

**ESPON**



Co-funded by  
the European Union  
Interreg

# Challenges at EU's North-East External Borders (CHANEBO)

**A brief overview of CHANEBO, an ESPON Targeted Analysis**

July 2025

# What is CHANEBO?

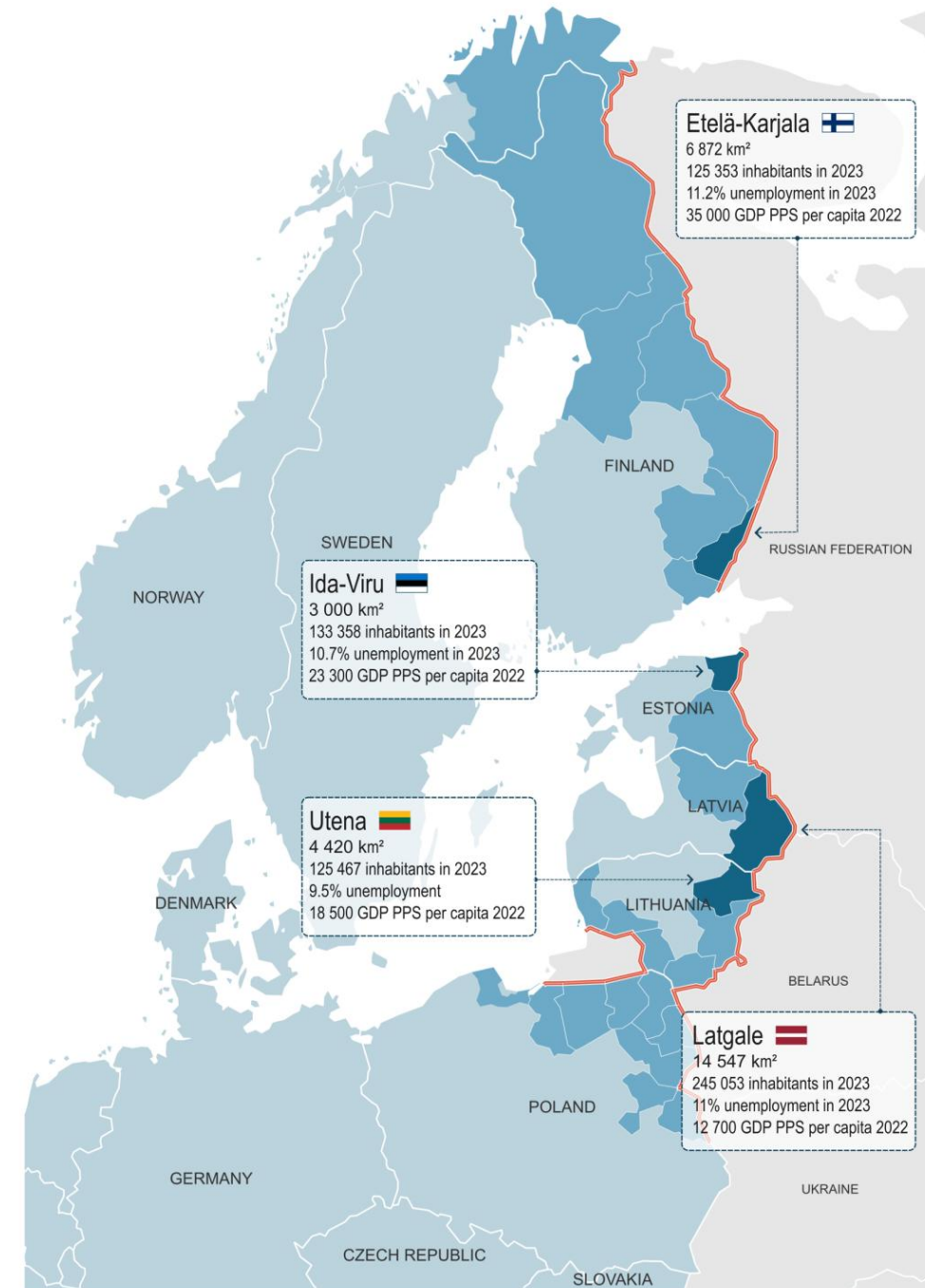
CHANEBO is an ESPON Targeted Analysis project which aims to develop evidence on **lost development opportunities** of regions at the north-eastern EU external border in effect of suspension of cross-border cooperation programmes, and to **help reorientate the human capital and policy instruments** towards new geographical directions of international cooperation.

