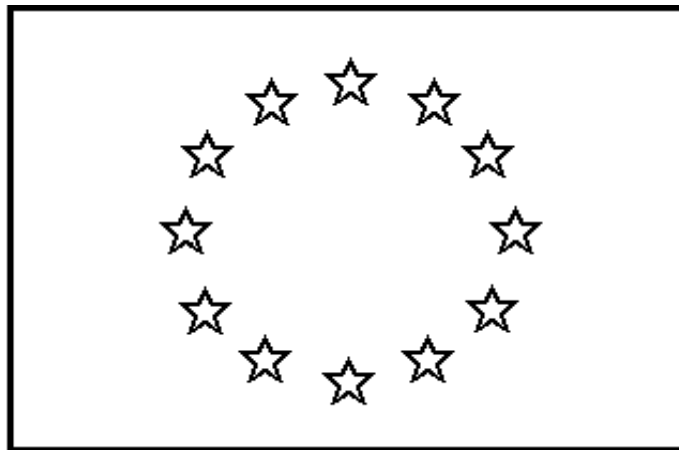


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INTERREG IIIB

Northern Periphery Programme

ANNUAL REPORT 2005



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The Interreg IIIB Northern Periphery Programme 2001 – 2005

Promoting regional development through transnational cooperation in Northern Europe and the north Atlantic area

2005 was a very important year for the programme in terms of fulfilling remaining strategic project themes. The Programme Monitoring Committee tasked the Joint Programme Secretariat and Regional Contact Point's to identify and present projects of strategic importance in order to fulfil targets set the Programme Complement.

The 2005 Information Action Plan outlined a number of activities and events to be organised throughout the year. Demonstrating the success of the programme and projects has been a key activity of the Information Action Plan. Information Action Plan activities highlighted such aspects as best practices of projects, and led to the involvement of 2 new partner countries in the new programme period 2007-2013.

The evaluators of the Update of Mid Term evaluation highlighted among many aspects the programmes ability to address aspects of the Lisbon and Gothenburg agenda. In October 2005, the Programme Monitoring Committee initiated discussions at a meeting in Nairn, Scotland for the new programme period on the strengthen of the recommendations of the evaluators of the Update of Mid Term evaluation and the European Commission's inclusion of the NPP in the Objective 3 Territorial Cohesion.

By the end of 2005 and after 10 project application rounds, the programme had committed 100 % of programme fund. 30,597 MEUR have now been committed to projects; 22,6 MEUR from the European Regional Development Fund and 7,8 MEUR from Non-Member States. Demands from Non Member States' partners, such as Iceland, Greenland, Norway and the Faroe Islands, were high as from Member States' partners, which illustrates the broad commitment shown to the programme across the wide geographical area.

The Northern Periphery Programme has recognised the additional benefits of incorporating a wide range of actors in project partnerships and since the onset of the programme, the private sector has been considered a valuable asset in project development and the promotion of transnationality in the northern periphery area. The results have been that, the vast majority of NPP projects involve SMEs either as partners, co-financiers, participants or recipients of project outputs.

The Northern Periphery Programme has continued to place a strong emphasis on transnationality and ensuring that it is applied to all aspects of project development and implementation. The emphasis on transnationality is evident in the results of the programme, which demonstrates a high level of transnationality.

The Programme Complement established specific targets for the programme. The programme has met all programme targets for main project priorities. An analysis of the programme targets shows for example, that 66 SMEs or 17% of all partners are involved as partners. Another illustration of the programme meeting its targets is the fact that 13 projects involve youth, as one of the programme's target groups.

All projects approved by the Northern Periphery Programme Steering Committee have addressed priorities for development of the region and were targeted at the specific problems associated with the northernmost parts of Europe, such as low population density, adverse weather conditions and long distances from main markets.

Projects approved during 2005

Priority 1	Priority 2	Priority 3
ROADEX III	Rural Enterprise in the North	Sustainable Rural Health care networks
Ambulance transportation and services in rural areas		Spatial planning in the northern peripheral regions
Safety @ Sea		
Scandinavian MAYHEM		

From the 10 application rounds held so far, a total of 90 main project applications have been submitted to the Joint Programme Secretariat. 48 projects have been approved by the Steering committee. 14 or 30% of funded projects have a Scottish Lead Partner, Finnish or Swedish Lead Partner, comprise of 13 organisations respectively and Norway and Iceland both have 4 Lead Partners each. It is also worth noting that during 2005, the average ERDF grant to a main project was 392 510 EUR compared to average ERFD grant of 430 043 EUR due to shorter project durations and the ending of the programme.

The use of preparatory project as seed money to develop main projects has continued to prove to be successful, as they have provided the bridge to main projects. The Joint Programme Secretariat approved in total 47 preparatory projects to strategically support the Programme Monitoring Committee to initiate project themes gaps; to date, 28 have been successfully approved as main projects out of the approved 48 main projects.

A crucial achievement for the programme was the fulfilment of the N+2 target for 2005. The successful on-going implementation of projects has been essential to achieving this target.

The full 2005 annual report for the Northern Periphery Programme is available on the programme's web-site <http://www.northernperiphery.net/>



Interreg IIB Northern Periphery Programme

2005 Annual Report

Part A: Programme Status

1. Introduction

The 2005 annual report for the Interreg IIB Northern Periphery Programme is made in accordance with Council Regulation (EC) 1260 1999 on general provisions for the Structural Funds. It has been created 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 11th of May 2006. The European Commission approved the programme on the 14th of December 2001.

In order to improve readability, the report is divided into two volumes. The first volume describes the implementation and on-going activities of the programme. The second volume describes the background information of the financial management of the programme, informational annexes and case studies of completed and current projects.

The annual report aims to provide an overview of the status of the programme at the end of 2005, to outline the main activities carried out during the year, and present the results achieved so far. 2005 was a very important and successful year for the programme, both in terms of project dissemination, and project activities. By the end of 2005, a total of 48 main project applications had been approved, out of the 90 main applications in total since the beginning of the programme. In 2005, 11 main project applications and 1 project extension were submitted and the Steering Committee approved 7 main project applications and 1 project extension. The approval of new projects in 2005 was essential in achieving the 48 main project targets set in the Programme Complement. The total budget of 22.6 MEUR of the ERDF budget had been committed to projects.

The use of Micro and Preparatory project funding has proved very useful in developing project partnerships. It helps to overcome many of the barriers normally faced in developing a project, particularly in an area as large as the Northern Periphery. 5 preparatory projects were approved during 2005, bringing the total number of preparatory projects to 47.

An equally positive result has been that the demand for funding from Non-Member State partners has been high and a strong commitment to the programme has been exhibited. 7.93 MEUR of ERDF equivalent funds have been committed to projects out of a total of 8.2 MEUR. Further information on funding commitments and all projects can be found in chapter 3.

One of the biggest challenges of the programme was to fulfil the payment targets for N+2. A critical point for the programme during 2005 was the low level of payments and consequently, actions were taken to address the issue. The final result was that payments for 2005 reached the N+2 level and the programme avoided the loss of funding.

The Programme Document and Programme Complement were updated in 2005 to reflect the additional allocation of indexation money and additional funds from Greenland and the Faroe Islands. Further information on this can be found in Chapter 4.

During 2005, additional activities were conducted to encourage dissemination of programme and project results to stakeholders and the general public. Media consultants were engaged to train at a lead partner seminar on effective media and dissemination strategies and practices. An intern was placed at the Joint Programme Secretariat to further develop and write a dissemination plan for the programme.

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

During 2005 there were no important changes reported that affects the general conditions for implementation within the programme area in Iceland, Scotland or Northern Norway.

The positive trends of the Swedish economy continued to be favourable during 2005. According to preliminary data, GDP grew by 2,7% in 2005 compared to 3,8 % in 2004. Industrial trade has experienced a strong phase and exports have continued to grow rapidly. This has had positive economic effects in all Swedish counties covered by the NPP.

In spite of stable economic growth, figures for employment and unemployment have not changed significantly. Production increases are entirely explained by positive productivity growth. One of the reasons for this is that the number of day's sick leave has started to decrease. This has skewed the statistics, as the fact that people return to work does not mean that employment has increased, as they are already part of the labour force.

