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**INTERREG IIIB  
Northern Periphery**

**ANNUAL REPORT 2002**



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## ANNUAL REPORT FOR INTERREG IIB NORTHERN PERIPHERY YEAR 2002

### 1 Introduction

*This annual report for Interreg IIB Northern Periphery is made in accordance with Council Regulation (EC) 1260 1999 on general provisions on the Structural Funds. It has been established by the Managing Authority of the programme in cooperation with the Joint Secretariat for the Programme Monitoring Committee (PMC) and was approved by the PMC at their meeting on the 12<sup>th</sup> of June 2003.*

The Interreg IIB Northern Periphery Programme proposal was first submitted to the Commission on 21<sup>st</sup> November 2000 and resubmitted on 24<sup>th</sup> April 2001. The Commission approved the programme on 14<sup>th</sup> December 2001. This annual report is therefore the first for the programme.

The programme area consists of the northern parts of Finland, Scotland, Sweden, Norway, the whole of Iceland, Greenland and Faroe Islands as described in the Programme Document. Northwest Russia and adjacent regions may also participate on a project-by-project basis. The programme operates in the programming period 2000-2006. It builds on and extends the work of the preceding Art. 10 pilot action for the Northern Periphery.

The total financing for 2000-2006 is 53,2 MEUR. This is made up of 35,9 MEUR from the Member States, of which 21,3 MEUR is contributed by European Regional Development Fund (ERDF). In addition, non-eligible private funding from the Member States is expected to be 3,4 MEUR. Non-member states: Faroe Islands, Greenland, Iceland and Norway contribute with 13,9 MEUR.

The Managing and Paying authority for the Programme is County Administration of Västerbotten in Umeå, Sweden. The Joint Programme Secretariat for the Programme is located in Copenhagen, Denmark. The implementation structure also consists of Regional Contact Points (RCP), a Joint Programme Secretariat, a Programme Management Group (PMG), and a joint Programme Monitoring Committee (PMC), also performing the tasks of a Steering Committee. Regional Advisory Groups (RAGs) also assists in the selection procedure. However, the RAG expenditures are not included in the technical assistance budget.

There have been three calls for main project proposals since the programme was approved resulting in 27 received applications. One project proposal withdrew. Of 26, 13 have been approved. There have also been 12 preparatory projects and 1 micro project approved by 31 December 2002. In total the programme has committed 6,7 MEUR, 25% of the programme funds. More information about funding commitments and projects can be found in chapter 3.

A few projects have submitted their first claims for payments. As the reporting period ends by the end of 2002 the actual payments starts during the beginning of year 2003. Some Micro and Preparatory Projects have been finalised during 2002.

The programme received the advance payment from the Commission after the approval of the programme.

Iceland has during 2002 joined the programme fully as a “Non EU-Member” participant.

## 2 Changes in the general conditions with importance for the implementation of the programme

The biggest change in general conditions for implementing the Northern Periphery Programme is that Iceland joined the programme in June 2002 contributing 1,5 MEUR to the programme.

Due to this extension, updated figures on population development and structure as well as economic structure and employment are presented below.

No significant changes in population and employment trends have occurred since the programme was drawn up.

### Development in the area

The population of the Northern Periphery area has not changed significantly. The involvement of Iceland has brought the total population of the NP area to 3 811 980, see table 1. However, some areas in the programme have had a negative change in population e.g. Finnish and Swedish programme areas, as it can be seen in table 2. However, in Faroe Islands and in Iceland the number of population has developed positively in 1995-2000. Net migration has been biggest in Finland, Greenland and Norway.

*Table 1. Population in the Interreg III B Northern Periphery Programme Area*

<b>Population 2001</b>	<i>Population In the beginning Of 2001</i>	<i>Land Area (km<sup>2</sup>)</i>	<i>Population density (inhabitants/ km<sup>2</sup>)</i>
Programme area in Finland	1.253.147	208.392	6
Programme area in Scotland	367.955	38.096	10
Programme area in Sweden	1.214.128	262.126	5
The Faroe Islands	46.236	1.399	33
Greenland	56.245	2 166 090	<1
Iceland	282 849	102.806	3
Programme area in Norway	591.420	128.979	5
<b>Northern Periphery Total</b>	<b>3.811.980</b>	<b>2 907 888</b>	<b>1</b>

Source: Nordregio. .

n/a = data not available

Finland, The Faroe Islands, Greenland, Iceland, Norway: exact coverage.

Scotland: Data excluding parts of Moray, Badenoch and Strathspey Council Areas that are included in the programme area.

Sweden: Data excluding the parishes of Venjan and Vâmhus in Mora municipality. These parishes account for 9.7% of the municipality's population.

Data source: National and regional Statistical Institutes.

- (a) Finland, Sweden, the Faroes: 31.12.2000; Iceland: 1.12.2000; Greenland, Norway: 1.1.2001; Scotland: 29.4.2001.  
 (b) Land area, except Iceland: Vegetation area; Greenland and Scotland: total area.  
 (c) Densities calculated based on population in (a) and area in (b).  
 (d) Finland, Sweden: 31.12.2001; Iceland: 1.12.2001; Greenland, Norway: 1.1.2001; the Faroes: 31.12.2000; Scotland: 29.4.2001.  
 (e) Finland, Norway; Sweden, Greenland; Faroes, Iceland: 1.1.1995-31.12.2000; Scotland: 30.6.1995-29.4.2001  
 Rates of change calculated against average population during the period.  
 (f) 1.1.1995-31.12.2000

The decrease in population within the areas is most significant in remote parts. Several cities along the coast of Kvarken and the Bothnian Gulf at the same time have a small increase in population caused by migration from the remote parts to the cities. Neither the migration nor the deficits in births are factors that can easily be effected. The only way of changing the picture more significant is by an increase of immigration to the areas.

**Table 2. Population change and migration**

<b>Population change and migration</b>	Total population change 1995-2000, annual average (%)	Net migration 1995-2000, annual average (%)	Natural change 1995-2000, annual average (%)
Programme area in Finland	-0,6	-0,6	0,0
Programme area in Scotland	-0,2	n/a	n/a
Programme area in Sweden	-0,7	-0,4	-0,2
The Faroe Islands	1,3	0,3	0,6
Greenland	0,1	-0,7	1,0
Iceland	1,1	0,1	0,9
Programme area in Norway	-0,2	-0,5	0,4
<b>Northern Periphery Total</b>	<b>-0,3</b>	<b>n/a</b>	<b>n/a</b>

n/a = data not available

Finland, The Faroe Islands, Greenland, Iceland, Norway: exact coverage.

Scotland: Data excluding parts of Moray, Badenoch and Strathspey Council Areas that are included in the programme area.

Sweden: Data excluding the parishes of Venjan and Vâmhus in Mora municipality. These parishes account for 9.7% of the municipality's population.

Data source: National and regional Statistical Institutes.

- (a) Finland, Sweden, the Faroes: 31.12.2000; Iceland: 1.12.2000; Greenland, Norway: 1.1.2001; Scotland: 29.4.2001.  
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 Rates of change calculated against average population during the period.  
 (f) 1.1.1995-31.12.2000

The age structure in the population is perhaps one of the biggest challenges in the Northern Periphery area. As the table 3 shows, less than 20 % of Finnish, Swedish and Scottish people in the programme area are 0-14 years old. At the same time, nearly the same percentage of people is 65 years and over. Greenland is an exception, only 5,3 % of population is 65 years and over. Similarly, 26, 4 % of Greenlandic population is 0-14 years old.

**Table 3. Share of population by age**

<b>Share of population % 2001</b>	0-14 years	15-64 years	65 years and over
Programme area in Finland	17,8	65,4	16,8

Programme area in Scotland	18,2	64,7	17,1
Programme area in Sweden	17,7	63,3	19,1
The Faroe Islands	23,7	62,9	13,4
Greenland	26,4	68,3	5,3
Iceland	23,0	65,3	11,7
Programme area in Norway	20,6	64,3	15,1
<b>Northern Periphery Total</b>	<b>18,8</b>	<b>64,5</b>	<b>16,7</b>

n/a = data not available

Finland, The Faroe Islands, Greenland, Iceland, Norway: exact coverage.

Scotland: Data excluding parts of Moray, Badenoch and Strathspey Council Areas that are included in the programme area.

Sweden: Data excluding the parishes of Venjan and Vâmhus in Mora municipality. These parishes account for 9.7% of the municipality's population.

Data source: National and regional Statistical Institutes.

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(e) Finland, Norway; Sweden, Greenland; Faroes, Iceland: 1.1.1995-31.12.2000; Scotland: 30.6.1995-29.4.2001  
Rates of change calculated against average population during the period.  
(f) 1.1.1995-31.12.2000

As described in the Programme Document, the industrial structure of the area is largely resource-based, particularly fishing, farming, forestry and mining. At the same time, the NP area relies heavily on the service sector, especially in Sweden, Finland and Norway. The service sector employed 1 124 000 persons in 2001.

The unemployment rate year 2001 varied a lot within between the programme areas from the very low figure in Iceland of 2.2 % up to 14.8% in northern Finland. There is also a substantial variation within the areas, see table 4. For instance, in northern Sweden the county of Västerbotten showed a figure for unemployment around 4%, which was close to the average for Sweden as a whole. But if you looked within Västerbotten the municipality of Vilhelmina in the west of the county showed figures more at the same level as northern Finland. At the same time another sparsely populated municipality, Bjurholm, showed unemployment at the average level. If you make subregional analysis on all the regions within the programme you will probably find the same variation within each area.

The tendency just now is slightly increasing unemployment at least in northern Sweden and Finland.