Participating stakeholders are :

- ✓ Regional Council of South Karelia (FI)
- ✓ Union of Municipalities in Ida-Viru county (EE)
- ✓ Latgale planning region (LV)
- ✓ Utena regional development council (LT)

With the support of

- ✓ The Association of European Border Regions
- ✓ The Ministry of Economic Affairs and Employment (FI)
- ✓ The Ministry of Regional Affairs and Agriculture (EE)
- ✓ The Ministry of Environmental Protection and Regional Development (LV)



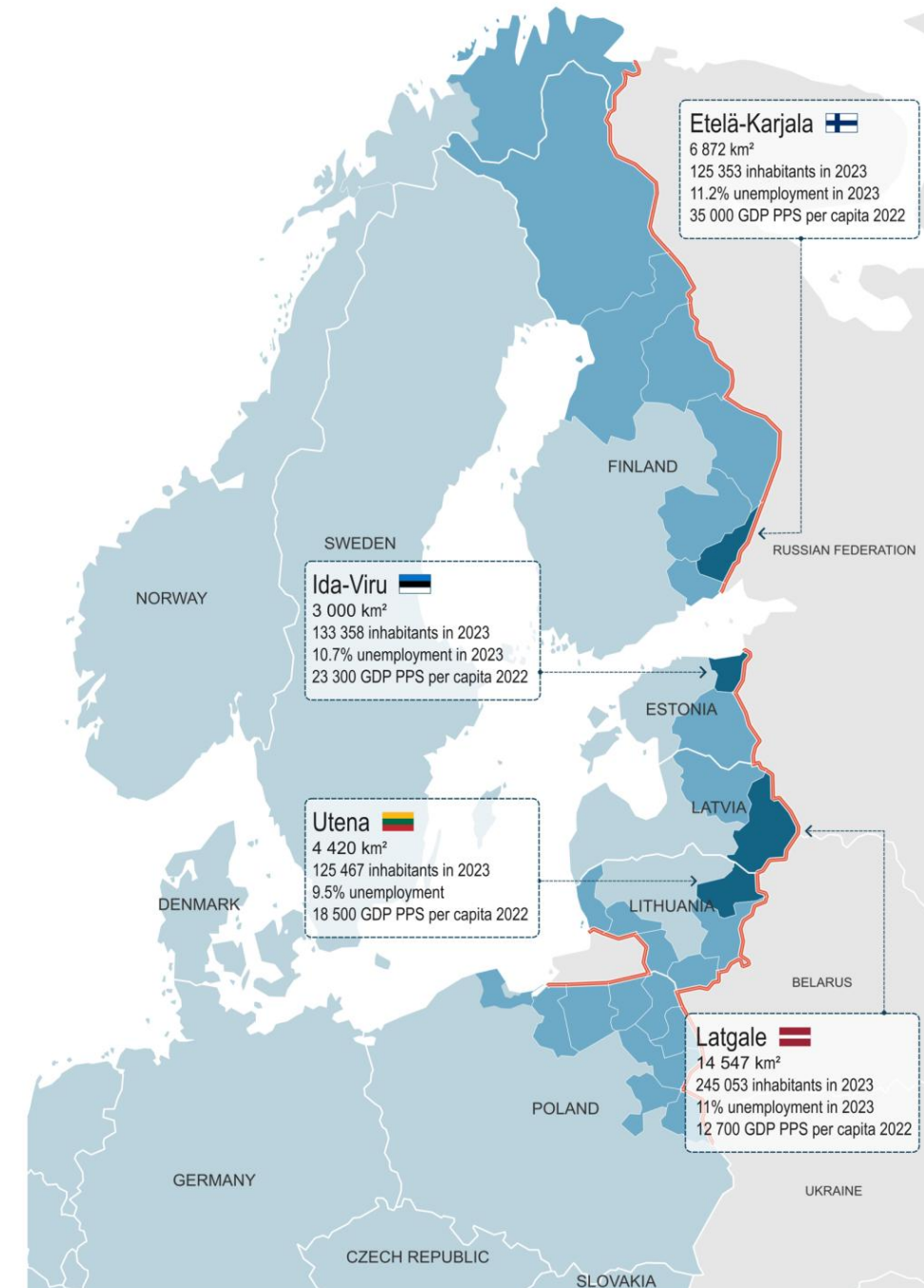
# Overview of CHANEBO regions

Since 2022, **South Karelia's** economy has been reshaped by geopolitical shocks, hitting tourism, retail, transport and security hardest. Existing population and labour market trends have deepened internal disparities.

In **Ida-Viru** there is an ageing population, rising dependency, youth exodus from phasing-out oil-shale economy. High unemployment, low incomes, weak trust in local authorities. Just Transition funds green energy and industry upgrades, boosting productivity.

**Latgale** suffers Latvia's sharpest population drop, ageing burden and weak GDP. Exodus persists; FDI scant. Yet incomes grow quickly and capital investment doubles, raising productivity in wood, furniture, machinery, ICT.

**Utena** faces ongoing depopulation and reversed migration, lagging higher-education, persistent above-average unemployment, poor transport, few large firms, slow SME growth, weak GDP and FDI, while rural tourism expands modestly.