The unemployment rate of the last quarter of 2005 was 5.8 % in the northern parts of Sweden. That is slightly higher compared to 2004. There are differences in the unemployment rates between the different parts of the region, with inland Sweden and the county of Gävleborg encountering higher figures.

In Finland, the growth of the economy accelerated in the last quarter of 2005. In 2005 GDP grew by 2.1 % according to preliminary data against a growth of 3.6 % in 2004. One major factor to lower growth was the large-scale lockout in the forest industry in late spring of 2005. During the lockout in May-June the monthly GDP indicator dropped to - 3 %. The yearly growth still remained at a higher level compared to the whole euro area. In 2006, the Ministry of Finance expects a GDP growth of 3.2 %. The consumer prices increased by about 1 % and consumer demand remained strong.

The employment situation improved slightly in the area covered by the programme. In North and East Finland, the unemployment rate remains at a level, which is 4-5 percent higher than in the whole of Finland. The number of employed persons in Finland increased by 1.5 % in 2005.

In Greenland statistical information for 2005 will not be available before the submission of this report. Greenland Statistics does, however, predict the following based on data for the first half of 2005. The GDP has been growing for the last ten years and was expected to continue for 2005. The unemployment rates have fallen; the unemployment rate in 2004 was 6.9%. The unemployment rate is slightly lower in the largest towns and among younger people under the age of 25. The rate for foreign trade is also expected to grow a little.

In the Faroe Islands during the first half of 2005, the Faroese economy showed signs of a regression, but in the second half of the year the economy recovered; a clear picture will not be known until later.

For general information about socio-economic factors such as population, migration and unemployment for regions within the programme area, please read the 2002 Annual Report.

3. Summary of results and effects on programme level

During 2005 the Northern Periphery Programme adhered to the allocation of money in the different priorities. As part of the Programme strategic overview, it was agreed that the programme commitments would not be over spent.

At the end of 2005 the commitment levels were as follows:

ERDF Commitment level by priority, measure and percentage

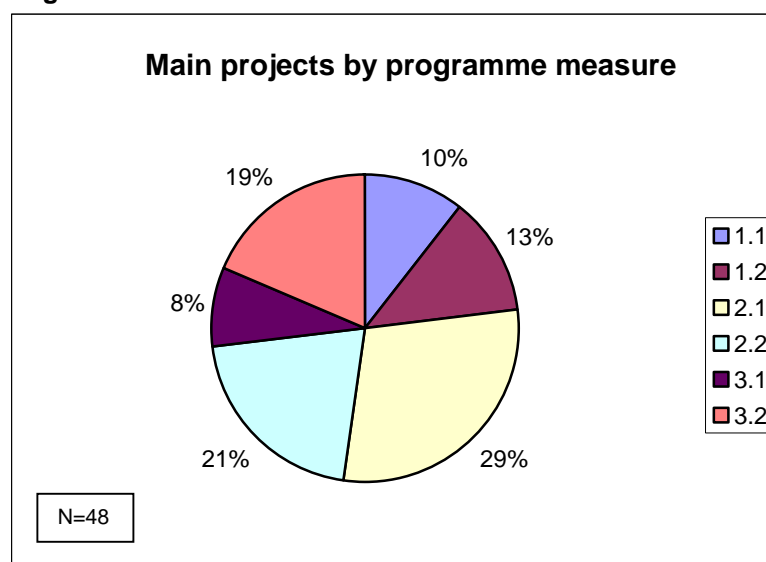
Priority 1	92,8%	Priority 2	102,8%	Priority 3	101,4%	Priority 4	100%
Measure 1.1	88,5%	Measure 2.1	100,2%	Measure 3.1	106,5%	Measure 4.1	100%
Measure 1.2	95,0%	Measure 2.2	107,9%	Measure 3.2	98,2%	Measure 4.2	100%

See Annex 1: Monitoring System 2000 – 2006 for further detailed information.

As illustrated above, the highest demand and commitment can be seen in Priority 2, which meant that at the end of 2005 both Measure 2.1 and 2.2 were fully committed. This resulted in the Programme Monitoring Committee, agreeing to the suspension of new applications in Priority 2. Priority 3 also had a high demand and commitment level and applications were suspended for the second round of application in 2005. The demand for funding in different priorities is the same for both Member States and Non Member States, as shown in Table 1, Volume 2 commitment level than the Member States, which is an encouraging indication that the Non Member States are committed to the programme.

Diagram 1 illustrates the division of projects by measure and shows that 29% of projects are funded by measure 2.1. Conversely, measure 1.2 has the smallest number of projects with only 8%.

Diagram 1.



- 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

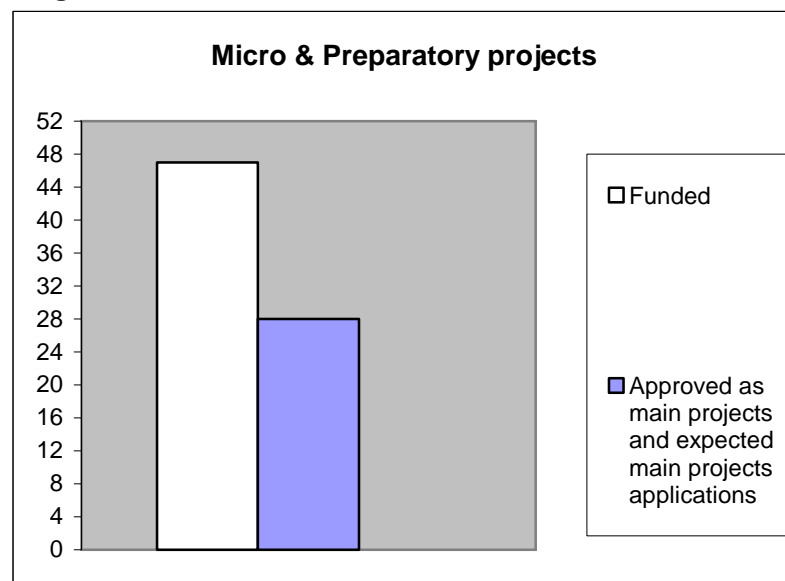
The programme was fully operational during 2005 and the following sub-chapters will give an account of programme implementation and activities during this period.

3.1 Micro and Preparatory Projects

The Northern Periphery Programme had an initial budget of approximately 200 000 EUR for micro and preparatory projects. However, due to high demand and the positive results two increases of 200 000 EUR on two separate occasions on 2003 and 2004 were made by the PMC. The PMC decided to further increase this amount by 60 000 EUR in May 2005 which brought the total budget for micro and preparatory projects to 660 000 EUR.

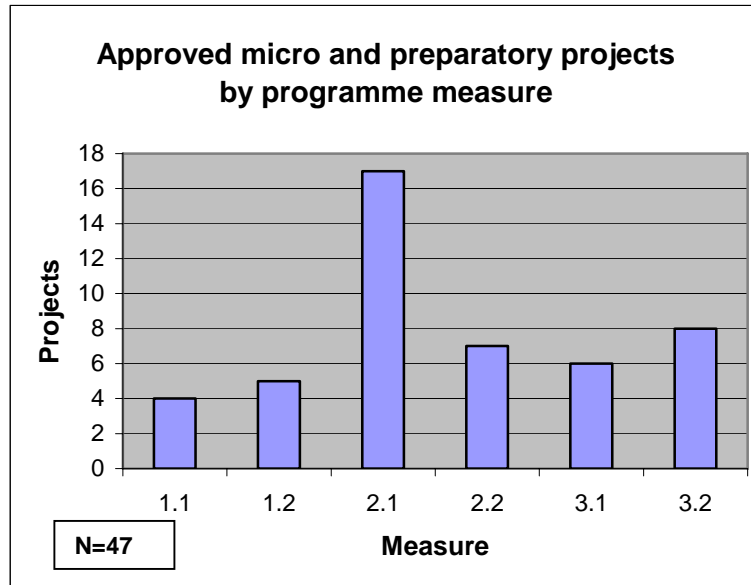
The Joint Programme Secretariat received 5 preparatory project applications during 2005, of which 5 were approved and 4 went on to be approved as main projects. In total, the JPS has received 68 micro and preparatory project applications during the programme period. As a result, 47 have been approved. From the 47 approved preparatory projects, 28 or 60 % have been successfully approved as main projects. These figures are illustrated in the diagram below:

Diagram 2.