**Table 4 Employment and unemployment rate 2001**

	Employment:						Change in employment	Unemployment rate
	Primary production		Manufacturing		Services		1994-99	2001
	Persons	%	Persons	%	Persons	%	%	%
Programme area in Finland	40.700	9,2	114.500	25,8	288.900	65,0	6,0	14,8
Programme area in Scotland	10.700	6,3	33.600	19,6	126.700	74,1	n/a	6,1
Programme area in Sweden	13.400	2,6	132.100	25,6	371.500	71,8	-2,2	6,9
The Faroe Islands	4 400	14,0	6450	20,5	20600	65,5	26,1	2,9
Greenland	4.100	16,3	4.800	19,0	16.300	64,7	n/a	8,3
Iceland	12.000	8,0	34.500	23,0	103.500	69,0	11,3	2,2
Programme area in Norway	24.400	8,3	53.700	18,3	215.200	73,4	4,7	4,8
<b>Northern Periphery Total</b>	<b>109800</b>	<b>6,7</b>	<b>379700</b>	<b>23,3</b>	<b>1142700</b>	<b>70,0</b>	<b>n/a</b>	<b>8,6</b>

Source: Nordregio

n/a = data not available

Finland, The Faroe Islands, Greenland, Iceland, Norway: exact coverage.

Scotland: Data excluding parts of Moray, Badenoch and Strathspey Council Areas that are included in the programme area.

Sweden: Data excluding the parishes of Venjan and Vâmhus in Mora municipality. These parishes account for 9.7% of the municipality's population. Data source: National and regional Statistical Institutes, Eurostat.

(a) Finland, Sweden, the Faroes: 31.12.2000; Iceland: 1.12.2000; Greenland, Norway: 1.1.2001; Scotland: 29.4.2001.

(b) Register-based data. Finland: preliminary estimates 2000; Scotland, Sweden, Norway: 2001; Iceland LFS 1 January 2000; Greenland: 1996; Faroes: 2000. The total excluding unspecified/unknown industries.

(c) Register based data, except for: Iceland (LFS), Faroes: employment defined as labour force minus unemployed persons.

(d) Finland, Sweden, Norway: Nordregio estimates based on registered employment and unemployment for spring 2001 adjusted to national LFS data (ILO methodology) from Eurostat for April 2001. Iceland: LFS 2001. Faroes: Registered available unemployed persons in the general insurance system or receiving allowances from the social security system 2002. The work force of the Faroese fish processing industry, which has its own special insurance scheme, providing supplementary compensation, is not included in these figures. Greenland: Unemployment April 2000 amongst all Greenland-born persons between 15-59 years of age living in urban settlements. Scotland: April 2001.

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### **3 Summary of results and effects on programme level**

As mentioned above in the introduction, the Interreg IIIB Northern Periphery Programme proposal was first submitted to the Commission on 21<sup>st</sup> November 2000 and subsequently resubmitted on 24<sup>th</sup> April 2001. The Commission declared receiving the programme proposal on 4 May 2001, which meant also the start date for eligible expenditure.

Representatives of the Member States, Managing Authority and the JPS met with the Commission, DG Regio in Brussels on 20<sup>th</sup> August to discuss and agree on some amendments to the programme proposal. The programme was approved on 14th December 2001.

In parallel with the approval process, preparation of programme implementation continued during 2001. During the first half of 2001, activities concentrated on setting up the Joint Programme Secretariat in Copenhagen and organizing the Managing and Paying Authority in Umeå, Sweden. The second half of 2001 aimed at getting the programme operational, in other words launching the first call for project proposal on 30<sup>th</sup> September- 31<sup>st</sup> October. In practise this meant preparing the applicant's package including application form, guidelines and the datasheets. The programme website [www.northernperiphery.net](http://www.northernperiphery.net) was opened in the end of September. Other comprehensive task for the administration was drafting the Programme Complement.

During 2002 the programme was fully operational. The following sub-chapters will give an account of programme implementation in 2002.

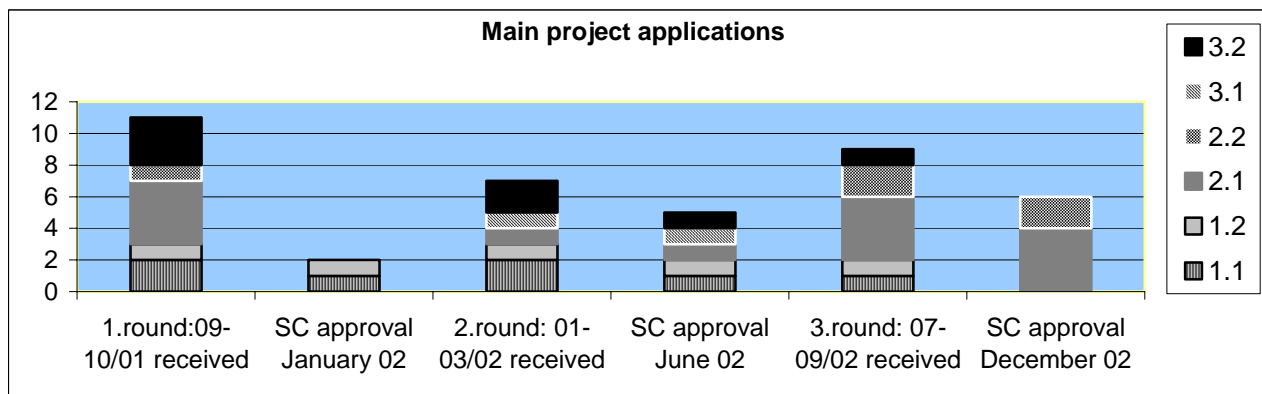
## Start-up of programme implementation – the three first application rounds

The first application round was opened on 30<sup>th</sup> September 2001 and closed one month later. Decisions on projects received were taken at the first Programme Monitoring Committee meeting on 17-18 January 2002. Two more application rounds were organised in 2002: the second in January-March with decisions taken in June and the third in July-September with decisions taken in December (see also chapter 5).

From a total number of 26 applications received by the Secretariat in these three application rounds, three projects were recommended to be resubmitted, two projects were rejected and 13 projects were approved by the PMC. In the first application round, 7 applications were deemed inadmissible, and therefore were not processed by the PMC.

The following diagram illustrates the division of received applications by measures in each application call and approvals by measures by the PMC.

Diagram 1. Main project applications

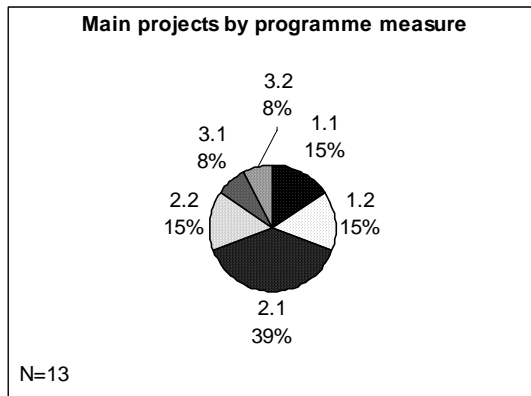


Funding from European Regional Development Fund (ERDF) for the programme is 19 786 MEUR excluding Technical Assistance. Altogether 13 main projects, 1 micro project and 12 preparatory projects were approved by 2002. In total the programme has committed 6,7 MEUR, 25% of the programme funds: 4,5 MEUR from European Regional Development Fund and 2,2 MEUR from non-member states. Annex 1 shows the total funding commitments on measure level. Annex 2 shows all the funding decisions.

### Main projects

The diagram 2 illustrates the division of projects by measure. As it can be seen 39% of projects are funded by measure 2.1. The smallest shares of projects are funded by measure 3.1 and 3.2, 8 % each.

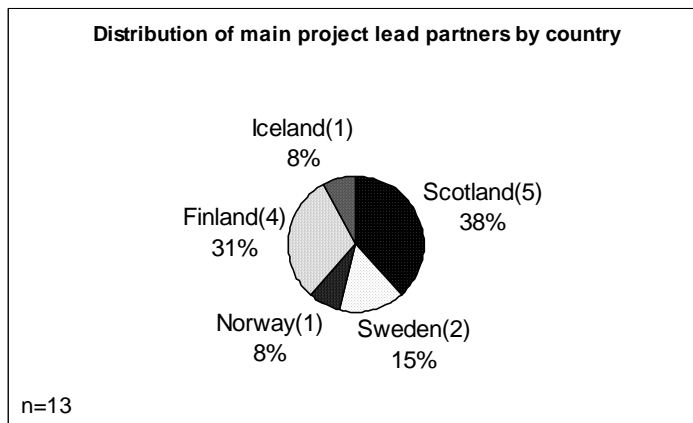
**Diagram 2. Main projects by measure.**



- 1.1 Transportation, logistics & transport infrastructure
- 1.2 Access to information society
- 2.1 Sustainable use of nature and natural resources
- 2.2 Business innovation and development of human resources
- 3.1 Household related service provision
- 3.2 Public management and spatial planning

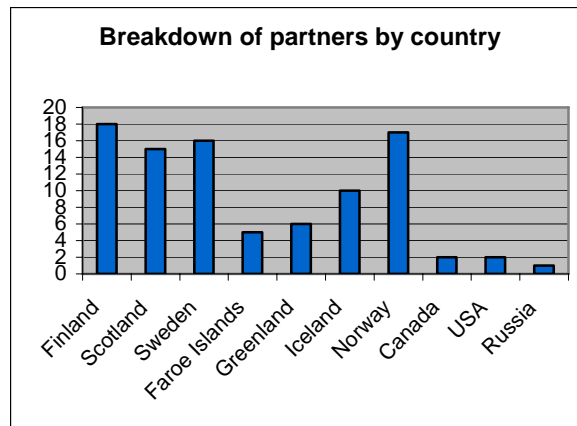
Scotland and Finland have been the most active to take the responsibility of a Lead Partner, as the diagram 3 shows. 38% of funded projects have a Scottish Lead Partner and 31 % a Finnish Lead Partner.