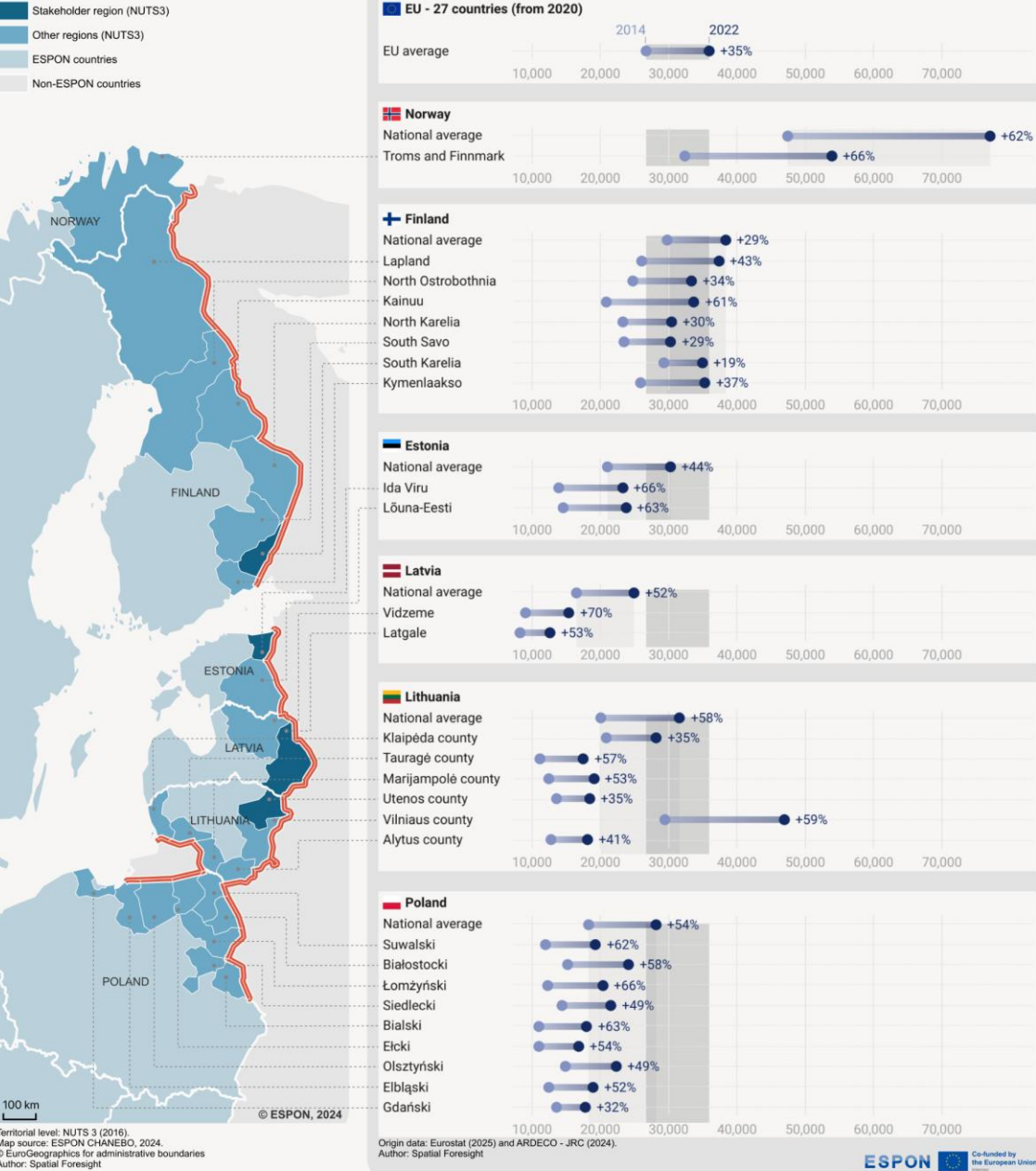
# Common challenges of CHANEBO regions

1. The CHANEBO regions require **specific attention from the national and international security point of view**
2. Heightened **social tensions** due to geopolitical concerns and security issues
3. Disruption of **East-West transport corridors** has left regions feeling isolated, contributing to economic and social uncertainty
4. The **war exacerbates** existing economic disadvantages
5. The **negative image** hinders investment and tourism, affecting economic growth
6. Retaining and attracting businesses, particularly SMEs, is crucial, with potential opportunities linked to **near-shoring, dual-use infrastructure and the defence industry**
7. Closure of borders has impacted tourism, especially with the **loss of visitors from Russia and Belarus**
8. Social **integration** of Ukrainian refugees, political exiles from Russia and Belarus and low skilled migrant workers is challenging, particularly in non-Russian-speaking areas
9. Addressing **security vulnerabilities** related to infrastructure ('hardware') while strengthening societal resilience ('soft' power) is essential
10. Media literacy is critical to counteract hybrid warfare, including **disinformation** aimed at weakening societal resilience