A total of 90 % of Micro and Preparatory projects funding was committed at the end of the current reporting period. As diagram 3 shows below, the most popular measure is measure 2.1, which has funded 40% of projects (17). This is also reflected in the demand for main project funds. From the projects funded in 2005, four preparatory projects resulted in a main project. These were Remodelling Transport Services for Access to Unscheduled Care, Community Studio, Safety@ Sea and Sustainable Rural Health Care Networks.

Diagram 3.



- 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

3.1.1 Preparatory Projects Approved in 2005

The following section gives a short description of projects approved and operational in 2005, and their expected results.

Priority One

Remodelling Transport Services for Access to Unscheduled Care

The provision of pre-hospital services or ambulance services in northern rural areas can be challenging and there is need for improvement. This project's aim was to stimulate collaboration between actors in this field, in order to find a model of "best practice" in northern rural areas concerning access, vehicles, transport distances, safety, equipment, competence, economics and effectiveness. Also, to seek possibilities for enhanced cooperation within primary health care and emergency units in hospitals to optimise transport solutions. A main project application was presented to the Programme Monitoring Committee who decided to approve the project in May 2005.

Community Studio

This project's aim was to establish whether simultaneous cultural events could be linked together in the Northern Periphery Programme area by development and usage of new technology. The project explored the possibilities of the creative industries using community studios to develop cultural events and make the events viable. A main project application was

presented to the Programme Monitoring Committee who decided to approve the project in December 2005.

Safety@ Sea

The objective of the preparatory project was to create complementary and parallel main project application to the Safety at Sea – Interreg IIIB North Sea Region project. If approved the two projects explored the possibility be coordinate and implement at the same level as in the Northern Maritime Corridor projects in the Interreg IIIB NPP and NSR programmes.

A main project application was presented to the Programme Monitoring Committee who decided to approve the project in May 2005.

Priority Three

Sustainable Rural Health Care Networks

This project explored sustainable rural health care networks, in order to enable the partners within the rural areas to improve the quality of and accessibility to health care services in the Northern Periphery (NP) area.

A main project application was presented to the Programme Monitoring Committee who decided to approve the project in May 2005.

Coping with the Socio-Economic Impact of Mega Projects in the NP

This project's main aim was to seek a forum for the exchange of knowledge and best practices between key actors in society regarding the socio-economic impact of mega projects in the NP area. No main project application was presented to the Programme Monitoring Committee in 2005, but a main application is expected in the new programme period.

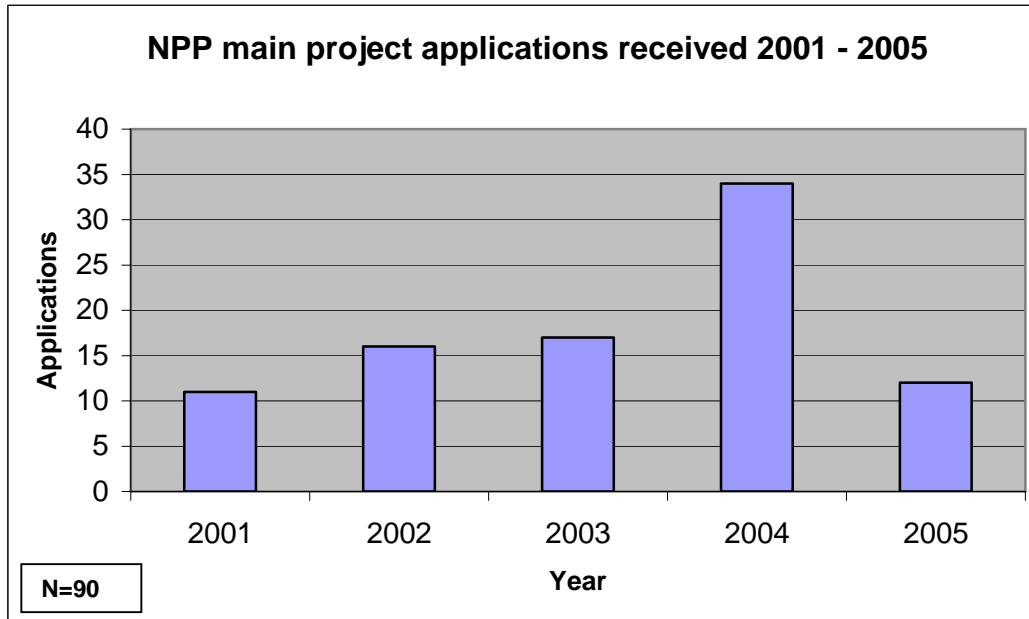
3.2 Main Projects

A total of twelve applications were received by the Joint Programme Secretariat for the two application rounds held in 2005. Decisions on these main project applications were taken at two Programme Monitoring Committee meetings of 2005, which were held on May 26-27 in Svalbard, Norway and 14-15 December 2005 in Copenhagen. (See also chapter 5). At these meetings the Steering Committee approved seven main project applications and one project extension.

From the ten application rounds held so far, a total of 90 main project applications have been submitted to the Joint Programme Secretariat. 48 projects (including 4 extensions to projects) have been approved by the PMC meeting as a Steering committee.

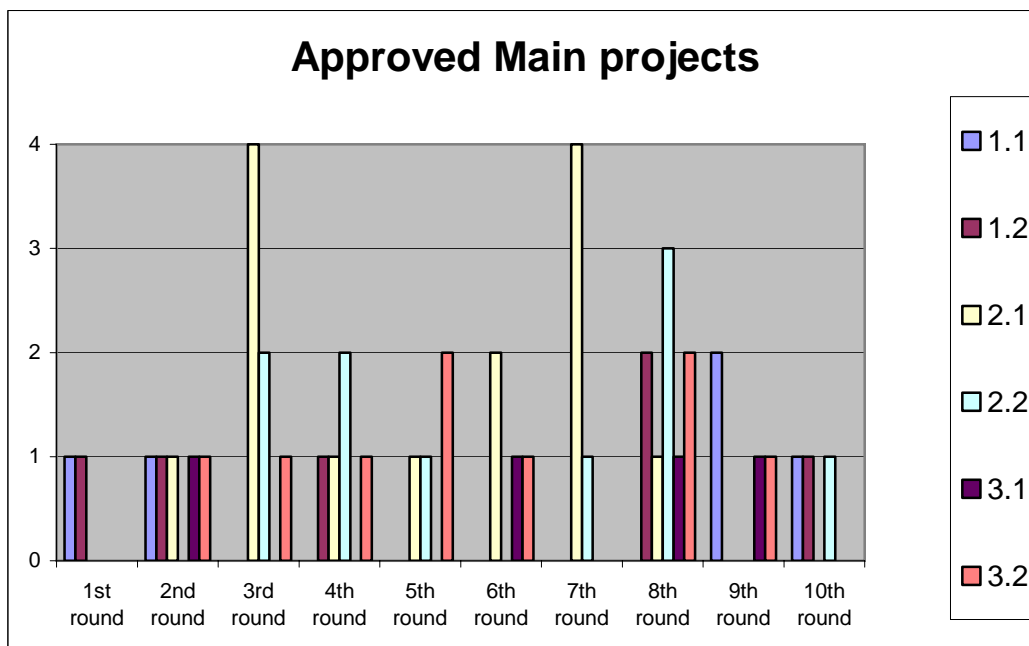
Diagram 4 highlights the increasing number of main project applications received each year to 2004 and a reduced number of applications in 2005 as priority two was closed due to being fully committed.

Diagram 4.



During 2005, two application rounds were conducted. The following diagram illustrates the division of applications received by measure in each application call, and approvals by measure via the PMC.

Diagram 5.