**Diagram 3. Distribution of Lead Partners by country.**



The minimum requirement for a NPP project is to have three partner organisations from three different countries. As diagram 4 shows, all NPP countries are involved in projects. The number of partner organisations is roughly on the same level in the three Member States and Norway (15-18 / country) and somewhat less in the other partner countries/regions. Even Russia, Canada and USA are represented in some of the projects. This is possible due to EU's Northern Dimension initiative. Therefore, the Northern Periphery programme has kept the door open for co-operation with partners from neighbouring countries on a project level, i.e. with their own financing. Totally there have been 92 different organisations involved in NPP projects.

**Diagram 4. Breakdown of partners by country**



The first progress reports covering activities until 2002 were received from six projects in early 2003. Therefore, no payments have been made during 2002. The following section gives a short description of approved main projects and presentation of expected results of all the 13 projects. Notable is that many of the funded projects; Roadex II, Remedy, CLN-NPP II, ECOWATSA and Towns are follow-up projects from the previous Article 10 Northern Periphery Programme. A synopsis of first reporting period activities is described for the six projects reporting 2002.

### ***Measure 1.1 Transportation, Logistics & Transport Infrastructure***

There are two projects funded under this measure: Roadex II and Northern Maritime Corridor.

#### ***Roadex II***

The project proposes a 3 year trans-national technical collaboration across the Northern Periphery to develop ways for interactive and innovative road management of low traffic volume roads. The project builds on the networks created during the successful Article 10 ROADEX project with additional inputs from local industry involving heavy road haulage. The project will deal directly with roads and transport issues raised by the unique combinations of remoteness, climate, ground conditions, low traffic volumes and long distances to markets.

The expected overall result of the project will be a more interactive and innovative road management across the Northern Periphery which will in turn give a more effective road network and transport system for industry and road users.

#### ***Northern Maritime Corridor.***

The Northern Maritime Corridor project focuses on intermodality, shifting from road haulage to sea transport, and on maritime safety and risk management strategies.

The expected overall results envisage tailor-made strategies and action plans developed by establishing regional maritime clusters and networks to promote short sea shipping and establishing new services, the implementation and harmonisation of risk management strategies to secure the sustainability and safety in the Northern Maritime Corridor.

#### **First progress report results:**

The lead partner states that results obtained during this first reporting period are satisfactory in relation to objectives. According to their activity indicators from the project proposal, current activities constitute 8 % of their target. Among other things,

contact activities have resulted in 4 co-ordination meetings being held between the NMC-NP and the NMC-NS project, and 2 meetings held with the project's reference group with members from 7 Norwegian Ministries.

### ***Measure 1.2. Access to Information Society***

There are two projects funded under this measure: Community Learning Network (CLN-NPP II) and Remote Telematic Solutions for patient diagnoses and training of health care professionals in sparsely populated areas (REMEDY).

#### ***CLN-NPP II***

This project aims to further develop the Community Learning Networks in Northern Periphery by establishing a Virtual Learning Community (VLC) across learning networks in partner countries to include all aspects of distance learning and taking into account rural community infrastructures.

The overall expected results include the establishment of VLC, skills enhancement for learning centre staff and users through the transfer of knowledge through the Master Class Lecture Series. By extending support through the joint development and delivery of modules to develop skills to support remote learners, and associated technical support, the project expects to assist in the sustaining of communities through businesses and individuals.

First progress report results:

Module development teams have been set-up.

Project members have attended and participated in 'Collaborative Learning Conference 2002' an International Online Conference in November.

#### ***Remedy***

The project is aimed at developing the practical use of telemedical support within different disciplines of the health and medical services in thinly populated and remote areas of the northern periphery. The purpose is to increase patient security, service quality and to protect patients' legal rights within the area.

The overall expected result is that an IT-based training programme at individual, group and organisational level will be developed, which will serve as a foundation for a European standard certification.

First progress report results:

In Finland, project activities have concentrated on project start-up, the design of activities and creating prerequisites for the actual implementation.

In Scotland, a literature review of relevant information relating to training in the use of telemedicine equipment has been completed. A dossier of general skills required by health care professionals to conduct a clinical or educational telemedicine link has been compiled. In Sweden, all activities carried to date have been related to the project start up.

### ***Measure 2.1. Sustainable use of nature and natural resources***

There are five projects funded under this measure: Domestication of Northern Berries, Sustainable Model for Arctic Regional Tourism (SMART), Developing Rural Women's Entrepreneurship (Rural Business Women), External Timber Cladding in Maritime Conditions and Destination Viking- Saga Lands.

### *Domestication of Northern Berries*

The main objective of the project is the advancement of cultivation and use of northern berries, particularly cloudberry, while respecting the sustainable use of nature and natural heritage. The project's expected results include such aspects as a commercial hermaphroditic cloudberry, machinery for testing the suitability of large-scale cloudberry cultivation and new arctic bramble clones which are mildew resistant.

First progress report results:

The partners have started their activities in Scotland, Sweden, Finland and Norway. Activities include the development of a planting machinery and pollination effectiveness, breeding and product development. Plans have been developed with the Russian partner for their inclusion in project activities. The lead partner states that there is the possibility of TACIS funding.

### *Sustainable Model for Arctic Regional Tourism (SMART)*

The Sustainable Model for Arctic Regional Tourism will assist the arctic tourism sector (mainly local small- to medium-sized tourism businesses and other local stakeholders) to develop positive economic, social and environmental benefits from tourism based on the unique cultural and natural environment of the North.

The project's expected goal is to create resources tools and incentives for SMEs in the rural tourism sector and to adopt sustainable best tourism practices in the northern periphery.

### *Developing Rural Women's Entrepreneurship (Rural Business Women)*

The aim of the project is to focus on the development of female entrepreneurs in rural areas in northern peripheral areas, sustain the local economy and create employment possibilities for rural entrepreneurs in nature and tourism business by promoting female entrepreneurship and providing support for the establishment of local businesses.

The expected results of the project include the creation of international networks for partners and target groups, new products, and marketing opportunities through and the exchange of knowledge, workshops and seminars.

### *External Timber Cladding in Maritime Conditions.*

The project will develop new knowledge and share best practices in the design, construction and maintenance of external timber cladding in the north and west of Scotland, western Norway, and the Faroe Islands.

By working together the project partners expect to improve building performance, create opportunities for business development, disseminate new knowledge regarding effective solutions to the effects of wind driven rain on external timber cladding, further establish mechanisms for research collaboration and increase the value addition from sustainable supplies of timber grown in the NPP area.

### *Destination Viking- Saga Lands.*

The project aims to revive the tradition of saga and storytelling and make information and events from the sagas and stories visible and accessible to a general public in the cultural landscape of the northern periphery.

The project results are expected to include the making of a number of selected saga stories visible in the landscapes by creating saga routes, with story-tellers, signboards,

brochures, guidebooks and GPS-based information systems bringing information on saga events directly to the public on site.

***Measure 2.2. Business Innovation and development of human resources***

There are two projects funded under this measure: Structure for Commercialisation of Rural Innovation (SCRI) and Project for Female Leaders- PROFILE.

*Structure for Commercialisation of Rural Innovation (SCRI)*

This innovative project aims to exchange skills and experiences between research institutions, academia and the public and private sectors in order to create a more dynamic use of the skills which are used for the sustainable exploitation of innovative ideas.

The project expects to create a pool of relevant skills and opportunities through spin-out activities by creating four new businesses, a sustainable approach to the creation and support of new and developing rural companies.

*Project for Female Leaders - PROFILE.*

The project aims to create a transnational network for female business leaders from companies, organisations and authorities in the area of Northern Periphery and North West Russia.

The project expects to strengthen fifty female leaders from partner countries by promoting new patterns of leadership through a course of specialised studies, better use of transnational networking, handling diversity and training in a collaborative and communicative culture in their own organisations. The project also expects to disseminate quantitative results through seminars and cooperative projects.

***Measure 3.1. Household related service provision***

There is one project funded under this measure. Ecological Waste Treatment in Sparsely-populated areas (ECOWATSA)

*Ecological Waste Treatment in Sparsely-populated areas.*

This project aims to develop ecologically and economically practical solutions in waste treatment in northern conditions by developing a logistic model for waste management.

The project expects to develop a software tool for northern periphery municipalities and other bodies to evaluate which waste treatment solutions suit their needs through pilot projects in solid waste and wastewater treatment.

First progress report results:

The initial definition and specification of parameters necessary for the preparation of the tender documents for the ultimate output, the logistic programme is under preparation and the partners have supplied most of the necessary information. The intention is that by the next seminar and steering committee meeting in Haukipudas, Finland it will be possible to prepare tender documents for distribution to potential suppliers.

***Measure 3.2. Public Management and Spatial Planning***

There is one project funded under this measure: Small Towns Network.

### *Small Towns Network.*

This project seeks to encourage the regeneration of networks of towns using a “hands-on” approach. The project’s expected results include the use of a “community chest” of seed finance that will create local initiatives and kick-start modest priority projects of a social, economic or environmental nature. The project expects resultant local interaction and transnational dissemination to be promoted through a Towns Forum and a dedicated website.

#### First progress report results:

In Scotland, local connections are being made with the first meeting of the Small Town Networks Forum. Transnational connections are beginning to be made with ongoing discussions with East Iceland on the potential for youth exchanges with towns in Easter Ross. Initial meetings have now been held to discuss how the STN Project can impact on the ongoing regional planning process. In Finland, due to the late entrance of the project partner no results are available at present.