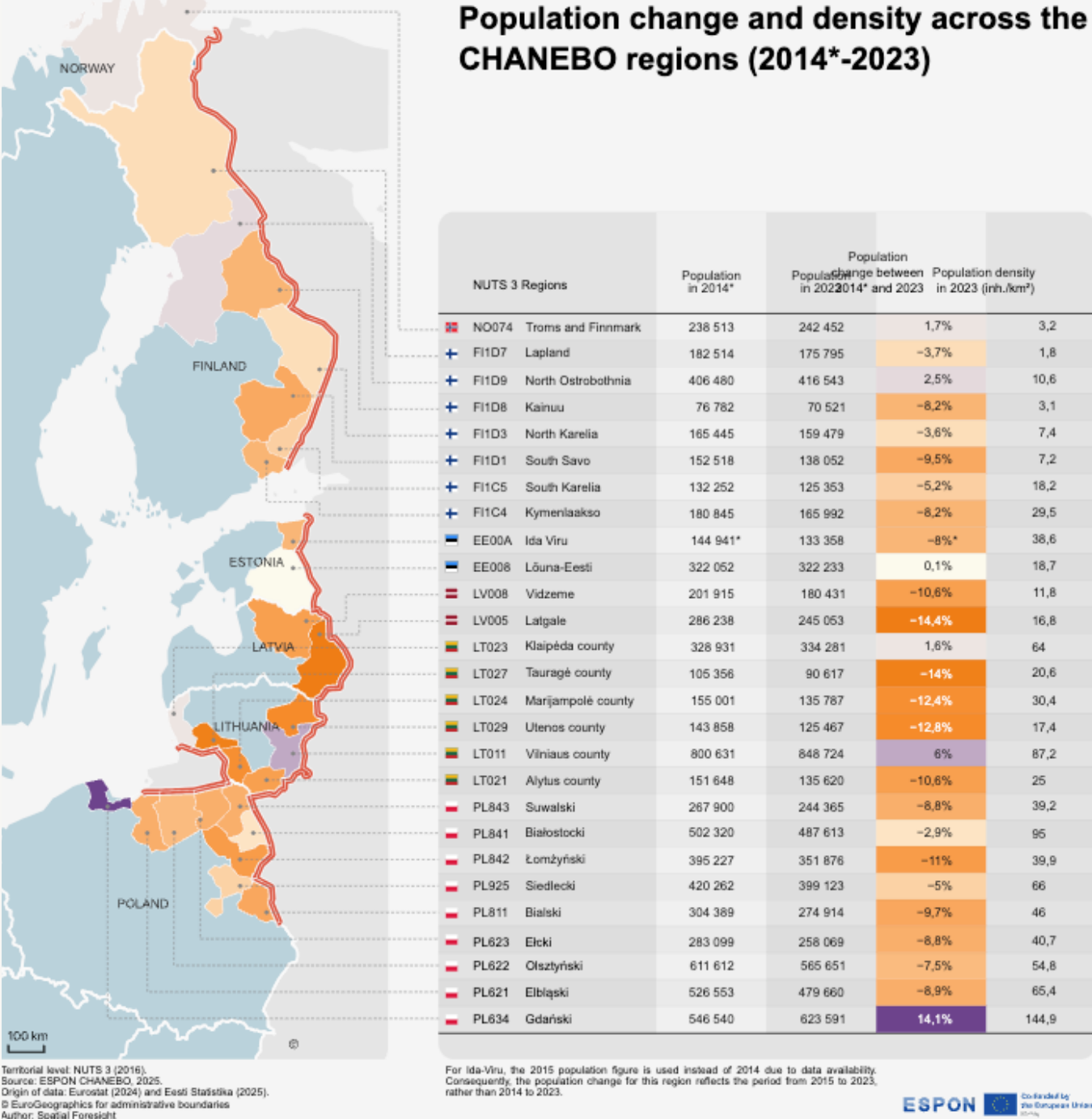
**Europe starts here**



GDP PPS per capita relative to national and EU averages, NUTS 3 regions (2014 vs. 2022)







Population change and density across the CHANEBO regions (2014\*-2023)







For Ida-Viru, the 2015 population figure is used instead of 2014 due to data availability. Consequently, the population change for this region reflects the period from 2015 to 2023, rather than 2014 to 2023.