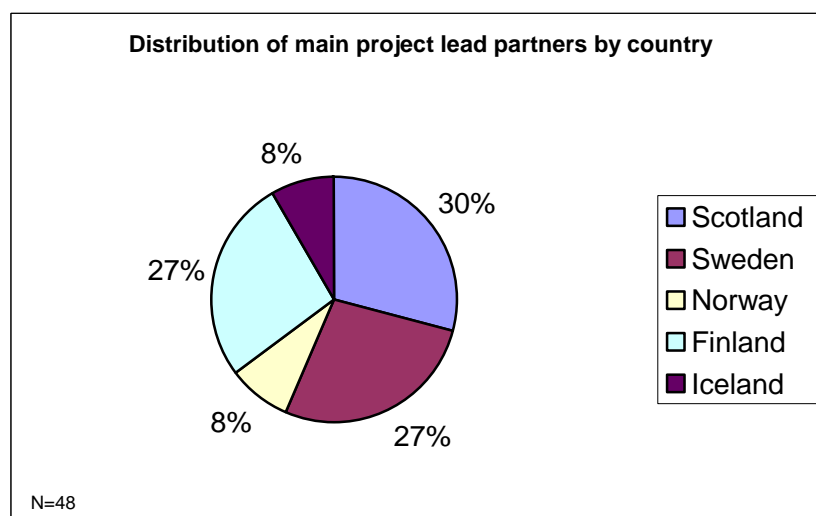


Funding from the European Regional Development Fund (ERDF) for the programme is 22.6 MEUR including Technical Assistance and 30.9 MEUR including Non-Member States funds. The total programme commitment of 30.5 MEUR or 100.0% of programme funds: 22.6 MEUR from the European Regional Development Fund and 7.93 MEUR from Non-Member States. Further details can be found Volume 1 Table 1: Committed Funds December 2005; and Table 2: Total Decisions by Priority & Measure.

30% of funded projects have a Scottish Lead Partner, which means that Scotland has been the most active to take on this responsibility with 14 Lead Partner organisations. However, there is a fairly even distribution of Lead Partners amongst the Member State countries with 54 % of

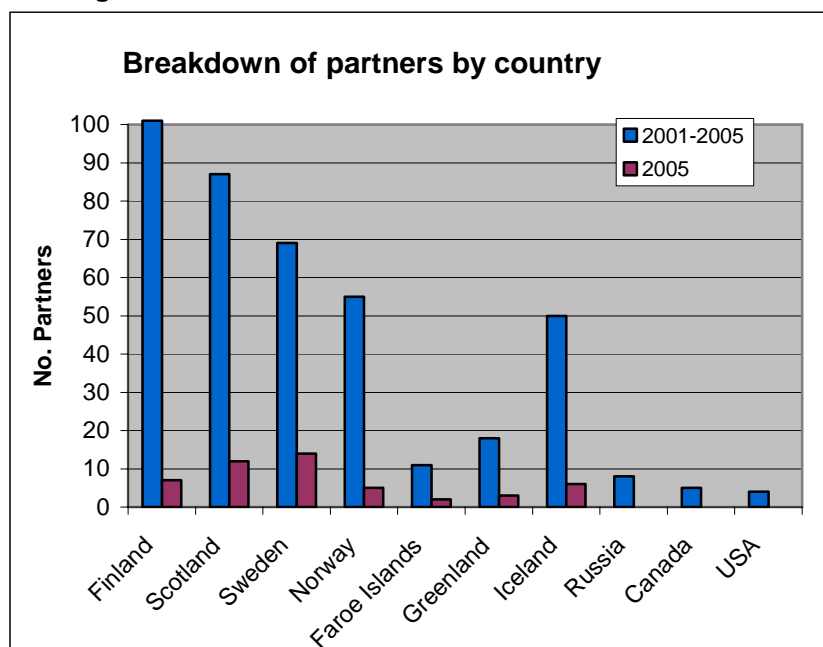
projects having a Finnish or Swedish Lead Partner, comprising 13 organisations respectively. Norway and Iceland both have 4 Lead Partners each. The distribution of Lead Partners has not changed considerably since 2003.

Diagram 6.



All participating countries are taking part in projects and in total over 400 partners are involved in NPP projects, as illustrated by Diagram 7 below. This highlights that the number of partner organisations in the three Member States and Norway (69-102 per country), and somewhat less in the other partner countries/regions. One of the reasons for the higher number of Finnish partners in comparison with the other Member States is due to 26 private partners not receiving ERDF that are involved in a couple of industry led projects. Diagram 7 also highlights the number of partners recruited to projects during 2005 in comparison 2001-2005.

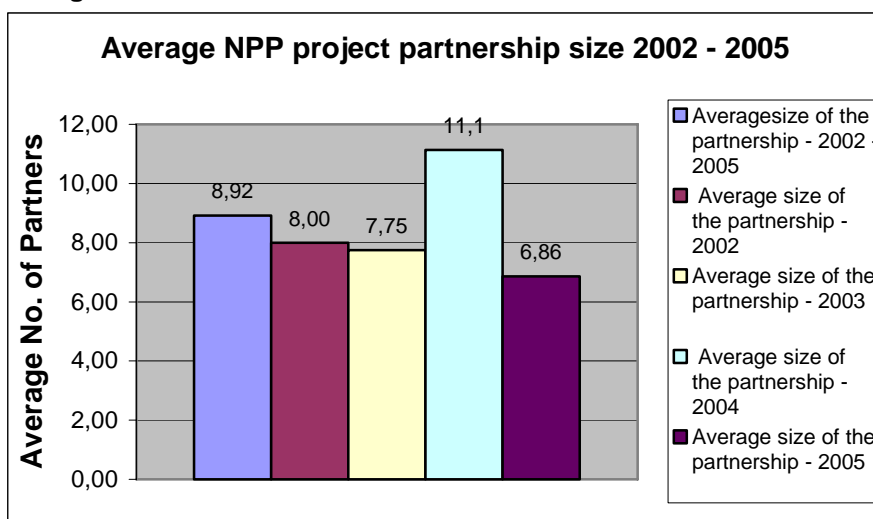
Diagram 7.



From its commencement, the Northern Periphery Programme has encouraged partners from neighbouring and trans-Atlantic countries to participate on a project-by-project basis and using their own financing. Considerable efforts have been made to involve partners from Northwest Russia and several projects have also made contacts with associated partners in the USA and Canada. As illustrated above, 17 partners from outside the programme area are involved in

NPP projects. These partners are based in Russia, the USA and Canada, and they are involved in projects such as Northern Maritime Corridor project (in co-operation with the Interreg IIIB North Sea Region) and other completed projects such as SMART and on-going projects such as NORCE. In 2005, 49 new projects partners were approved in projects compared to 172 in 2004.

Diagram 8.



The above diagram illustrates the range of the average number of partners inside a project consortium 2002-2005. At the start of the programme the average number of partners in a project was 8.00. However, by 2004 the highest average number of partners had increased to 11.1 partners, per project. The average for the programme 2002 – 2005 was 8.92 partners per project.

It possible to note from Diagram 8, that the 2005 average partner size has decreased, which is due in part to limited remaining funds in 2005.

3.2.1 Approved Main Projects by Measure

Seven projects were approved in 2005 by the Steering committee as a result of a December 2004 decision by the Programme Monitoring Committee to identify gaps in the strategic project themes of the programme based on Programme Complement and the Levi process (See NPP Annual report of 2003 in section 5.4). A Programme Strategic overview was developed by the JPS to assist PMC/RCP and RAG members in their work. The Programme Strategic overview provided a review of the programme’s progress towards targets set in the Programme Complement and a financial review of the programme.

Missing strategic project themes were identified in three measures:

In measure 1.1

- Initiatives which meet the needs of communities for local travel to jobs and services, and for businesses to access resources and markets

In measure 1.2

Projects focusing on ICT as means to give actors in remote areas access to ICT and cultural events

In measure 2.2

- The linking of business networks to research or innovation centres, such as universities, industrial parks and

In measure 3.1

- Development of better local or regional public transport schemes
- Develop innovative participation models for community involvement in decision-making.

Projects ideas that matched the strategic projects themes were identified and developed through preparatory projects or existing project networks. Of the five strategic project themes in 4 measures, 3 strategic projects themes were met. The “Development of better local or regional public transport schemes” was not met due to lack of national co-financing and a developed partners consortium and “initiatives which meet the needs of communities for local travel to jobs and services, and for businesses to access resources and markets” due to low interest.

Scandinavian MAYHEM (measure 1.2) met the missing theme of a project focusing on ICT as a means to give actors in remote areas access to cultural events. Rural Enterprise in the North (measure 2.2) met the missing theme of a project linking of business networks to research or innovation centres, such as universities, industrial parks. Spatial planning in the northern peripheral regions (measure 3.2) met the missing theme of a project developing innovative participation models for community involvement in decision-making. The following lists the main projects approved in 2005.