### **Micro and Preparatory projects**

In the previous Article 10 Northern Periphery Programme the use of micro projects proved useful to lower the barriers made up by the geography of the Northern Periphery Programme Area. To be able to achieve a larger share of projects bringing together different actors from each country in complex partnerships, experience points to a need for a project category of a preparatory kind. The programme therefore makes use of three different types of projects, micro projects, preparatory projects and main projects.

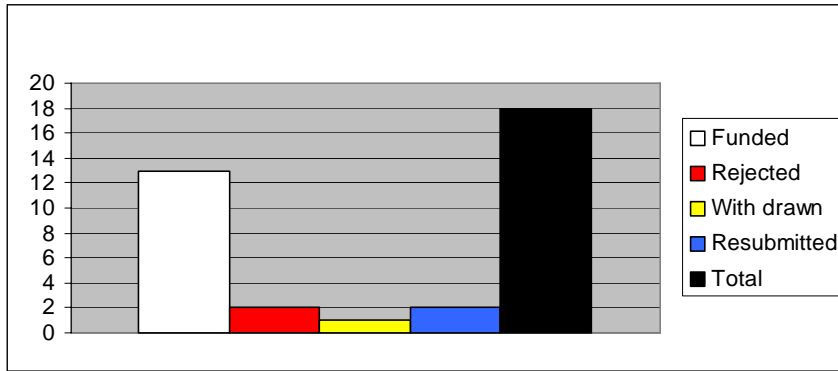
In the Northern Periphery Programme budget there is an initial reservation of approximately 200 000 EUR for the Micro and the Preparatory projects. This funding should cover approximately 30 projects. The Joint Programme Secretariat has the authority to make funding decisions concerning these two kinds of projects.

The purpose of the micro projects is to establish the first contact between partners from the “old programme area”; i.e. Finland, Sweden, Scotland and Norway, and potential partners in the new parts of the programme area, i.e. Faroe Islands and Greenland, as well as in Iceland and in Northwest Russia, covering travel expenses and the costs related to the initial encounter.

The Preparatory projects should mobilize broader partnerships and facilitate drawing up joint project plans. This project form is also for committing the partners to specific contributions and reducing risks connected to large projects involving a complex partnership. The preparatory project will be intended to lead to an application for main project funding.

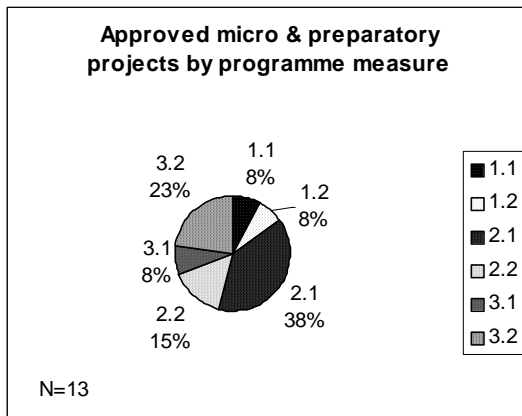
The JPS received 18 micro and preparatory project applications during the reporting period. Thirteen projects were approved and two rejected as the following diagram 5 shows.

**Diagram 5. Micro and preparatory projects**



From the initial reservation, 200 000 EUR, 69 % of funding was committed during the reporting period. As diagram 6 shows, 38 % of projects (5) were funded under measure 2.1. Only 8% of projects were funded under each of the three measures 1.1, 1.2 and 3.1. From the funded projects, three resulted in a main project proposals: *External Timber Cladding on the Maritime Periphery*, *Destination Viking* and *From Forests to Cities*. These projects were also successful in receiving funding as a main project.

**Diagram 6.**



- 1.1 Transportation, logistics & transport infrastructure
- 1.2 Access to information society
- 2.1 Sustainable use of nature and natural resources
- 2.2 Business innovation and development of human resources
- 3.1 Household related service provision
- 3.2 Public management and spatial planning

The following section gives a short description of completed projects and their results, and approved projects due to be completed in mid 2003.

### *Sub-sea Tunnels*

The main objectives of the project were to find out as much as possible about the implementation and construction of a sub-sea tunnels network in Faroe and to discuss with potential partners in Faroe and Greenland the proposed main project under the NPP. The expected results of the project were a wealth of practical information on the construction of the tunnels and an understanding of the administrative process, which led to their construction.

In Faroe Islands discussions about partnership with Faroese and Greenlandic partners took place. The proposed NPP main project to investigate sub-sea tunnels in Shetland was discussed, with Shetland as lead partner and Tegnestuon Nuuk and Vagantunnilin as partners. No application has been received to date.

### *External Timber Cladding on the Maritime periphery*

The main objective of this preparatory project was to develop a transnational co-operation between exposed maritime areas of the Northern Periphery in order to share best practice and carry out linked research on the use of timber as and external cladding material.

Project partners employed a consultant to develop the project and find additional partners for the main project. Meetings were held in Norway and Scotland. The main project application was approved by the PMC in December 2002.

### *Destination Viking*

The overall objective was to increase opportunities, especially in the rural areas and by promoting the name "Viking" as a brand and quality name in tourism in the NPP region and as well in other areas in Europe, North America and Asia. A preparatory meeting was held in Sweden, to prepare the NPP Interreg IIIB application "*DESTINATION VIKING- SAGA LANDS*". A successful main application received approval from the programme monitoring committee in December 2002

### *From Forests to Cities*

The main project aim is to sustain the local economy and create employment possibilities for rural entrepreneurs in nature and tourism business and sectors connected with it, by promoting entrepreneurship and provide support to the establishment of local business.

Preparatory project aimed at finding partners from Faroe Islands and Nord-Trøndelag in Norway, building local and transnational networks and submitting application to NPP in September 2002. Active planning and partner search of the project took place. Meetings and negotiations with potential partners were organized. A small survey among female forest owners and female entrepreneurs working or interested in creating and developing products connected with foresting was carried out. Information for the main project application was collected and the application was submitted by the deadline. The main project was approved December 2002 as "Rural Business Women".

### *Northern Gateways*

The main objective comprised of a combined development project for adventure tourism and adherent transport services in the Northern Periphery programme area. The transnational meeting between the Finnish and Swedish partners took place in Luleå. An overall project plan and draft of application were formulated. The project owner expects to submit a main project application in 2003.

### *Green Tourism Network*

The project aims at promoting the integrated and sustainable use of natural and cultural resources among small-scale rural tourist companies and businesses of Northern Periphery, by exchanging of ideas and experiences, collaborating in product production and promotion. As a result of the project, no main project proposal was completed as planned. Project sponsors expect to join another main application due in September 2003

### *Rural business information portals*

The objective of the preparatory project is to expand a partnership and prepare a main application. During the project baseline of current knowledge and priorities for partner involvement with rural micro-business portal and information management will be established. Initial contextual analysis regarding the current status of rural micro-

business portal development, knowledge management systems and practice in partner countries will be undertaken. A main project application was submitted in the beginning of 2003 (fourth application round).

#### *Bitwon*

The aim of the project is to prepare a partnership network between Finland, Sweden, Scotland and Norway to enable full utilisation of local SMEs dealing with mechanical timber innovations. A main project application was submitted in the beginning of 2003 (fourth application round).

#### *Youth Entrepreneur Factory*

The project's principal aim is to conduct research to find examples of good practice regarding the nature of assistance available for young people to develop their business ideas towards setting up in business. A main project application was submitted in the beginning of 2003 (fourth application round).

#### *Community Business*

The aim is to find a model that allows local authorities to reduce costs in the running of certain community services. The objective of the preparatory project is to prove that a more business like attitude will result not only in innovative development but also increase the support from the greater involvement by the community. The project owner expects to submit a main project application in 2003.

#### *Watercourses Connecting Villages*

The main objective is to mobilise a wide range of interest groups in each participating country to discuss in a holistic way environmental problems and issues related to community development along the selected watercourses. The project owner expects to submit a main project application in 2003.

#### *Citizen dialogue based development for the elderly care*

The project aims to create a common strategy for future planning of the care for the elderly. The project owner expects to submit a main project application in 2003.

#### *Development by Trade Marking*

This preparatory project aims to solve questions such as how to put the municipality on the market as an attractive place to work and live in, how to attract new businesses and make them aware of the advantages with establishing in the areas, how to change the attitude of the inhabitants to be aware of the advantages and possibilities of their own municipality. A main project application was submitted in the beginning of 2003 (fourth application round).

### **Indicators**

Indicators are used to follow-up and monitor the implementation of the programme. Follow-up and monitoring is the basis for evaluating the fulfilment of the programme's objectives. The indicators are based on the aims and objectives of the programme.

Two types of indicators are used to assess the results of the programme and the individual projects. A distinction is made between *project indicators*, which are related to activity and immediate result and will be reported in the reports from the projects, and *programme indicators*, which are related to horizontal and overall impact of the programme.

Listed below are the programme indicators. Project indicators can be seen in Annexes 4-6 (Priority 1 Communications, Priority 2 Strengthen sustainable economic development and Priority 3 Community development).