ESPON Co-funded by the European Union

# Economy and trade

Economic indicators	 South Karelia	 Ida Viru	 Utenos county	 Latgale
GDP EUR per capita 2014	37 400 €	10 000 €	8 079 €	6 200 €
GDP EUR per capita 2022	44 528 €	19 777 €	13 847 €	10 447 €
Change in GDP per capita [EUR] between 2014 and 2021	19%	98%	71%	69%
Change in GDP per capita [EUR] in relation to national change	left behind	front runner	left behind	median profile
Change in GDP per capita [EUR] in relation to EU change	left behind	front runner	front runner	front runner
Value of GDP per capita [EUR] in relation to national average in 2014	lower	lower	lower	lower
Value of GDP per capita [EUR] in relation to EU average in 2014	higher	lower	lower	lower
GDP PPS per capita 2014	29 400	14 000	13 700	8 300
GDP PPS per capita 2022	35 000	23 300	18 500	12 700
Change in GDP per capita [PPS] between 2014 and 2022	19%	66%	35%	53%
Change in GDP per capita [PPS] in relation to EU change	left behind	front runner	median profile	front runner
Value of GDP per capita [PPS] in relation to EU average in 2014	higher	lower	lower	lower

# Education and labour market

Indicator		 South Karelia	 Ida Viru	 Utenos county	 Latgale
Labour Market and Education	Unemployment rate in 2023	11.2%	10.7%	9.5%	11.0%
	Unemployment rate in 2014	14.0%	14.0%	12.8%	17.8%
	Change in percentage points of unemployment rate between 2014 and 2023 (in percentage points)	-2.8 pp	-3.3 pp	-3.3 pp	-6.8 pp
	Average disposable income per household, per month, in 2014	3 491 €	614 €	660 €	621 €
	Average disposable income per household, per month, in 2022	3 452 €	1 130 €	1 007 €	1 154 €
	Change in average disposable income per household, per month, between 2014 and 2022	0%	84%	53%	86%
	Employment (thousand persons) in Industry [NACE: B-E] in 2022	9	14	11	15
	Employment (thousand persons) in Industry [NACE: B-E] in 2014	9	21	14	16
	Change in employment in Industry [NACE: B-E] between 2014 and 2022	0	-34%	-19%	-2%

# Horizontal recommendations

- **Sparsely populated areas** (SPA - population density of less than 12,5 inhabitants per square kilometre) require special attention in funding support
- The **cooperation area should be expanded**, with EU external border regions as the primary beneficiaries of support.
- **Dedicated support measures** are needed at both national and EU level to fund projects that promote regional economic development, societal resilience, and cultural exchange at the border regions
- **Integrating cooperation and investment funding streams** for border regions into mainstream and national programmes should be considered integrating a tailored approach for EU external border regions.
- **Investing in the capacities of local authorities and actors** is essential
- Creating **new and more positive narrative about the regions** to be promoted via dedicated information campaigns at the national, macro-regional and EU levels.



# Main overall findings on EU policy change

**Strategic shifts in EU transport policy:** the revised TEN-T policy prioritizes Ukraine and Moldova, delays downgraded links, integrates dual-use infrastructure, and promotes sustainability.

**EU security in transition:** the EU seeks strategic autonomy but remains reliant on the US while reinforcing border security against hybrid threats.

**Sanctions policy evolution:** the EU's 17<sup>th</sup> sanctions package targets Russia, Belarus, Iran, and North Korea, reflecting its shifting geopolitical strategy.

## ... on CBC

**Suspension of Interreg NEXT** halts cross-border cooperation reducing learning opportunities and narrowing thematic and geographic collaboration.

**Regional disparities in CBC cooperation:** suspension impacts Latgale, South Karelia, and Ida-Virumaa most, with thematic gaps in security, mobility, and transport.

**Loss of infrastructure funding:** the end of Interreg ENI CBC weakens transport, security, and cultural investment.

**Challenges in Interreg Central Baltic expansion:** the programme's broad scope and strict criteria limit its effectiveness in compensating for lost cross-border cooperation.

## Eligible budget to beneficiaries by type of CBC programme in the 2014-2020 programming period

Country/ region	Internal Interreg CBC	ENI CBC	TOTAL CBC	% of ENI CBC in total
Finland FI	7,192,727.15 €	48,067,336.00 €	55,260,063.15 €	87%
South Karelia	735,240.26 €	8,399,585.00 €	9,134,825.26 €	<b>92%</b>
Estonia EE	16,568,782.81 €	23,098,798.11 €	39,667,580.92 €	58%
Ida Virumaa	614,678.17 €	10,826,738.00 €	11,441,416.17 €	<b>95%</b>
Latvia LV	20,007,226.52 €	18,317,456.73 €	38,324,683.25 €	47%
Latgale	9,150,596.34 €	12,577,463.87 €	21,728,060.21 €	58%
Lithuania LT	62,270,920.61 €	46,819,325.46 €	109,090,246.07 €	43%
Utena	6,504,306.71 €	1,652,636.33 €	8,156,943.04 €	20%

Source: ESPON CHANEBO, 2024 based on keep.eu data accessed in December 2024

## Main findings on the suspended ENI CBC programmes

Between 2007-2013 and 2014-2020, **participation in CBC programmes increased**, especially in ENI CBC projects.