Priority 1	Priority 2	Priority 3
ROADEX III (1.1)	Rural Enterprise in the North (2.2)	Sustainable Rural Health care networks (3.1)
Ambulance transportation and services in rural areas (1.1)		Spatial planning in the northern peripheral regions (3.2)
Safety @ Sea (1.1)		
Scandinavian MAYHEM (1.2)		

Further information on all approved projects can be found in Annex 2 and the project case studies in Appendix 4.

3.2.2 Completed Projects

At the end of 2005 only 11 projects had concluded their activities.

Priority 1	Priority 2	Priority 3
ROADEX II	Northern berries	ECOWATSA
Northern Maritime Corridor	SMART	Small towns
REMEDY	External Timber Cladding	
	Saga and story telling	
	PNASTINA	
	SCRI	

Priority 1 is particularly related to the aims of improving the functionality of the regions within the programme area, and to compensate for the disadvantages of insularity, peripherality, long internal distances and sparse population. Telecommunication, information society services and improved transportation linkages may partly compensate for these disadvantages. Improved communication in a wide sense will strongly influence the competitive position of the Northern Periphery and improve the accessibility of communities to jobs and services. The completed projects exemplify these objectives.

For example ROADEX improved transportation linkages by using new ideas for using modern information and sensor technology in rural road network condition management. Northern Maritime Corridor improved transportation linkages through general initiatives related to ICT, new technology and promotion of inter-modal transportation. REMEDY use ICT to identify key factors for conducting a medical tele-consultation in the "The Remedy Guidelines". All three projects reduced the disadvantage of peripherality in three difference sectors.

Priority 2 is concerned with business development and supporting entrepreneurship in rural areas. The completed projects exemplify these objectives.

For example, PNASTINA shared best practises and know-how to stimulate the development and increase of sustainable stone production with local entrepreneurs. The SMART project was responsible for the creation of sustainable tourism training modules for tourism companies in order to develop business in the sustainable tourism sector. The SCRI project, for example developed a “SCRI model” within the Triple Helix model. The “SCRI model” was piloted in the Highlands of Scotland with five potential start up/spin-out companies, one of which by the end of the project had been successfully launched.

Priority 3 projects are interested new approaches to support communities and the provision of services. The sparse population makes consistency of service provision both difficult and expensive. Projects such as ECOWATSA and Small towns endeavoured to investigate and develop better planning tools, spatial development strategies related to the joint management of natural resources and regional development.

For example, ECOWATSA created software to improve the cost-effectiveness and ecological aspects of waste treatment in the Northern Periphery area. The software is expected to provide a better service in the field of waste treatment. The Small towns project encouraged and support local people to develop and implement a vision for their own community through public forums and conferences in order to support their communities. See Annex 3 for further detailed information on completed projects.

Figure 5. Projects Due to be completed in 2006

Priority 1	Priority 2	Priority 3
Northern Potential	Rural Business Women	Cultural Community Business
Rubies	BRANDR	Our Life as the Elderly
BIRRA	YEF	
PICYBU	Nature based tourism	
	USEVENUE	
	Eco House North	
	Extreme Weather Conditions	
	SCRI IN Action	

As shown in the table above, 14 projects are due to be completed in 2006. Final results of these projects will be reported in the Annual report for 2006, along with projects, which have completed their project but had not reported, before the submitting of this Annual report.

3.3 Indicators

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

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 the horizontal and overall impact of the programme.

Listed below are the total contributions to the programme indicators. In 2005 all projects contributed in a similar manner as previously to the programme’s horizontal indicators.

Figure 6: Horizontal indicators to date

Indicator	Description	No of projects
Equal Opportunities	Projects directly and mainly contributing to equal opportunities	19
	Projects indirectly contributing to equal opportunities	21
	Projects neutral to equal opportunities	8
Environment	Directly and mainly improving the environment	17
	Indirectly contributing to improving the environment	26
	Environment Neutral	5
Transnationality	Degree of transnationality, measured by the number of countries involved in the project:	
	3 countries	16
	4 countries	20
	5 or more countries	12

The Programme Complement does not set specific targets for the project indicators. Accumulated project indicators can be seen in figures 7-9 (Priority 1 Communications, Priority 2 Strengthen sustainable economic development and Priority 3 Community development). In figure 7, it is possible to see Priority 1 projects have accumulated a number of indicators. For example, a high number of partners involved in network activities for maintained and improved transports and strengthened communication links as a result of the projects. Project such as Northern Maritime Corridor and REMEDY have added to the success of this priority.

Figure 7 Priority 1 Communications

Measure	Indicator	Description	Indicator measurement	Number
1.1 Transportation, logistics and transport infrastructure	Transport networks	Network activities for maintained and improved transports	Number of networks	11
			Number of partners involved	73
			Number of sectors involved	9
	Northwest Russia connections	Projects connecting Northwest Russia to Western Europe	Number of projects	2
	Communication links Communication studies	Strengthened communication links as a result of the project Surveys of communication problems and solutions	Number of new links	13
			Number of improved links	
			Number of studies	17
	Job-locating projects Distance learning projects	Projects concerning location of jobs in NPP area through ICT Projects concerning distance learning	Number of projects	2
Number of projects			5	
Health service projects	Projects concerning access to health service	Number of projects	4	
1.2 Access to information society	Information society issues	Projects concerning Information Society	Number of projects	41
	Studies on IT-access	Studies concerning IT-access	Number of studies	17
	New IT-based applications and solutions	IT-solutions and services that are new to the area concerned	Number of new solutions	11
	Establishment of virtual work places	Creation of (on-line) jobs in remote areas	Number of new jobs created	

In figure 8, it is possible to see Priority 2 projects have accumulated a number of indicators. For example, diversified businesses that have extended their business in relation to natural resources and SMEs undertaking environmental management or products or services that have been locally processed. Project such as Nature Based Tourism, PNASTINA, Eco House North

to name a few projects have directly had an impact in strengthening the sustainable of communities in the northern periphery .

Figure 8. Priority 2 Strengthen sustainable economic development

In figure 9, it is possible to see Priority 3 projects have accumulated a number of indicators. For example, new or improved services, or persons served as a result of the project, studies on

Measure	Indicator	Description	Indicator measurement	Number
2.1 Sustainable use of nature and natural resources	Natural resources	Projects concerning natural protection and/or heritage	Number of projects	6
	Cultural heritage	Projects concerning cultural heritage management	Number of projects	4
	Combination of protective and commercial interests working together	Projects involving natural protection and commercial exploitation/use	Number of projects	5
	Diversified businesses	Enterprise or organisation that have extended their business in relation to natural resources	Number of diversified enterprises	204
	Local processing	Products or services that have been locally processed	Number of products/services	132
	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	311
	Tourism	Common (nature based) tourism products	Number of new products	72
	Entrepreneurial training	Projects concerning entrepreneurial training	Number of projects	1
2.2 Business innovation and development of human resources	Business innovation	Projects concerning research, development and business innovation	Number of people trained in total	2372
			Number of men (>25) trained	190
			Number of women (>25) trained	216
			Number of young men (<25) trained	970
			Number of young women <25 trained	996
			Number of projects	8
	SME networks	Transnational co-operation for SMEs regarding marketing and product development measures or other	Number of networks	24
	Research and industry networks	Transnational co-operation between research and industry	Average number of countries involved	4
			Number of SMEs involved in total	526
			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	14
SME development	New or diversified enterprises	Number of new enterprises	97	
		Number of organisations taking up e-commerce	4	

service provision and number of people involved or new planning tools for local and regional economic development and planning policy and the number of communities involved. Projects such as Sustainable rural health care networks expect to provide over 170 000 services to people in four countries. The Small towns networks project expects to involve over a hundred community groups. It is through projects such as these that communities are developing in the northern periphery.

