providers and public authorities developed ideas for the future development of existing CPS through ongoing projects but also about how these services could become more accessible for cross-border travellers. Section 5.1 shows that stronger linkages between existing services in this field and a more active dialogue between the service providers could facilitate the promotion of tourism related services in the Finnish region South Karelia.

The second theme looks into the region's possibilities to facilitate the development of health tourism (section 5.2). With selecting health tourism as priority theme, a potentially new CPS development is considered without any prior cross-border public service activities beyond a few cooperation projects. However, high economic demand for health care services by Russians and the surplus capacity of the Finnish public health care sector suggest a potential to develop cooperation in this field.

Tourism is a cross cutting element to both of the priority themes. More efforts to joint and strategic marketing services are seen as key actions towards stronger cross-border public service development in the tourism sector.

Chapter 5 concludes with a short assessment of overall development potentials for CPS in South Karelia.

5.1 Digital information platforms of cross-border services

The Regional Council of South Karelia and current service providers see potentials for further development of future digital information services along two principal lines. The first is linked to the recently introduced mobile e-border application and the second builds on the existing platform for tourism information together with the printed guidance of the region for foreign property owners. Thus, both envisaged service developments aim at improving the quality of existing CPS.

5.1.1 Integration of information in one-stop-shops

Border crossing infrastructure and increasing the traffic flows are one of the most important issues that need to be addressed to strengthen the region's capacity and capability to deepen cross-border cooperation. The establishment process of the **mobile e-border application**, its future goals and potential next practical steps are detailed below.

The main objective of the developers of the mobile e-border application is to streamline traffic flows at the border crossing points. This refers to possibilities to

- reduce the travel time and congestion at the BCP;
- eliminate potential false insurance documents for private cars;
- support the digital transformation;
- reduce the unnecessary administration and management.

From the private passenger's perspective, the mobile application could facilitate travellers to optimise their travel time. This could be achieved by extending this CPS to all BCPs in South

Karelia. Negotiations and the work for including the electronic migration cards and custom documents in the mobile application have already started. The application is also ready for providing required vehicle insurances for Russian passengers. The service providers anticipate that by establishing these features in the mobile application the provision of the CPS could be secured in the longer run as these features will increase the benefits for travellers as compared to the current beta version.

The second digital platform development aims to foster **regional service visibility and accessibility**. At the moment the platform promotes regional events and tourism services using the website and social media. Emphasising cross-border cooperation like ENI projects and existing CPS more within the platform could contribute to a better visibility and may create more linkages between different service providers.

An example in this field is the Lake Saimaa Purest Finland project that aims to develop and enhance the content of the platform by both listening the service providers and the actual target groups. This project is a possibility for the region to create more dialogue within the tourism sector and its various actors. The need for a stronger coordinative actor was identified to support the clusters within tourism sector.

These approaches are in line with the regional stakeholders' aim for a stronger and more extensive digital tourist information platform. However, the platform may produce even more visibility and accessibility when merging and linking existing information services more systematically. A potential added value could be achieved by presenting all services and necessary information on the same platform and dividing them according to service categories, as for example in Map 3-5. This should allow for a more strategic view on South Karelia's work on cross-border (public) services and the potential to support the tourism sector in the region.

Regional stakeholders identified different access points for integrating information on the platform:

- The platform could be extended by the already available guidance on the acquisition and construction of property .
- This could be further enriched by including information on actual maintenance and repairing services. The platform should then also allow to order all relevant maintenance services online.
- Other service sectors included in the platform could be, for instance, public transport and cross-border rescue and firefighting.

For achieving the objectives of the platform all information would be provided bilingually.

5.1.2 A continuation of previous governance structures for further CPS development

For both initiatives – the mobile e-border application and the digital platform – the different legal structures between non-EU and EU countries have not been major obstacle for CPS development so far. However, negotiations are sometimes more time consuming and joint

actions need extra coordinative efforts. One of the existing challenges is to convince regional authorities about the mobile e-border application's possibilities and benefits if extended by the additional features. Especially at the external EU border, approaching cooperation across the border pragmatically and building on the willingness to cooperate at regional level is expected to be central for further developing the envisaged services. In addition, systematic information about application's possibilities and benefits needs to be given to local companies that can promote their services through the application and bring finance for the maintaining costs.

5.1.3 Clarification of exact objectives and an intensified dialogue are needed

Due to the ongoing and structure approach in place for the development of the mobile e-border application, potential next steps have already been identified as presented above. They focus especially on convincing public authorities and informing local companies while further testing and developing the required software features for the envisaged extensions.

To overcome the current lack on internal communication between service providers the coordination role of the regional council and GoSaimaa Oy have been recognised by regional stakeholders as being crucial. A first step towards improving internal communication shall be a follow-up workshop with all relevant actors and service providers. Not only the regional council but service providers have a strong willingness to improve strategic and collaborative work. More dialogue with different service providers, more effort to joint marketing and better engagement of the business sector, were listed as common objectives for the forthcoming discussions by regional stakeholders.