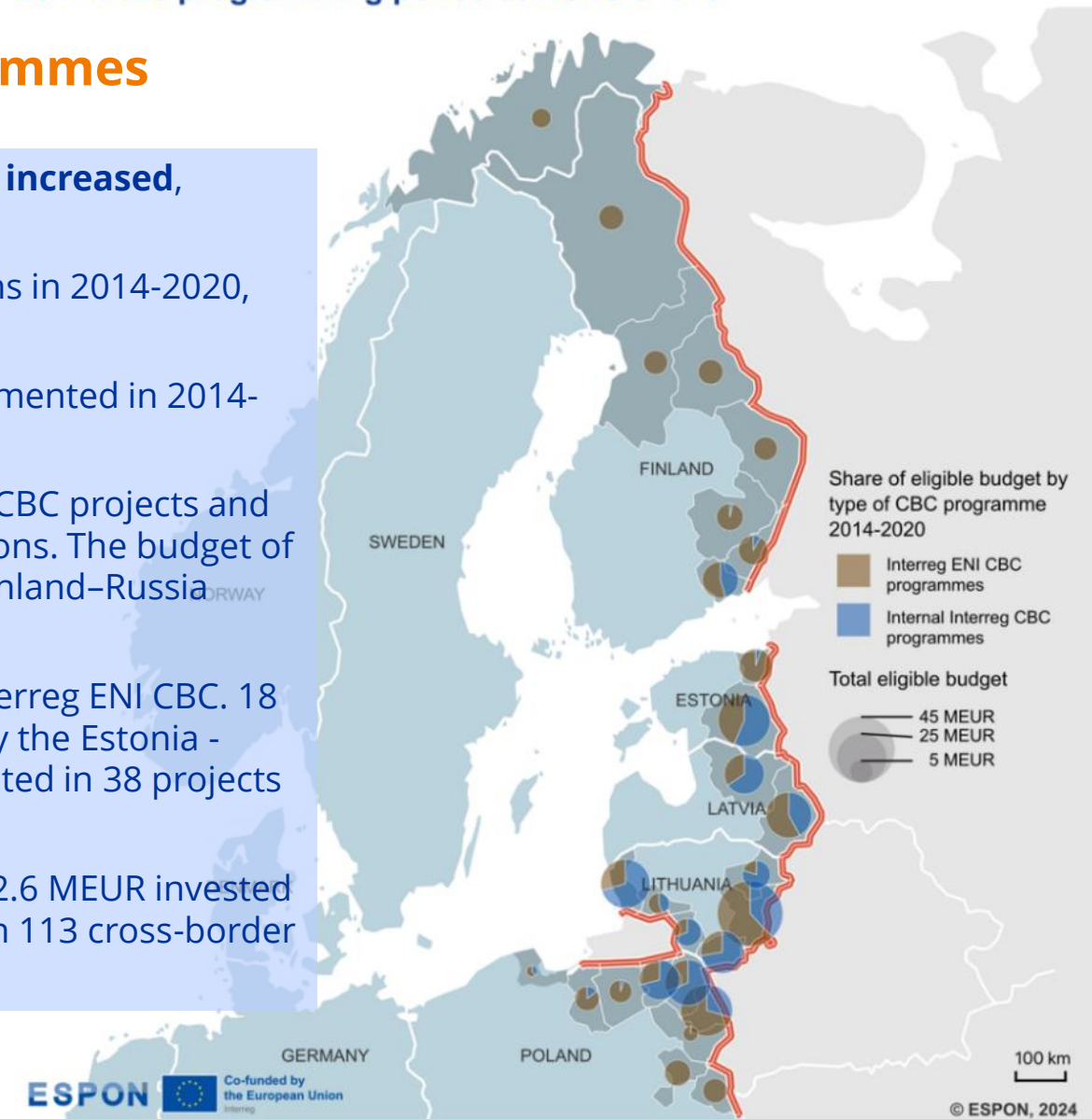
Over **€341 million** was allocated to CBC projects across 27 NUTS3 regions in 2014-2020, with **€198 million** under ENI CBC

Participation varied significantly across regions, with **905 projects** implemented in 2014-2020, involving **975 beneficiaries in total**

The CBC ENI programmes funded **a significant portion (47–48%)** of all CBC projects and were particularly important for Finnish, Estonian, and Polish border regions. The budget of the Estonia-Russia programme (34 million euros) while the South-East Finland–Russia programme (77 million euros)