Figure 9 Priority 3 Community development

Measure	Indicator	Description	Indicator measurement	Number
3.1 Household related service	Studies on service provision	Studies concerning service in the NPP area, as a result of the project	Number of studies	27
			Number of communities involved	53
			Number of people involved	1000
	New approaches to service provision	New or improved services, as a result of the project	Number of new services	10
			Number of improved services	35
			Number of people served	171900 (Est.)
	Waste management	New ways of minimising, recycling and disposing of waste and minimising pollution	Number of studies	1
Number of demonstration projects			10	
3.2 Public management and spatial planning	Co-operation projects on trans-boundary pollution	Projects focusing trans-boundary pollution	Number of projects	1
	Local and regional participatory projects	Projects focusing local involvement in development planning	Number of projects	18
	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	168
			Number of tools	64
	Urban-rural partnerships	Partnerships between urban and rural areas/organisations	Number of communities where tool used	63
		Number of new partnerships	14	

Figure 10 overleaf provides a breakdown of project partners as programme indicators. The number of partner organisations is roughly on the same level in the three Member States and Norway (69-102 per country) and somewhat less in the other partner countries/regions. The number of Finnish project partners is higher than other Member states due to 26 Private partners not receiving ERDF that are primarily involved in a couple of industry led projects. Finland, Sweden and Norway are divided into regions; whereas, Scotland, Faroe Islands, Greenland and Iceland are represented as one region each.

Figure 10: Programme Indicators

Programme indicators - Partners and Participants

	Category (Column 2)	Finland	Sweden	UK Scotland	Faroe Islands	Greenland	Iceland	Norway	North- West Russia	USA	Canada
Number of partners per country		101	69	87	11	18	50	55	8	4	5
Number of partners per region	1	25	13	87	11	18	50	10	8	4	5
	2	11	28					16			
	3	26	9					23			
	4	10	13					1			
	5	10	3					5			
	6	15	3								
	7	4									
Number of partners per category	Public/Central	8	5	15	7	10	15	13	2		
	Public/Regional	49	40	40	3	5	20	24	6	4	5
	Public/Local	10	8	9		1	6	1			
	Public-like	8	11	8			4	4			
	Private Eligible	0	0	15	1	2	5	13			
	Private Ineligible	26	4								
Total number of partners		101	69	87	11	18	50	55	8	4	5
Key to Column 2:	Finland:		Sweden:		Norway:		Scotland:				
	1 Lapland		1 Norrbotten		1 Nord-Trøndelag		1 Highlands & Islands only				
	2 Northern Ostrobothnia		2 Västerbotten		2 Nordland						
	3 Central Finland		3 Jämtland		3 Troms						
	4 North Carelia		4 Västernorrland		4 Finnmark						
	5 Kainuu		5 Gävle		5 Rest Norway						
	6 North- South Savo		6 Rest Sweden								
	7 Other										

The Programme Complement sets specific targets for the programme, as indicated in figure 11. Analysis of the indicators shows that for example 66 SMEs or 17% are involved as partners. 13 involve youths, as one of the programme's target groups.

Figure 11. Quantified activity goals on programme level

	Target	Accumulative results to 2005
Main projects	48	48
Priority 1 projects	12	11
Priority 2 projects	24	24
Priority 3 projects	12	13
Micro projects	24	3
Preparatory projects	24	46
Indigenous people projects	5	-
Projects involving young people	10	13
SME-partner involvement in projects	10	66

The above table reflects the numbers quoted in the Programme Complement.

Part B: Implementation

4. Financial Implementation of the Assistance

The Interreg IIB Northern Periphery Programme was approved by the European Commission on 14th December 2001 and the first projects funded by the programme commenced in the middle of 2002. After the tenth application round approximately 100 % of ERDF programme funding was committed to projects through final decisions. Annex 1 presents all the funding made through the programme so far and the outcome is analysed and commented in chapter 3 above.

In 2005, payments were successful in meeting the N+2 automatic de-commitment target. An extra payment round was launched late in 2005 to meet the N+2 payment level. The payment rate and the methods used to fulfil the N+2 targets are discussed in further detail in Chapter 5.

The programme made three claims to the European Commission during 2005. Payment for the last claim was received at the beginning of 2005 and no payment delays were experienced. The Paying Authority has been able to make most ERDF payments within a reasonable time period following receipt of claims. Annex 4 provides a breakdown of both total payments to the programme and payments made from the programme specified by measure.

A claim was sent to the Commission in late December 2005, resulting in a payment of EUR 2.888.991 which was received 25.01.2006.

Additional funding to the Northern Periphery Programme

In 2005 the programme has received interest amounting to € 39.247 out of which € 13.996 represents interest on the ERDF funding received and € 25.251 is interest on the Non Member States funding received. Accumulated interest amounts to € 174.059 (€ 93.610 on ERDF funding, 80.449,21 € on NMS funding). The interest on NMS funding is to be used for Paying Authority expenditure resulting from the administration of NMS funds. 53.333 € has been spent so far. It has not yet been decided how the interest on EU funding will be used.

5. Implementation and Monitoring

The programme is implemented through a structure consisting of a Programme Monitoring Committee (PMC), which also acts as a Steering Committee (SC). The PMC and SC have a common secretariat situated in Copenhagen. The Managing and Paying Authorities are situated within the County Administration of Västerbotten in Umeå, Sweden.

A Programme Management Group (PMG) consisting of representatives of the responsible national authorities, supports and assists the Managing and Paying Authority and the Joint Programme Secretariat in the implementation of the programme. It also facilitates the information flow within the programme network, and between the programme and other networks outside the NPP. No significant changes were made to the organisational structure during 2005.

5.1 Programme Monitoring Committee

Background

A Programme Monitoring Committee (PMC) was established at the constituting meeting, following the approval of the programme in December 2001, and in accordance with article 35 of Council Regulation (EC) No 1260/1999 and section 5.3 of the approved Programme Document for the Interreg III B Northern Periphery Programme. Rules of procedure (RoP) for the PMC were also drafted in December 2001 and approved on 17th January 2002. According to the RoP, the Programme Monitoring Committee shall have a limited number of representatives from both the national and regional levels in Sweden, Finland, Scotland (UK), Norway, Greenland, the Faroe Islands and Iceland. Each country/region appoints its own members and their personal substitutes. As stated above, the PMC also acts as a Steering Committee, selecting projects to be financed by the programme.

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 represented:

	Sweden	Finland	Scotland / UK	Norway	Faroe Islands	Greenland	Iceland
Central & regional state administration	2	1	1	1	1	1	1
Local/Regional representation	1	2	2	1	1	1	1

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 European Commission and the EIB have the role of observer, rather than advisor. Representatives of Västerbotten CA (MA/PA) and the Joint Programme Secretariat take part in the PMC meetings.

Chairship of the PMC rotates between the representatives of Member States national authorities responsible for the administration of Interreg IIIB. The chair is appointed for one year at a time by the respective Member State and in 2005 the Chairperson was from

Scotland. In all meetings of the PMC during 2005, attendance has been perfect with quorum in each meeting. There were no substantial changes in the PMC membership during 2005.

Activities in 2005

The Programme Monitoring Committee met two times in 2005. The first meeting was held on 26-27 May in Svalbard, Norway and the second on 14-15 December in Copenhagen, Denmark. An outline of the main discussion points and conclusions of these meetings is provided below:

At its *first meeting*, the PMC agreed that the JPS should conduct an analysis of the forecasted spending in the projects; the analysis of all project spending will be reported to the PMC.

To ensure that project applicants targeted their applications, it was agreed to keep priority one open, open up priority two and temporarily close priority three. A special focus on priority 2 was given to address missing projects themes in measure 2.2 that were highlighted in the "Strategic overview".

An extra allocation of 60 000 EUR was made to micro and preparatory projects.

- PMC agreed that additional updates of the Programme Complements should be collected to the end of the year and then send in one updated version.
- PMC agreed that a project application could receive a fast track procedure if the project application was of a time critical nature. PMC "Rules of procedure" were updated to include fast procedure.
- PMC agreed that the JPS should make a budget to maximise on-going dissemination activities
- PMC agreed that future formal meetings with the Canadian region of Newfoundland should be held together with representatives from the Northern Periphery Programme PMC. The PMC approved the 2004 NPP Annual Report

The PMC acting as a Steering Committee discussed applications submitted to the ninth round, in which six applications were received and passed the eligibility check for further assessment. The PMC/SC decided as follows:

- 2 projects were accepted without conditions
- 3 projects were accepted with conditions
- 1 projects was rejected

At its *second meeting*, the PMC received and approved the Update to the Mid Term Evaluation. The Managing Authority agreed to send the report to the European Commission after minor corrections, and consultation with the author – the European Policies Research Centre.