**Table 5 Horizontal indicators so far:**

<b>Indicator</b>	<b>Description</b>	<b>No of projects</b>
Equal Opportunities	Projects directly and mainly contributing to equal opportunities	5
	Projects indirectly contributing to equal opportunities	6
	Projects neutral to equal opportunities	2
Environment	Directly and mainly improving the environment	7
	Indirectly contributing to improving the environment	5
	Environment Neutral	1
Transnationality	Degree of transnationality, measured by the number of countries involved in the project	
	3 countries	2
	4 countries	6
	5 or more countries	5

**Table 6 Programme indicators so far**

	Finland	Sweden	UK /Scotland	Faroe Islands	Greenland	Iceland	Norway	North-West Russia	USA	Canada
No. of partners involved per country	18	16	15	5	6	10	17	1	2	2
No. of partners involved per region	1) 7	1) 4	15	5	6	10	1) 3	1	2	2
	2) 3	2) 8					2) 2			
	3) 3	3) 2					3) 8			
	4) 1	4) 1					4) 2			
	5) 1 6) 3	5) 1					5) 3			
No. of partners involved per category (Does not include non-eligible private partners)	Public/central: 1	Public/central: 8	Public/central: 3	Public/central: 4	Public/central: 3	Public/central: 1	Public/central: 4	Public/regional: 1	Public/regional: 2	Public/regional: 2
	Public/regional: 8	Public/regional: 8	Public/regional: 4	Public/regional: 1	Public/regional: 2	Public/regional: 3	Public/regional: 8			
	Public/local: 4	Public/local: 2	Public/local: 5	Public/local: 1	Public/local: 1	Public/local: 3	Public/local: 1			
	Public-like: 2	Public-like: 6	Public-like: 1	Public-like: 1	Public-like: 2	Public-like: 2	Public-like: 2			
	Private ineligible: 3		Private: 2	Private: 1	Private: 1	Private: 3	Private: 3			
No. of partners involved total	18	16	15	5	6	10	17	1	2	2

**Legend:**

**In Finland:**

- 1 Lapland
- 2 Northern Ostrobothnia
- 3 Central Finland
- 4 North Carelia
- 5 Kainuu
- 6 Other

**In Sweden:**

- 1 Norrbotten
- 2 Västerbotten
- 3 Jämtland
- 4 Västernorrland
- 5 Gävle

**In Norway:**

- 1 Nord-Trøndelag
- 2 Nordland
- 3 Troms
- 4 Finnmark
- 5 Rest of Norway

The Programme Complement set specific targets for the programme as the table 7 indicates. During the first reporting period totally 26 projects have been funded, from which, four relate directly to SMEs. Notable is that during the reporting period the average grant rate for a main project has been 500 000EUR instead of 300 000 EUR. The recommendation for project's total funding is 200 000 EUR- 1 MEUR.

**Table 7 Quantified activity goals on programme level**

	Target	Result 2002
Main projects	114	13
◆ of which Priority 1 projects	28	4
◆ of which Priority 2 projects	50	7
◆ of which Priority 3 projects	36	2
Micro projects	15	1
Preparatory projects	15	12
Indigenous people projects	11	-
Young people projects	23	-
SME-partner projects	23	4

## 4 Financial implementation of the assistance

The Member States participating in the INTERREG III B Northern Periphery programme decided to designate the Västerbotten County Administration in Umeå, Sweden as Managing and Paying Authority for the programme, while retaining financial liability for the ERDF funds.

The function of the Managing Authority is taken care of by the Industry and Commerce Department of the County. The Managing Authority shall be responsible for the efficiency and correctness of management and implementation in accordance with Article 34 of Council Regulation (EC) No 1260/1999.

The function of the Paying Authority is taken care of by the Administration Department of the County Administration. The Paying Authority draws up and submits payment applications, receives payments from the Commission, and pays out subsidies to projects in accordance with Article 32 of Council Regulation (EC) No 1260/1999. The PA function also includes responsibility for financial corrections in accordance with Commission Regulation (EC) No 448/2001.

### **Managing Authority**

The Managing Authority has the responsibility for managing the assistance given from the programme. The MA was organised during year 2001 and spent the first time with preparations for the actual work in the programme that started in the autumn 2001. Together with the JPS an administrative structure for the programme was launched. The systems have now been in full use during 2002 and has shown some weaknesses but no fatal. The work with improvements is going on continuously. The aim is to simplify the system as far as possible within the framework of the regulations.

Special features for this programme are the long distances both within the programme area and between the administrative units (MA&PA to JPS). At the start the distances certainly caused problems in the process of constructing an effective administrative

system. Frequent meetings between the partners should have made the process easier. But the probably most important factor is to overcome the differences in cultures and experiences. Once that is done, and that requires personal meetings, the needs for meetings are not so great any longer and many questions can easily be solved by modern techniques for remote communication.

The MA takes part in all meetings by the PMG and the PMC. Through the JPS the MA gets early information on applications. After recommendation from the PMC acting as SC the MA takes the final funding decision.

During 2002 the prescribed reports were delivered to the Commission. No annual report for year 2001 was required because of the late start for the programme during 2001.

### **Paying Authority**

The Paying Authority has, in cooperation with the Managing Authority and the Secretariat, continued its effort to secure effectiveness and quality in the control system for payments.

A key factor in a secure and efficient payment process is that the material received from the projects is of a high quality. In order to achieve this, projects are educated on how to financially administer their project. The Paying Authority therefore participated at the first project leaders' seminar, which was organised by the JPS and the Scottish RCP in Inverness in November 2002. It will be necessary for the Paying Authority to take a larger degree of responsibility for the education of new projects, so educational efforts will be continued and increased during 2003.

During the year 2002 there were much discussion among interested parties on how to simplify the payment procedures, which resulted in the setting up of a task group headed by the Paying Authority. The task group started its work in January 2003.

As is shown in the table for payments (annex 3), the only payments effected during the year concerned technical assistance. A few applications for payment from micro and preparatory projects were received during the year, but payment on those applications was not effectuated until early 2003. The main projects first payment application period stretched until 31.12.2002, therefore no payments to main projects were made.

The programme received an advance payment from the Commission of 1 489 250 EUR, or 7 % of the programme's ERDF funding.

The Paying Authority has participated in a discussion network for all Swedish Paying Authorities, the so-called ERFA-exchange.

## **5 Implementation and monitoring**

### **Programme Monitoring Committee**

A Programme monitoring committee (PMC) was established at the constituting meeting following the approval of the programme in December 2001 in accordance with article 35 of Council Regulation (EC) No 1260/1999 and section 5.3 of the approved Programme Document for Interreg III B Northern Periphery Programme.

The PMC also acts as a Steering Committee, selecting projects to be financed from the programme.

The Rules of the Procedure of the PMC were approved at its first meeting on 17<sup>th</sup> January 2001 and they have subsequently been amended taking into account the full participation of Iceland (Annex 7).

The PMC is composed of:

- ◆ Three representatives from each Member State
- ◆ Three representatives from Norway
- ◆ 1-2 representatives each from the Faroe Islands, Greenland and Iceland.

The following organisations are being represented:

	Sweden	Finland	Scotland/UK
Central and regional state administration	2	1	1
Local/Regional representation	1	2	2

Trade and industry organisations and economic and social partners are represented in the Regional Advisory Groups (see below).

One representative of the NORA secretariat has permanent observer status in the PMC. The European Commission and, as appropriate, the European Investment Bank are represented in an advisory capacity. When the PMC is acting as the Steering Committee, the Commission and the EIB has the role of observer, rather than advisor. Representatives of Västerbotten CA (MA/PA) and the Joint Programme Secretariat take part in the PMC meetings.

Rules of procedure (RoP) for the PMC were drafted in December 2001(Annex 7) and approved on 17<sup>th</sup> January 2002. According to the RoP, the Programme Monitoring Committee shall have a limited number of representatives from both national and regional level from Sweden, Finland, Scotland (UK), Norway, Greenland, Faroe Islands and Iceland. Each country/region appoints its' members respectively and their personal substitutes.

The Chairmanship rotates between representatives from the national authorities responsible for the administration of INTERREG in the Member States. The chairman is appointed for one year at a time by the respective Member State. In 2002 Scotland had the Chairmanship.

The Programme Monitoring Committee met three times in 2002:

- 17-18 January 2002 in Copenhagen, Denmark
- 16-17 June 2002 in Torshavn, Faroe Islands
- 12-13 December 2002 in Copenhagen, Denmark

At its first meeting, 17.-18.1.2002, the PMC made the following decisions:

- the Rules of Procedure for the PMC were approved
- the Terms of Reference for Regional Contact Points (RCP) and Regional Advisory Groups (RAG) were approved
- the Programme Complement was discussed and approved in principle, subject to amendments made due to comments given at the meeting and within two weeks

after the meeting

- the JPS was given the responsibility to put together the application package for Micro and Preparatory projects and to select these types of projects
- the TA budget was approved. Details and annual budgets are under the responsibility of the Programme Management Group.

In addition, the applicants package, the communication strategy, the JPS work plan for 2002 and plans for partenariats and other information events were presented and discussed.

The PMC acting as a Steering Committee discussed the projects submitted during the first application round. Altogether 11 applications were received, of which only 4 passed the eligibility check and were assessed. The PMC/SC decided as follows:

- 2 projects were accepted with conditions
- 1 project was recommended to resubmit its application
- 1 project was rejected

In addition, the PMC/SC discussed the assessment procedure and decided as follows. The JPS ensures the technical check of the applications, and provided projects are found receivable and eligible, forwards them to the RAG's. If projects have minor technical shortcomings, judged by the JPS, they will be given one additional week for corrections. Only applications, which fulfil the technical checks, will be forwarded to the PMC for approval.

At its second meeting, 16.-17.6.2002, the PMC made the following decisions:

- the PMC agreed on a number of programme definitions concerning co-financing rate, public like organisations as final beneficiaries, partners located outside the programme area, private funding and in kind –contribution as co-financing. These definitions were included in the guidance to applicants.
- due to Iceland's decision to participate as full member, arrangements caused by this were discussed and it was decided that an Icelandic RCP would be set up, Icelandic organisations should have the right to act as Lead Partners and Icelandic partners in the first two application rounds would be eligible for programme funding.
- it was decided that the PMG would constitute the steering group for the mid-term evaluation and be responsible for the preparatory work involved.
- the national shares of the TA budget for 2002 were accepted. In future these matters will be handled by the PMG.