**Ida-Virumaa and South Karelia** most affected by the suspension of Interreg ENI CBC. 18 project partners from **Ida-Virumaa** participated in 30 projects funded by the Estonia - Russia ENI CBC programme. 16 South Karelian project partners participated in 38 projects funded by the South-East Finland - Russia ENI CBC programme

**Latgale** faced significant partner losses despite a balanced structure - 12.6 MEUR invested through ENI CBC programmes with 33 local organisations participating in 113 cross-border cooperation projects



# Budget for infrastructure investments by CBC programme in the 2014-2020 programming period

Infrastructure investments under ENI CBC programmes (particularly the large infrastructure projects) have been instrumental in enhancing **border security, transport networks, cross-border connectivity**, promotion of local culture and **cultural heritage**.

Programme name	Programme type	Share of infrastructure costs in programme budget*	Infrastructure cost budget (EUR)
Poland - Belarus - Ukraine ENI CBC	Interreg ENI CBC programme	65,2%	€123 229 960,15
INTERREG V-A Lithuania - Poland	Internal Interreg CBC programme	77,2%	€51 322 879,07
Poland - Russia ENI CBC	Interreg ENI CBC programme	74,8%	€47 009 383,18
Latvia - Lithuania - Belarus ENI CBC	Interreg ENI CBC programme	59%	€43 206 642,74
Estonia - Russia ENI CBC	Interreg ENI CBC programme	93,4%	€28 475 809,46
INTERREG V-A Latvia - Lithuania	Internal Interreg CBC programme	33,9%	€26 441 756,88
Lithuania - Russia ENI CBC	Interreg ENI CBC programme	94,1%	€22 173 025,36
INTERREG V-A Finland - Estonia - Latvia - Sweden (Central Baltic)	Internal Interreg CBC programme	12%	€18 678 782,78
INTERREG V-A Estonia - Latvia	Internal Interreg CBC programme	42,9%	€18 322 041,33
Kolarctic ENI CBC	Interreg ENI CBC programme	29,9%	€17 941 989,00

\* This column represents the share of the infrastructure cost budget as a proportion of the total budget excluding technical assistance of the respective programme. Data is not available for the following programmes: 2014 - 2020 INTERREG V-A Poland - Denmark - Germany - Lithuania - Sweden (South Baltic), 2014 - 2020 INTERREG V-A Sweden - Finland - Norway (Nord), 2014 - 2020 Karelia ENI CBC, 2014 - 2020 Latvia - Russia ENI CBC, and 2014 - 2020 South-East Finland - Russia ENI CBC.

\*\*The financial data obtained from keep.eu and presented in this table may not be entirely accurate for some programmes and should be used as a reference.

Tableau: Spatial Foresight • Source: Keep.eu • Créé avec Datawrapper

# Horizontal recommendations

## ➤ ESIF programmes

- ❑ Incorporating targeted actions into existing ESIF programmes for the remainder of the 2021-2027 programming period
- ❑ Ensuring their continuity and reinforcement beyond 2027

## ➤ Exploring ETC

- ❑ Establishment of a new transnational and cross-border (land and maritime) cooperation programme with elements tailored to the specific policy needs of the EU's Eastern Border regions
- ❑ Supporting external border regions under other existing Interreg programmes (Central Baltic) can be considered if certain thematic areas are added addressing the policy needs identified

# CHANEBO recommendations by three pillars

<b>United and Secured</b>	<b>Revitalised and Sustainable</b>	<b>Inclusive and Smart</b>
<ul style="list-style-type: none"><li>➤ <b>Revitalising Border Communities by Unlocking the Potential of Higher and Vocational Education</b></li><li>➤ <b>Enhancing Connectivity along the EU's North-eastern External Border from North to South</b></li><li>➤ <b>Fostering Crisis Resilience and Hybrid Threat Prevention via Cross-Border Mechanisms</b></li><li>➤ <b>Strengthening Civil Preparedness through Regional Trust and Strategic Communication</b></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Boosting Investment and Reorienting Value Chains through Strategic Near-Shoring and North-South Connectivity</b></li><li>➤ <b>Strengthening Business Ecosystems and Value Chains through North–South Cooperation and Skills Development</b></li><li>➤ <b>Advancing Sustainable Growth through Green Innovation and Circular Economy Models</b></li><li>➤ <b>Revitalizing Border Regions through Culture, Tourism, and the Creative Economy</b></li></ul>	<ul style="list-style-type: none"><li>➤ <b>Unlocking the Potential of Higher and Vocational Education</b></li><li>➤ <b>Accelerating Innovation, R&amp;D, and Digital Transformation in Border Regions</b></li><li>➤ <b>Fostering Social Cohesion, Civic Trust, and Democratic Resilience</b></li><li>➤ <b>Empowering Communities through Local Service Innovation and Social Engagement</b></li></ul>