In order to bring forward the other ideas voiced by regional stakeholders, this approach furthermore requires firstly an agreement on what information to include in the first place and to specify the long-term objectives and features of the extended digital platform. A step-wise extension may prove useful for realising some benefits of the platform in the near future without jeopardising the willingness to contribute to the CPS development by the different stakeholders if no improvements are visible.

5.2 Tourism for health and wellbeing

South Karelia's potential to develop health tourism has been identified by the private sector. Russian citizens create demand for health care services in Finland, due to different service standards in the two countries, especially for serious illnesses. According to regional stakeholders and the TAK questionnaire (2012), Russian tourists highly appreciate the possibility to access treatment fast and smoothly with the help of the service provider in Finland. Globally, Finland is not known for health tourism but short distances to the neighbouring oblasts and Sankt Petersburg combined with available health care capacities in Finland have been recognised as market development potential of the health care sector. Russian health care professionals furthermore acknowledge Finnish standards for rehabilitation, orthopaedics and treatments for cardiovascular diseases. In consequence, regional stakeholders have observed a particularly high demand by Russians for cancer treatment, birth and childcare and other diagnostics.

So far, **health tourism** dialogue has hardly taken place in South Karelia but needs to be addressed due to the identified demand.

5.2.1 More efficient use of public health care capacities and complementing well-being services

Regional stakeholders see a development potential for **health tourism** CPS if the public sector's surplus capacity could be better accessed. Health care investment costs are high. Thus, filling in the surplus capacity of public sector by private sector efforts can increase efficiency of the service provision. An example is the private company "Helena Medical Group" that already has activities in providing health care services to international patients in other Finnish regions like in Southern Savonia. The company has its own personnel, doctors and administrative experts to deal with organising, administration and possible language barriers. They also have their own personnel but they would be willing to use more of the surplus capacity of the public sector either by contracting medical personnel or by renting operation rooms or other public hospital infrastructure at an agreed price if surplus capacity is available. The public sector can share its resources and the private company deals with the additional administration. This kind of operation is enabled by bilateral agreements of the public hospital administrated by the region and the "Helena Medical Group".

The Finnish region South Karelia does not have this kind of agreement yet but the regional council considers starting the dialogue of creating such an agreement as opportunity to develop tourism in South Karelia. Inter alia, this requires the political willingness to further develop the dialogue with private health care providers and to make a better assessment of available public hospital surplus resources in South Karelia that could be used more efficiently. This willingness cannot be presumed since opening the public sector capacity to private actors is politically sensitive.

Another CPS development potential has been identified in the area of **fitness and well-being services**. This could for instance include support for cross-border projects on educational exchange and different cooperative events where different systems experience mutual learning.

A few cross-border cooperation projects, that have been funded by Interreg and ENPI, for fitness and well-being have indicated that different cultures can learn from each other for reforming and supplementing their service structures. For example, sport associations from both countries got into contact through an ENPI project in 2010. They have supported each other by shared events and trainings. This project was the first cross-border cooperation related to fitness and well-being services. Its focus was to develop public sport facilities in Russia by transferring good practises from Finland. Through the first project the potential for further cooperation and cross-border service development was initiated.

At the moment, there is a plan to kick-off an ENI project to promote sport and wellness services for Russian tourists in South Karelia. This would be a continuation of the previous cross-border cooperation work with fitness and wellbeing. The project has not started yet

because the project consortium is still waiting for funding and the ENI programme's ratification.

The sports and well-being services are mostly governance by the regional association, EKLURY. The organisation focuses on supporting the member activities, in particular with the children and adolescents, sports and adult health promotion through different projects and events in cooperation with many different actors. The board of EKLURY is in charge of the ideological activity in accordance with the action plan. During the project workshop EKLURY representative expressed their willingness to possibly further expand their activities and utilize their know-how in international projects.

5.2.2 Political willingness is decisive for extending health care service provision

Recent political discussions on the Finnish health care reform have indicated that finding a consensus for a partial health care privatisation might be challenging and time consuming.

Health care sectors privatisation initiatives, like opening parts of the public health care sector to the private sector or allocating some of the public resources, administrated by the region, to the private sector has turned out to be very politically sensitive. This needs to be acknowledged when initiating and developing the regional dialogue in South Karelia.