- The PMC requested the JPS to write an "Action Plan" to address the recommendations of the UMTE. The "Action Plan" will be reviewed by the PMG for further implementation. PMC adopted amendments to PMC Rules of Procedure - Rule 5 "Decision-Making" and "De-commitment of Project Funds".
- PMC agreed to the use of the Interest money for the future programming organisation and allocated 40 000 Euro for an ex-ante evaluation.
- PMC agreed to pay 100% of approved costs when projects are finished as long as funds held at the PA allowed.
- PMC agreed that lead partners and partners must be informed in advance that the last payment is delayed and this should be outlined in all new positive main project decisions given to all Lead Partners.

- PMC agreed that all Lead Partners should receive all letter explaining how 5 % of the total programme funding will not be paid back until a final payment has been received from the European Commission.
- PMC accepted the findings of the Programme Strategic Overview and agreed to re-commit money.
- PMC agreed not to move money between priorities and to wait for an approved version of the European Commission's "Closure Guidelines" and any flexibility before establishing whether it was necessary to move money between priorities; especially, to Priority 1.
- PMC agreed that Priorities 2 and 3 are fully committed and projects are encouraged in measure 1.1 and modest micro and preparatory projects can be entertained.

The PMC acting as a Steering Committee discussed applications submitted to the tenth round in which seven applications were received and passed the eligibility check for further assessment. The PMC/SC decided as follows:

- 1 project was accepted without conditions
- 1 project extension was accepted without conditions
- 2 projects were accepted with conditions
- 3 projects were rejected

5.2 Joint Programme Secretariat

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

The main thrust activities of the JPS during 2005, was to disseminate programme and project information and to promote the programme. An enhanced Dissemination/Communication plan was created and was approved by the Monitoring Committee in May 2005 as a strategy approach. (See Volume 2 Annex 1 Evaluation of JPS implementation of 2005 Information Action Plan).

The focus for 2005 was on raising interest and the profile of the programme and ensuring the successful implementation of the Northern Periphery Programme. Secondly, in order to achieve this overall goal, a number of activities were outlined in the Information Action Plan.

During 2005, the JPS also hosted several project meetings in order to assist project developers finalise their project plans. Several of these meetings took place during specific meetings with Lead Partners, while some took place at meetings during partenariats and seminars throughout the programme area.

The Joint Programme Secretariat has found the use of seed money through Preparatory and micro projects very constructive (See chapter 3). This is especially true due to the features of the Northern Periphery Programme area, such as mainly sparsely populated areas and great distances between the participating regions. A positive outcome of using Preparatory and micro projects is that the initial implementation of the main project is much quicker and the momentum built up during the preparatory phase can be used to ensure successful implementation of the main project.

One partner workshop was held during 2005 in Copenhagen, Denmark. The trend in the Northern Periphery Programme is to have focussed thematic workshops. The workshop had only one main topic – Climate change and sustainable development. Members from

the indigenous NPP area and the Indigenous Peoples secretariat of the Arctic Council were invited to address the issue and seek a joint project idea.

Two Lead Partner seminars held during 2005 were planned in such a way that allowed newly approved projects to quickly receive information regarding their obligations as lead partners. Clinics between the secretariat, Paying Authority and project managers with specific questions were arranged in connection with these Lead Partner seminars.

The first lead partner seminar was hosted in Rovaniemi, Finland to principally launch the Final reporting package for lead partners. Approximately 60 participants took part in the 3-day event, which used a new format of dividing new project leaders from projects near to completion, in order to better target information provision to project leaders. Presentations were made by the JPS, Paying Authority and some projects presented examples of best practice in the field of project implementation. Clinics were also held with lead partners and the event provided a useful arena for meetings between the JPS, PA and projects. Feedback suggests that the event was successful and the strategy of splitting up lead partners was effective.

The second lead partner seminar in Tromsø, Norway focussed communications. Lead partners came to Tromsø to hear presentations and participate in workshops designed specifically to assist project leaders disseminate project information and create media strategies. The Tromsø lead partner seminar for all project lead partners was part of the dissemination and communication plan designed by the JPS and supported by the PMC as part of a strategic approach to promote the Northern Periphery Programme.

The public relations company, called Pinnacle PR, which has international and INTERREG experience, was chosen to provide 1-day training on communication, publicity and the media; most of which was provided in the form of active workshops. Projects were encouraged to identify their key messages and to communicate these in a simple and clear way to a wide range of stakeholders and the media. At the end of the day, a comprehensive communications guide was provided to all participants and additional copies are available from the JPS for distribution to new projects. In addition, the first day of the seminar was reserved for guidance to new projects on how to manage an NPP project, while the 3rd day was split into advice for new projects and guidance on how to conclude an NPP project. All lead partners were invited to the seminar, as well as RCPs, and in total over 70 people participated.

During 2005, 17 "On the spot checks" were carried out on both Member State and Non Member state lead partners. The majority of the contacts and many of the meetings that were held with various projects to ensure that the project's implementation were successful. In order to meet the automatic de-commitment target and to fulfil the programme's objectives, project leaders were encouraged to make sure targets were met. Conversations were held with the Lead Partners of all projects and the importance of successfully implementing their project was stressed. During project "On the spot checks" they receive pro-active support and guidance implementing their projects. The results of "On the spot checks" has been seen in the efficiency of leader partners to implement projects, conduct projects activities and meet reporting requirements of the programme.

The recently developed profile and web site design has attracted considerable attention and has been highlighted by INTERACT as an example of good practise. The number of sessions on the Northern Periphery Programme website has continued to increase by tripling the number of hits in 2005. The updated website has experienced an increase in use of guidance documents developed by the Joint Programme Secretariat. Guidance documents are designed to assist project applicants to develop truly transnational projects that involve a broad spectrum of suitable partners. They explain what is meant by transnationality, how to achieve it, and the advantages and disadvantages of having a large partnership. In addition to this, the JPS maintained its published guidance notes on private sector participation in the Northern Periphery Programme, which includes analysis

of SME participation in the programme. Analysis pointed to a number of programme successes in this regard and led to the development of a guidance note for potential applicants on how to involve SMEs in their projects.

Two application rounds were held during 2005 and 12 main applications were presented to the NPP Steering Committee. By the end of 2005 the total commitment of ERDF funding was 100 %. The Joint Programme Secretariat has continued to promote the programme in order to attract more applicants and more main applications, activities such as dissemination and the creation and making of promotion material, development activities and evaluations have increased.

The staff at the JPS including one intern had several meetings during 2005 with members of the Interreg IIIB programmes the North Sea and the Baltic Sea, and met frequently with INTERACT and other Interreg IIIB colleagues. The Head of the Secretariat has also been engaged with a Task Force on Maritime Safety that led to the co-operation entitled Maritime Safety Umbrella Operation <http://www.maritime-safety.org/> .

Routine programme administration at the JPS has increased due to the progressive nature and growing number of projects that are fully operational and past their initial implementation stage. In 2005, as in previous years, the JPS in co-operation with all projects successfully increased ERDF expenditure to meet the programme's "N+2" target for 2005. This was achieved by using an interim payment approach in the latter half of 2005. It is expected that this practice will be reutilised in 2006.

5.3 Regional Contact Points (RCP)

The RCPs are located in Inverness/Scotland, Umeå/Sweden, Rovaniemi/Finland, Torshavn/Faroe Islands and Greenland, Bodø/Norway and Sauðárkrókur/Iceland. Regional Contact Points carry out a crucial role as the local face of the programme in their respective areas. The RCP is an additional point of contact for enquiries on applications and claims, and assists applicants and project partners through the process. The RCP network works in close co-operation with the Joint Programme Secretariat and is funded by the Technical Assistance budget. The RCPs have also served the Regional Advisory Groups (RAG) in preparing assessments, debates, notes, and carrying out other secretarial functions. The search for potential partners has been almost a daily task as well as regular discussions with potential partners on project development.

During 2005, all RCP's arranged two RAG meetings to assess main project applications. The additional focus of activities in 2005 has been on successfully disseminating project results where available and assisting existing partners with payment claims in order to meet "N+2" targets and partner issues with projects. In order to focus the activities of RCPs, the JPS organised a two-day meeting in Copenhagen for RCPs and RAG chairs meeting in February to implement the strategic dissemination activities of projects and the programme in 2005.

RCP Activities in 2005

Finnish RCP

The Finnish RCP has promoted the programme during 2005 with a special focus on the development of strategic projects and partnerships around the "Finnish themes": 'Natural parks and tourism' and 'ICT'. RCP has delivered information about the programme in connection with other events that the Finnish RAG members and their host organisations. The Finnish RCP provided assistance to the JPS in the practical arrangements for the Lead Partner seminar that was held in Rovaniemi in February 2005.