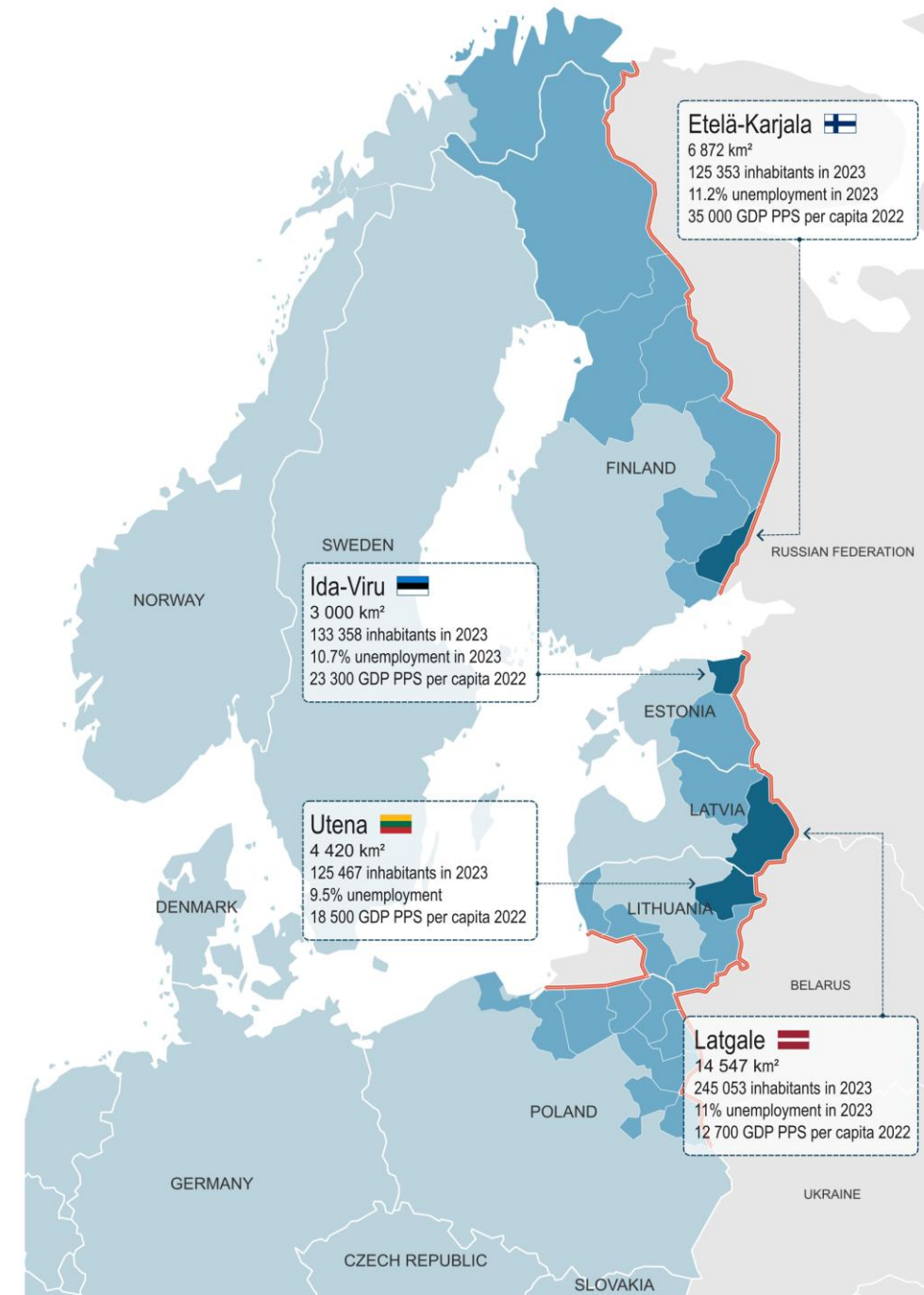


# Takeaways

The CHANEBO stakeholders see their regions as a **functional transnational cooperation area** and **strategic EU frontiers, not peripheries**.

With the strong feeling of being **part of the European family**, they consider their position has moved **from gateways to gatekeepers**.

They expect **tailored and coordinated EU support**, in particular that the **future cohesion policy will support** their endeavour to build **resilient and prosperous border regions**.



# ESPON



Co-funded by  
the European Union  
Interreg

espon.eu



This targeted analysis  
has been performed by :



NORDEVAL



<https://www.espon.eu/projects/chanebo-challenges-eus-north-east-external-borders>

Contact : [piera.petruzzi@espon.eu](mailto:piera.petruzzi@espon.eu) / [nicolas.rossignol@espon.eu](mailto:nicolas.rossignol@espon.eu)