In addition, the status of the Programme Complement in the Commission, project ideas under development, approved/rejected Micro and Preparatory projects, private sector involvement, activities of RCP's and RAG's and their role in project development and programme promotion, and plans for partenariats and other information events were presented and discussed.

The PMC acting as a Steering Committee discussed the projects submitted during the second application round. Altogether 7 applications were received. All passed the eligibility check and were assessed, but one withdrew during the process. The PMC/SC decided as follows:

- 1 project was accepted without conditions
- 5 projects were accepted with conditions

In addition, to be able to satisfy the funding requests of the project applications for the second round, the PMC/SC decided to allocate more non-Member State funding to Measure 1.1. A proposal would be drawn up by the MA and confirmed by PMC by written procedure.

At its third meeting, 12.-13.12.2002, the PMC made the following decisions:

- the revised Programme Complement, taking into account the full participation of Iceland, was approved
  - it was decided that the PMG should revise the TA budget and report back to the PMC at its next meeting
  - it was decided to set up a working group led by the PA to work on the streamlining of the grant payments and reporting procedures
  - the Terms of Reference for the mid-term evaluation was approved. The tendering process was to be opened on 16 December 2002 and closed on 31 January 2003.
- In addition, matters related to project and programme management, the JPS work plan for 2003, Micro/Preparatory projects and project ideas under development, the status of the Programme Complement in the Commission, project ideas under development, emphasis of future application rounds, and plans for partenariats and other information events were presented and discussed.

The PMC acting as a Steering Committee discussed the projects submitted during the third application round. Altogether 8 applications were received. All passed the eligibility check and were assessed. The PMC/SC decided as follows:

- 3 projects were accepted without conditions
- 3 projects were accepted with conditions
- 1 project was recommended to resubmit its application
- 1 project was rejected

In addition, the PMC/SC confirmed 1 Micro project decision and 10 Preparatory project decisions made by the JPS. The JPS and the MA also confirmed that one project extension (STN) had been approved by written procedure on 20 November 2002.

### **Joint Programme Secretariat**

The Faroese Representation in Denmark, Copenhagen, hosts the Joint Programme Secretariat. The secretariat has an international staff, consisting of three persons.

The JPS has worked according to the tasks set out in the Programme Document:

- ◆ to support the Managing and Paying Authority in meeting its tasks (as defined in the agreements between the Member States and Västerbotten CA)
- ◆ to fulfil the usual work of a secretariat i.e. organisation of meetings, drafting of minutes etc
- ◆ to manage the project application process for all projects, incl. information and advice to applicants, checking and assessment of applications, and advising partners of decisions. Particular attention shall be given to advice/support to project partners from the North Atlantic areas and North-West Russia.
- ◆ to draw up proposals for decisions for the PMC (incl. written procedures)
- ◆ to implement all committee decisions and follow-up, including the monitoring and spending of the European funding
- ◆ to distribute information and implement publicity measures on the programme and its projects
- ◆ to assist and organise activities to support the pro-active approach
- ◆ to link/liaison with advisory groups
- ◆ to liaison with the implementing authorities, European Commission, partners and other interested parties as appropriate
- ◆ to support the co-operation with networks in the field of spatial planning

The secretariat works in close connection with the Managing and Paying Authority as well as with the Regional Contact Points.

### **Regional Contact Points**

Due to the geographical size of the programme area six Regional Contact Points (RCP) have been established to assist the Joint Programme Secretariat in its information and advisory tasks. They are located in Inverness/Scotland, Umeå/Sweden, Rovaniemi/Finland, Torshavn/Faroe Islands and Greenland, Bodø/Norway and Sauðárkrókur/Iceland. They form a network working in close co-operation with the Joint Programme Secretariat. The RCPs are funded from the Technical Assistance budget.

During the reporting period the Finnish RCP has been working to promote the programme and assisting in the development of projects and partnerships. The biggest part of the work has concerned advisory work with Finnish potential partners. Most of the information actions have been done in cooperation with individual RAG members:

- ◆ Northern Periphery information action, Kuopio, 25 January 02
- ◆ 3<sup>rd</sup> NPP Partenariat, Rovaniemi, 28 February- 1 March 02
- ◆ Northern Periphery information action, Kokkola, 3 April 02
- ◆ Northern Periphery information action, Joensuu, 27 August 02
- ◆ Northern Periphery information action, Kajaani, 28 August 02

Finnish RCP has also assisted in arranging FIN-RAG meetings for evaluation of the applications.

The Swedish RCP has also been informing about the Programme and giving guidance to potential project partners/lead partners as well as circulating and pushing project ideas forward. Accordingly, the RCP has worked as a secretariat for the RAG, with 2 – 3 meetings a year.

Since May 2001 the Swedish RCP has been invited to 18 information meetings (almost 1 per month) with totally 560 persons attending. These information activities have been arranged by County Councils, Associations for Local Authorities, County Administrations, and organisations for private enterprises and by local authorities. The second Northern Periphery Programme Partenariat was arranged in Lycksele, Sweden in September 2001 by the JPS and RCP.

The regional contact point for Scotland is run by the International Affairs team in Highlands and Islands Enterprise. The RCP acts as a local secretariat for the Regional Advisory Group; co-ordinating the distribution of project applications; allocating projects to pairs; setting up advisory group meetings; writing minutes.

The RCP delivers a service to the Highlands and Islands by acting as a clearing house for partner searches both looking for partners in Highlands and Islands or in Nordic countries. Regular information events are run throughout the area on the programme. A project leader seminar was organised together with the JPS in Inverness in November 2002. Information on the programme is available from the Highlands and Islands Enterprise website <http://www.hie.co.uk/international-affairs.html>.

Iceland officially joined the Northern Periphery Programme in June 2002. The Institution of Regional Development in Iceland serves as the Icelandic Regional Contact Point (RCP). During 2002 RCP has presented the programme at nine information events. Two articles were published in the year 2002 to present the programme further; those were printed in *the Journal of the Association of Icelandic Municipalities* and in *the Newsletter of the Ministry of Trade and Industry*. The Institution of Regional development has launched a new website, where there is a sub site for the NPP <http://www.byggdastofnun.is/ErlentSamstarf/NPP>. One of the main

tasks of the RCP in 2002 was to organise, in close cooperation with NORA and the Joint secretariat, a Partenariat. The Partenariat was held at the Blue Lagoon 13<sup>th</sup> and 14<sup>th</sup> of September.

According to the Icelandic RCP, the most important and the most time consuming task is answering emails and phone calls from people enquiring about the programme and its potential as well as assisting potential project developers. The RCP also helps to find suitable Icelandic partners for projects ideas from RCP in other NPP areas. Another important task of the RCP has been to assist the RAG members in their tasks of evaluating project applications

The tasks of the NORA Regional Contact Point have been central for the North Atlantic region, because the area is new in the programme. A great deal of the tasks have been to inform about the programme on all levels, authorities, partners, applicants, politicians and many others, making notes and answering questions. Advertisements in national papers have been used at some of the application rounds as well as occasionally in special editions or conference material. Supplementary letters and e-mails have been sent to national and local authorities as well as to selected institutions, private enterprises and others to inform about funding possibilities of the programme. Special information meetings, advertised and open to public have been held, mainly in the beginning of the period. Presentations have been given in different conferences and seminars.

The RCP has also served RAG in preparing assessments, debates and notes and other secretarial functions. Search for potential partners has been almost a daily task as well as regular discussions with potential partners on project development.

The Norwegian RCP activities 2002 have included advertising and promoting the NPP, answering e-mails and phone calls with potential applicants. The RCP has organized several meetings with applicants and participated in three regional events presenting the NPP with over 110 participants. The RCP has organized a group 30 delegates from Norway to participate in the Iceland partenariat. The Norwegian RCP has facilitated three RAG meetings.

### **Regional Advisory Groups**

In each participating Member State, Norway and the North Atlantic areas as a whole, a Regional Advisory Group (RAG) has been set up to assist the PMC in preparing the basis for decisions on single projects. The members of the RAGs come from different fields of expertise representing main partner organisations, including environmental authorities in the relevant countries, and non-governmental organisations, if appropriate.

Each RAG has convened three times during the reporting period to assess the suitability and priority of all project applications using the agreed selection criteria. Recommendations have been made on whether or not the request for funding should be supported. The RAGs have also promoted and taken part in facilitating the creation of new transnational projects. Activities of RAGs are funded by the Non-Member States.

### **Programme Management Group**

In order to support and assist the Managing and Paying Authority and the Joint Programme Secretariat in carrying out their tasks, especially those relating to the administration of ERDF funds, and to facilitate contacts and flow of information

between the programme partners, a Programme Management Group consisting of representatives of the national authorities responsible for the implementation of the programme has been set up.

During the reporting period PMG convened seven times: 10 May 2001, 20 June 2001, 17 August 2001, 13 December 2001, 13 May 2002, 26 August 2002 and 17 October 2002.

Issues to be discussed and decided concentrated e.g. on further developing the Programme Document and Programme Complement, setting up the programme administration, mainly the JPS, deciding on programme principles, definitions and rules, technical assistance budget, as well as terms of reference for the PMC.

### **Mid Term Evaluation**

The process for the execution of the Mid Term Evaluation was started by the PMC, which at its meeting in June 2002 delegated to the PMG to act as steering group for the process. Terms of reference were developed, please see annex 8 and the tendering process for searching a contractor was started late 2002. The first call gave no bids at all but in a second call six bids were received. Based on those the Nordland Research Institute, Bodø, Norway was appointed as executor of the MTE.