5.2.3 Potential next steps

For further developing the health tourism CPS several steps are required. They should improve the understanding of different providers and developing ideas on how to better exploit available public health care capacity to foster regional health tourism:

- a more intensive discourse and engaging more relevant actors in the dialogue is needed – a first agreement on a follow-up workshop with all relevant actors has already been voiced by regional stakeholders in order to continuing the started dialogue;.
- this includes inter alia, a political dialogue in the Finnish region South Karelia to dispel doubts about the intentions and possible benefits for the regions of the envisaged CPS;
- this could firstly focus on pilot examples by opening them and the existing service structures to a bigger audience following the example of Southern Savonia;
- an assessment of actual surplus capacities and interest of South Karelian hospitals needs to be conducted;

Based on these clarifications and a possible commitment towards the CPS development further consultations and the development of an operational model would be needed in order to facilitate the implementation of the health tourism services. Concrete instructions or handbook style guides of health care's potential operational structures could be a way to support health tourism possibilities. The strong network of region's joint marketing services could support region's potential to supply attractive fitness and wellbeing services to Russian travellers.

5.3 Assessment of future CPS development in general

Tourism is the cross-cutting theme for South Karelian future CPS development. Recent tourism growth in South Karelia has gained attention even at national level (Ministry of Economic Affairs and Employment in Finland, 2018). This indicates that tourism is an important sector for regional development of the Finnish region South Karelia. This can facilitate decision makers to target national funding and support for existing tourism services in the region.

The need to further develop CPS and foster the cross-border cooperation in the case study area have been clearly supported by regional stakeholders. The administrative structure and stability of Russian authorities is not always clear to Finnish authorities or service providers. Nevertheless, **there is a strong regional willingness to commit for CPS development** in the Finnish region of South Karelia. By creating more regular dialogue with Russian authorities and coordinating joint efforts more systematically, the cross-border cooperation could be fostered. Long term perspective have indicated that despite the challenging conditions for CPS development at external EU borders, the pragmatic relations can still lead to successful CPS provision and stronger cross-border cooperation.

The priority of developing the digital information services and the online platform for cross-border services seems to have a good anchoring to the real needs in the cross-border region. The ESPON CPS study helped initiating a more fluent communication between service providers and towards more strategic and collaborative work with public and private sectors and different service providers.

Smoother traffic flows at the border crossing points and extensive services in the vicinity of the border are commonly acknowledged regional objectives. Despite the political volatility and short term economic fluctuations, regarding especially the currency, the long term strategic work for better CPS provision and stronger cross-border cooperation is continuing.

6 Lessons learned, recommendations & transferability

This study has indicated that the Finnish region South Karelia has developed and is actively searching for innovative solutions to cross-border public service provision at the external EU border. The mobile traffic fluency application and various cross-border information services seem to have good anchoring to further develop CPS in the region.

The mobile application for automobile border crossing points shows how a CPS addresses needs of citizens by using digital technologies and offering multiple functions. This may be a solution that could be applied at other European border crossing points to streamline traffic flows. Crowdsourced data allows for relatively easy adjustment and transfer to other external EU borders.

Overall, the Finnish region of South Karelia is expecting, confident and committed to improving CPS. Despite the recent challenges, Russian economic growth has been acknowledged despite recognising the hampering factors of continued economic

discontinuities and the existing socio-cultural divide. Cultural differences and language barriers may even slow down CPS development. The long-term interest in cross-border activities, however, does not seem to be so much related to recent changes in the international (geo)political situation but focuses on regional needs. This is supported by already existing CPS that seem to be widely accepted in the region despite the external EU border regime.

The examples highlight the potential use of cooperation between public and private partners for developing CPS. This can allow, for instance, to acknowledge different governance structures in the countries or to obtain efficiency gains on one side of the border. Dialogues for further developing CPS require the engagement of more actors. The examples furthermore show how cross-border flows may indicate the need for new CPS or may generate a need for public action to provide CPS. In the case of South Karelia, this is mostly linked to increasing cross-border tourism flows.

Overall, transferability of South Karelia's cross-border public services seems to be considerable. Innovative ways of applying existing technologies have opened new possibilities for the tourism sector. Trust among regional actors has been an enabling factor of CPS development. And a strong dialogue, efforts towards even more active engagement by the Russian counterpart is likely to foster South Karelia's strategic work.

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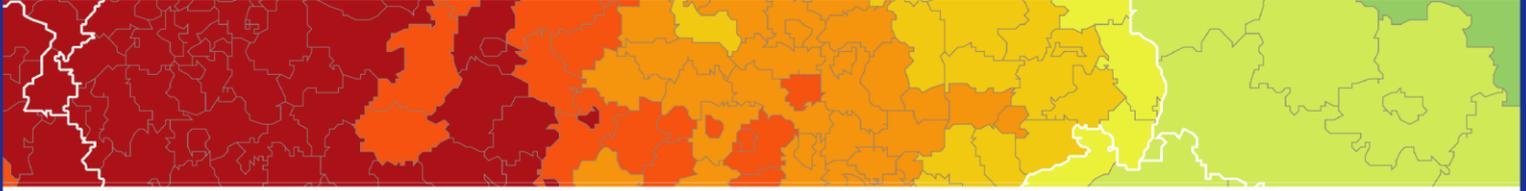
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