### **Observations in managing the assistance**

The Interreg IIIB NPP was approved by the Commission on 14<sup>th</sup> December 2001. The first projects funded through the programme started in the middle of the year 2002. The number of applications submitted in the three first application rounds has been somewhat fewer than expected. At the end of 2002, 25% of the funding in the programme was committed to projects through final decisions. The considerable efforts made to increase the number of good quality applications, incl. partenariats (see below) and funding of Micro and Preparatory projects, are expected to pay off in 2003

The late and slow start of the programme has of course had effects on the paying process also. Less than 1 % of the total funding was paid out at the end of 2002. The Paying Authority has made a forecast for the payments based on the resent level of decisions and on the experience from payments in other programmes. The forecast shows a slow start of the payments and strong increase in payments towards the end of the programme.

**Table 8 Payment forecast for Interreg IIIB NPP. Payments by year**

Year	2002	2003	2004	2005	2006
Meuro	0,2*	2,5	3,5	4,0	5,0
*) Actual outcome					

This forecast was made in the beginning of the year 2003. The forecast has later during this year been revised and the new figure for payments during 2003 is lowered to 1,5 Meuro. This will result in a total payment by the end of 2003 of 1,7 Meuro which is the minimum level to satisfy the “n+2” rule for 2003.

Most projects are funded for more than one year and often for three years, which makes it necessary to be “a bit ahead” in the start of new projects. It is desirable that at least 50% of the programmes funding is committed in final decisions by the end of 2003.

## **6 Checks and audits**

The control systems that have been designed for the implementation of the programme are now in use and the experiences so far are that they seem work satisfactorily. The construction of the systems is described in the CIP and in the report to the Commission in accordance with Article 5.1 in Commission Regulation 438/2001. The internal audit has specially pointed out the need for clear separation of the Managing and the Paying Authorities (see below). Special efforts are being made to simplify the projects payments claims as much as possible within the framework of the regulations.

New for this programme period is the possibility to make an appeal on the decision of the Paying Authority. The payment decisions can be appealed by a court for public management (Länsrätten Västerbotten first level).

### **6.1 Audits made by national authorities or the commission**

The County Administration of Västerbotten is audited by the National Audit Office as all Swedish governmental authorities. Swedish authorities with the task of managing structural funds programmes are also object to an internal audit through a special unit placed in the County Administration of Gävleborg.

The internal audit submits an annual plan for the audit to the board of the County Administration. The aim of the audit is to control the quality and efficiency of the organisation and the control- and management systems used by the Managing and Paying Authorities. They check the routines for handling the application- and decision processes, payments claims and actual payments, and the control and monitoring systems used by the Managing and Paying Authorities to ensure sound and efficient management of the programmes funding. The internal audit visits the MA and PA at least twice a year.

### **6.2 Result of the controls and actions taken as a result of the controls**

In the report for 2002 the internal audit states that they during year 2002 did not find any serious problems during their inspections. At the start of the programme they pointed out that the managing authority and the paying authority as they are parts of the same authority (County Administration Västerbotten) its important that they are well separated within the authority. After the discussions with the internal audit the organisation of the MA and PA was arranged with the responsibility for the MA at one department and the responsibility for the PA at another department.

The internal audit also stressed that the sample checks (5%-checks) must be started during year 2003 to be carried out continuously during the running time for the programme.

The PA is planning to start the sample checks during the second half of 2003. Before that time there is so little of activities in the projects to check that the checks would not be efficient. The control objects will be chosen after a "risk and importance" analysis. At least 5 % of eligible costs in the programme shall be checked.

The checks will be carried out by a contractor with experience from project monitoring and auditing. The PA is committed to find a contractor that can carry out controls in both Finland, Scotland and Sweden.

## 7 Use of Technical Assistance

The eligible budget for the technical assistance is 2 978 000 EUR. The budget is divided into programme management costs (85 %) and other costs (15%). According to the Commission's decision the management costs can amount to 5,96 percent of the total ERDF contribution to the programme. The biggest share of the programme management costs is the costs for the Joint secretariat (65 %). These costs are personnel costs including salaries, office costs, travelling costs, equipment, meeting costs and auditing of the TA. Managing and Paying authority costs represent 21 % and Regional contact points 12 % of programme management costs.

Other costs include evaluation, installation of computerised systems for monitoring, management and evaluation as well as costs for information actions. Information actions represented 90 % of Other costs, 121 687 EUR.

The following table 9 presents the use of technical assistance in 2001-2002.

**Table 9. Technical assistance costs 2001-2002**

Technical assistance budget- Eligible expenditure							
	Total Eligible Budget	Eligible budget 2001	Expenditure 2001	Eligible budget 2002	Expenditure 2002	Combined expenditure	% Of total eligible budget
Joint secretariat	1.639.805	179.805	130.855	220.000	227.769	358.624	22%
Managing and Paying Authority	536.000	67.000	0	67.000	48.487	48.487	9%
PMC meetings & travel	60.000	10.000	2.970	10.000	24.952	27.921	47%
Regional contact points	300.000	50.000	15.245	50.000	53.056	68.301	23%
Programme Management costs	2.535.805	306.805	149.069	347.000	354.264	503.333	20%
Other costs	442.195	39.945	9.059	78.000	125.927	134.986	31%
Total costs	2.978.000	346.750	158.128	425.000	480.192	638.319	21%

## 8 Publicity and information

### Measures taken by the Joint Programme Secretariat

The Joint Secretariat in Copenhagen has provided all interested parties and institutions with information on the programme and its actions. The secretariat has been available for contacting by telephone, fax, e-mail, via the web site and in person. The JPS has been strongly involved in producing the core documents related to the programme: the Programme Document (CIP) and the Programme Complement.

The Northern Periphery Programme Website with the online database on projects was launched at the partenariat in Lycksele 28-29 September 2001. Feedback has been very

positive. The number of hits in 2002 was approximately 32,000 with an average of 87 hits per day each lasting 19 minutes.

Documents for the programme implementation; Applicants' package, Practical Guide for Project Management, Reporting documents and application build on Excel 2000 as well as brochures in six languages were developed by the JPS.

The JPS has promoted the programme in numerous events:

- ◆ Interreg III information day, Kajaani, Finland 28 August 2001
- ◆ Interreg III information day, Joensuu, Finland 29 August 2001
- ◆ Interreg III information day, Oulu, Finland 11 September 2001
- ◆ Interreg III B Seminar, Edinburgh, Scotland 10 January 2002
- ◆ The Fifth Arctic Parliamentary Conference, Tromsø, Norway 11-13 August 2002
- ◆ Interreg III B Northern Periphery Information Seminar, Inverness, Scotland 7 November 2002

The approximate number of participants in each event was 70-100.

### **Partenariats**

Three partenariats were organized together with the Joint Programme Secretariat and Regional Contact Points, focusing on project ideas and facilitating the transnational partner search process.

#### ***Lycksele, Sweden, 27 – 29 September 2001***

Over 90 people attended the Partenariat. Finland was represented by fourteen delegates, two delegates came from Iceland, nine delegates from Norway, eleven delegates from Scotland and fifty-two delegates from Sweden, three delegates came from the Joint Programme Secretariat in Copenhagen and a guest delegate from the Baltic Sea Interreg III B programme. Delegates were representing local and regional government authorities, research and educational institutions, non-governmental organisations and national government representatives.

In the parallel seminar sessions 36 project ideas from 67 (submitted to the “Project Fair”) were presented. In addition to presentations of project ideas, the sessions were designed to facilitate the transnational partner search process.

#### ***Rovaniemi, Finland, February 28th – March 1 2002***

Over 80 people attended the first Northern Periphery Programme Partenariat of 2002. Sweden was represented by 17 delegates, 2 delegates came from Iceland, 6 delegates from Norway, 10 delegates from Scotland and 44 delegates from Finland, three delegates came from the Joint Programme Secretariat in Copenhagen and a guest delegate from the Interreg III Unit, European Commission in Brussels. Delegates represented local and regional government authorities, research and educational institutions, non-governmental organisations and national government representatives.

49 projects ideas were presented and discussed in the “Project Clinic”. In addition to presentations of project ideas, the sessions were designed to facilitate the transnational partner search process.

#### ***Keflavík, Iceland, September 13 – 14, 2002***

Over 220 participants from seven countries attended the second Northern Periphery Programme Partenariat of 2002. Sweden was represented by 25 delegates, 93 delegates came from Iceland, 29 delegates from Norway, 21 delegates from Scotland, 12

delegates from Greenland, 20 delegates from the Faroe Islands, 14 delegates from Finland, 2 delegates from Denmark. For the first time Russia was represented at a NPP partenariat, with six delegates. Guest speakers were invited from the SFG Data Quality in the Faroe Islands and Tees Valley Strategy Unit in the U.K. The partenariat delegates represented local and regional government authorities, research and educational institutions, non-governmental organisations and national government representatives and private companies interested in presenting their project ideas and searching for project partners.

91 project ideas were presented and discussed in “Thematic parallel workshops”: IT and Information Society (15), Natural resources (15), Fishing Industry (9), Tourism (14), Entrepreneurship, SME development, Networking and Enhanced Skills (17) and Service provision, Spatial planning and Public management/ Transportation, Logistics and Transport Infrastructure (21).

In addition to presentations of project ideas, the sessions were designed to facilitate the transnational partner search process.

### **Project leader seminars**

The Joint Programme Secretariat and the Scottish RCP organised the first Project Leader’s seminar in Inverness on 8 November 2002. The seminar was targeted at Lead Partner organisations and their project leaders/project co-ordinators, who are responsible for the day-to-day management of the project. The purpose of the seminar was to give guidance on the reporting procedures, practicalities concerning budgets and payments and to discuss about transnational cooperation and responsibilities of partners. The seminar attracted 23 participants, mostly from Scotland.

### **Measures taken by Regional Contact Points**

The Regional Contact Points have had a substantial role in informing and promoting the programme in their respective areas as described in chapter 5.

All the above information and publicity actions were financed from the technical assistance budget. The indicative budget was 342 195 EUR, from which 121 687 EUR was spent during the reporting period.

### **Measures taken by national responsible authorities**

The Finnish Ministry of Interior, the Scottish Executive, the Swedish Business Development Agency – NUTEK, the Norwegian Ministry of Local Government and Regional Development and the Nordic Atlantic Co-operation – NORA have also contributed to the promotion of the Northern Periphery Programme.

In Finland the Ministry of the Interior has continuously informed about the programme and its implementation through the ministry's information bulletin "Alue-Intergraattori", which is published 5 times per year and is sent free of cost to more than 2000 addresses (regional authorities, municipalities, organizations etc.) and is also published in electronic form on the ministry's home page [www.intermin.fi](http://www.intermin.fi). At the ministry’s homepage there is also basic information about all Interreg programmes, in which Finland participates, incl. NPP. A brochure of the Interreg programmes (incl. NPP) was being developed in autumn 2002 and was published in Finnish, Swedish, English and Russian in 2003. In November 2002, the Ministry of the Interior together with other relevant Finnish ministries arranged an info day about the start-up and outlook of the Interreg IIIB Baltic Sea Region and Northern Periphery programmes. The event attracted around 40 participants from various national and regional authorities, universities and other interested parties and was generally considered successful.

In Sweden, NUTEK has produced a brochure on Structural Funds, which also has a section on the Northern Periphery Programme. NUTEK website [www.nutek.se](http://www.nutek.se) has a sub site on the Northern Periphery.

The “Swedish” Interreg III B Programmes have a network to spread information about Interreg III B and has created a website where a newsletter is published. The newsletter is also distributed to all potential beneficiaries in Sweden, to local authorities (60), to County Councils (7), to County Administrations (7), to organisations for private companies (14), to the Chamber of Commerce (7) etc. To date 6 newsletters have been distributed. The Swedish Interreg III B network also co-operate with governmental agencies and ministries.

In Scotland, Scottish Executive has established a network for INTERREG IIIB generally. This allows information about the programme, and opportunities to participate to be ‘cascaded’ through the network to a broad range of potential partners. This complements the active promotion of the programme by the RCP. The Scottish Executive has also established a page on their website and an information pack on the programme.

In Norway, respective national authorities have informed about the programme through several channels e.g. Internet, seminars and conferences. A special website for INTERREG has been established, [www.interreg.no](http://www.interreg.no), which has also information about the NPP.

NORA cooperation has information about the programme in its website [www.nora.fo](http://www.nora.fo).

### **Data base for monitoring the programme**

The Swedish database STINS, technically managed by Nutek and designed for monitoring structural funds programmes in Sweden. It is basically designed for objective programmes. STINS needs some further development to be useful also for Interreg programmes. These have now proceeded so far that the projects can be registered and the database can produce reports for the monitoring process. STINS will probably be substituted by a new database called PRINCE later this year.

During the absence of STINS data, the Joint programme Secretariat has registered economic information in temporary databases created in MS Excel.

All economic events are registered in the system Agresso, which is the basic system for economic monitoring at the county administration.

## **9. Compliance with Community policies**

According to Article 12 of the General Regulation (European Council Regulation (EC) No 1260/1999, operations financed by the Structural Funds must be in conformity with the provisions of the Treaty, with the instruments adopted under it and with Community policies and actions. This includes rules on competition, on the award of public contracts, on environmental protection and improvements and on the elimination of inequalities and the promotion of equality between men and women.

This compliance is verified in the appraisal of operations as well as during their implementation through monitoring.

### **Competition Rules**

Aid under the Northern Periphery programme will be provided only where it is consistent with the de minimis provisions or the block exemptions for aid to small and medium sized enterprises and training aid. The applicants' pack, especially the DATASHEET 12 gives information about the rule in question.

### ***De Minimis***

Private project applicants can only be granted aid from the Northern Periphery programme if they can prove they have not received public aid amounting over 100 000 EUR a three-year period. This rule is elaborated in detail in the applicants' pack, DATASHEET 12.

### **Environment Policy**

The Northern Periphery programme will support the objectives of Structural Funds programmes concerning the protection of nature values of the Natura 2000-sites. Environmental aspects and effects of projects are taken into consideration in project assessments (through the selection criteria) and monitoring of approved projects.

### **Promotion of equality between men and women**

To be eligible for funding, projects under Northern Periphery programme must take into account equal opportunities for men and women. Equality between sexes is taken into account in realization of the programme, including programme administration, project assessments (through the selection criteria) and monitoring of approved projects.

### **Information society policy**

In the implementation of the Northern Periphery programme, the eEurope Initiative and the Northern eDimension Action Plan are taken into account. Information society issues and ICT are emphasised in the programme, especially in Measure 1.2 Access to information society.

### ***General***

The information activities to promote the programme emphasise the policies, which constitute the foundation of the structural funds programmes. Lead partners and project leaders for the approved projects are invited to project leader seminars where further information on the programme implementation and policies behind the programme is given. The requirements of public procurement and the continuous consideration of environment and equal opportunities are also being emphasised.

## **Annex**

### **1 Committed funds 31 Dec 2002**

### **2 Total decisions 31 Dec 2002**

### **3 Payments 31 Dec 2002**

### **4 Project indicators Priority 1**

### **5 Project indicators Priority 2**

### **6 Project indicators Priority 3**

**7 Rules of procedure for the PMC - 2002**

**8 Terms of reference for the Mid Term Evaluation**

## Project indicators

### Annex 4 Priority 1 Communications

Measure	Indicator	Description	Indicator measurement	Number
<b>1.1 Transportation, logistics and transport infrastructure</b>	Transport networks	Network activities for maintained and improved transports	Number of networks	5
			Number of partners involved	59
			Number of sectors involved	4
	Northwest Russia connections	Projects connecting Northwest Russia to Western Europe	Number of projects	1
	Communication links Communication studies	Strengthened communication links as a result of the project Surveys of communication problems and solutions	Number of new links	5
			Number of improved links	
			Number of studies	8
	Job-locating projects Distance learning projects	Projects concerning location of jobs in NPP area through ICT Projects concerning distance learning	Number of projects	1
			Number of projects	1
	Health service projects	Projects concerning access to health service	Number of projects	1
<b>1.2 Access to information society</b>	Information society issues	Projects concerning Information Society	Number of projects	1
	Studies on IT-access	Studies concerning IT-access	Number of studies	2
	New IT-based applications and solutions	IT-solutions and services that are new to the area concerned	Number of new solutions	2
	Establishment of virtual work places	Creation of (on-line) jobs in remote areas	Number of new jobs created	

## Annex 5 Priority 2 Strengthen sustainable economic development

Measure	Indicator	Description	Indicator measurement	Number
<b>2.1 Sustainable use of nature and natural resources</b>	Natural resources	Projects concerning natural protection and/or heritage	Number of projects	2
	Cultural heritage	Projects concerning cultural heritage management	Number of projects	1
	Combination of protective and commercial interests working together	Projects involving natural protection and commercial exploitation/use	Number of projects	2
	Diversified businesses	Enterprise or organisation that have extended their business in relation to natural resources	Number of diversified enterprises	106
	Local processing	Products or services that have been locally processed	Number of products/services	80
	Environmental management	SMEs undertaking environmental management (reducing environmental impacts/increasing efficiency of resources used, as a result of the project)	Number of SMEs undertaking environmental management	111
	Tourism	Common (nature based) tourism products	Number of new products	27
	Entrepreneurial training	Projects concerning entrepreneurial training	Number of projects	1
	<b>2.2 Business innovation and development of human resources</b>	Business innovation	Projects concerning research, development and business innovation	Number of people trained in total
Number of men (>25) trained				20
Number of women (>25) trained				46
Number of young men (<25) trained				20
Number of young women <25 trained				46
Number of projects				2
SME networks		Transnational co-operation for SMEs regarding marketing and product development measures or other	Number of networks	2
Research and industry networks		Transnational co-operation between research and industry	Number of countries involved	8
			Number of SMEs involved in total	4
			Number of SMEs owned by men (>25)	
			Number of SMEs owned by women (>25)	24
			Number of SMEs owned by young (<25) women	3
			Number of networks	10
SME development		New or diversified enterprises	Number of countries involved	8
			Number of new enterprises	7
	Number of organisations taking up e-commerce		4	

## Annex 6 Priority 3 Community development

Measure	Indicator	Description	Indicator measurement	Number
<b>3.1 Household related service</b>	Studies on service provision	Studies concerning service in the NPP area, as a result of the project	Number of studies	
			Number of communities involved	6
			Number of people involved	
	New approaches to service provision	New or improved services, as a result of the project	Number of new services	3
			Number of improved services	1
			Number of people served	
	Waste management	New ways of minimising, recycling and disposing of waste and minimising pollution	Number of studies	1
Number of demonstration projects			10	
<b>3.2 Public management and spatial planning</b>	Co-operation projects on transboundary pollution	Projects focusing trans-boundary pollution	Number of projects	
	Local and regional participatory projects	Projects focusing local involvement in development planning	Number of projects	36
	New or improved local/regional planning tools/studies/documents	New planning tools for local and regional economic development and planning policy	Number of groups/communities involved	16
			Number of tools	4
	Urban-rural partnerships	Partnerships between urban and rural areas/organisations	Number of communities where tool used	18
Number of new partnerships				