Swedish RCP

In Sweden, the three Interreg III B programmes, Northern Periphery Programme, the Baltic Sea Programme and the North Sea Programme work closely together in a network that has joint meetings 4 – 6 times a year to keep each other informed of what is happening in Interreg III B all over Sweden. This network also produces a joint newsletter with relevant information from all three programmes but also information concerning Interreg III C. During 2005, four newsletters were produced and distributed to relevant stakeholders in Sweden. In the Northern Periphery area the newsletters are sent to the Chamber of commerce, the organisation for small and medium sized companies (Företagarna), ALMI (an organisation for financing and consultancy for new enterprises), Universities, the Associations of Local Authorities and equivalent bodies, the County Councils, the County Administrations, plus a number of interested persons, in all seven regions in Sweden that are involved in the Northern Periphery programme area.

The Swedish RCP has tried to be in contact with most of the running projects during 2005 and has been in close contact with some of the lead partners for new applications. During 2005, the Swedish RCP has also been meeting with potential lead partners with ideas that still have not resulted in applications. During 2005, Swedish RCP took part in the Informal PMC meeting in Nairn, Scotland, the lead partner seminar in Tromsø, and the PMC meeting in Copenhagen in December.

Scottish RCP

The RCP attended a number of project conferences – SCRI final conference (January), Deserve conference (May), Northern Wood Heat (September) and a number of partner meetings to help with guidance on eligible funds, claims etc – Spatial North (June), Rural Enterprise North, REN (June). In addition, RCP staff continues to receive enquiries via both email and telephone on a regular basis. The RCP attended the project leader event in Tromsø in October and found the communications training very useful for future work.

The Scottish RCP made a presentation to a group from Etelä-Savo in April that was visiting the area, identifying areas of potential interest e.g. broadband. In addition, the RCP is involved in a group looking at the possible new areas of cooperation in Norway for post 2006 and attended several meetings throughout 2005 to identify areas of common interest between Highlands and Islands and the County of Sogn and Fjordane.

The main annual networking event organised by the RCP is the Scottish Partner Seminar, arranged for both project leaders and those organisations who are just partners in projects. This provides a fuller picture of the programme and other projects for those not attending the annual international Project Leader seminar events; and by inviting members of the JPS and Paying Authority it allows for a better understanding of the demands made by them on lead partners. In 2005 this was held on 25-26 August.

The RCP attended the PMC, in Svalbard, in May 2005. The RCP organised and took part in an informal PMC in October to look at the midterm evaluation and discuss the future of the programme, post 2006. The RCP took part in a Scottish Executive consultative meeting on the future of Interreg in Inverness, Scotland in December.

Norwegian RCP

There have been two main activities for the Norwegian Regional Contact Point in 2005. As in the previous year, one of the most important tasks has been to answer questions concerning the programme and projects through telephone calls, emails and project

meetings. The RCP have also assisted the Norwegian RAG members in their assessment of project applications. Due to the fact that it was no Norwegian ERDF-alike money left for projects, less time have been used to assist potential applicants and project partners in 2005. In spite of the fact that the Norwegian partners had to finance the participation all by themselves, there have been several applications with partners from Norway also in 2005. The Norwegian RCP has also participated in PMC meetings in Svalbard and Nairn, and in the lead partner seminar in Tromsø.

The other main activity has been to promote the programme to the public, regional authorities and financing institutions. We have also used press releases and information available from Landsdelsutvalget's website: <http://www.landsdelsutvalget.no/> and the Norwegian Interreg-site <http://www.interreg.no>. The Norwegian RCP has also distributed information about the program and projects widely and started the work with a brochure in Norwegian with information of the programme and projects with Norwegian partners. The RCP and RAG chair participate in a national co-operation, with the other Norwegian Interreg III B and C programmes, and representatives from regional and national authorities.

The NORA Regional Contact Point has been involved in 5 different information events, besides the general information and e-mail announcements. The target groups have been mainly businesses, national authorities and politicians. The general involvement in project development has included identification of many potential partners as well as extensive advisory activity to the partners. The integration with the NORA-network has been extensively used in order to promote partnership involvement and potential project development. Accordingly the NORA homepage www.nora.fo has been used for announcements and promotion of NPP activities. After the necessary extensive information activity at the beginning of the programme period, the awareness of the programme and its contribution to the development of cooperation in the Faroe Islands and Greenland has reached a generally good level both with businesses and authorities. This has resulted in a wider scope and greater interest from potential partners in the area.

Iceland

The Icelandic RCP represented the programme at six information meetings and conferences gave interviews and wrote articles to promote the programme. The Icelandic Regional Development Institute's website posts news about projects and the NPP-programme at <http://www.byggdastofnun.is/>

The first partner meeting in Iceland was held at The Lake Mývatn in October 2005. Partners from almost every project in Iceland, along with representatives from both the Paying Authority and JPS attended the meeting. The Icelandic RCP has participated in PMC meetings in Svalbard, Nairn and Copenhagen and in the lead partner seminar in Tromsø.

A formal evaluation of the Icelandic participation in the NPP programme was carried out in 2005 and a final report will be published in March 2006. An evaluation was conducted out by IMG regarding international programmes Iceland was partaking in. The goal of evaluation was to estimate the Icelandic participation in the NPP. It was established the over whelming importance of of Icelandic participation in the new programme period 2007 – 2013.

5.4 Regional Advisory Groups

In each participating Member State, Norway and the North Atlantic areas as a whole, a Regional Advisory Group (RAG) has been established to support the Programme Steering Committee in preparing decisions on main project applications from a regional perspective. The members of the RAGs come from different fields of expertise representing regional development organisations and other such like bodies, and non-governmental organisations.

Each RAG convened two times during the reporting period to assess the suitability and priority of all project applications. Recommendations are made on whether or not the request for funding should be supported from a regional perspective. Activities of RAGs are funded by the Non-Member States.

The composition of Regional Advisory Groups was highlighted in the recent Update of the Mid Term Evaluation, which outlined the varying approaches to RAG membership and access to external expertise across the programme area. The UMTE made the following specific recommendation: *“Standardise the membership of the RAGs to ensure consistent treatment of applications.”*

The Joint Programme Committee of the new Northern Periphery programme 2007 – 2013 has highlighted the importance, that the new programme structure should be as efficient as possible. The Administration drafting team of the Joint Programme Committee has commissioned the Joint Programme Secretariat to carry out a survey to establish how the RAGs would like the project assessments to be carried out and their future in the new programme. The analysis of the questionnaire is expected to be presented in May 2006.

5.5 Programme Management Group

A Programme Management Group (PMG) consisting of representatives of the national authorities responsible for the implementation of the programme is established. The PMG supports and assists the Managing and Paying Authority and the Joint Programme Secretariat to carry out their tasks; especially, those relating to the administration of ERDF funds, and to facilitate networks and the flow of information between the programme partners.

During the 2005 reporting period, the PMG was chaired by Scotland and convened three times: 18 February, 14 October and 23 November. Some of the key issues that were discussed and decided on were: the Update Mid term evaluation, Programme complement update, programme administration, partenariats, the Information Action Plan (IAP), project development, the Programme’s Strategic overview, N+2 situation - automatic de-commitment and other budgetary matters.

5.6 Managing Authority

The MA has submitted reports and prognoses as required by the Commission during the year.

2005

June	Annual report 2004 to the Commission
June	Report on control systems (regulation EC 438/2001 art 13) to the Commission

August Confirmation of admissibility of Annual report from the Commission
December Update of Mid Term Evaluation to the Commission

2006

February Confirmation of admissibility of the UMTE report from the Commission
April Letter confirming closure of the annual review for year 2004 from the Commission

Annual review 2005

The annual review of the programme was made through a desk review. Considering the progress of the programme, the Commission found no need to have an annual meeting. In a letter from the Commission, they found the programme to be progressing well considering the financial progress.

The programme has also avoided de-commitment of the budget for 2003 by interim payments passing the required level before the end of 2005. An estimate of the progress to meet the n+2 target for 2006 will be provided as part of this analysis. The Commission also remained on the payment forecasts for 2006, which shall be submitted before the end of April, and the scheme for payment requests.

The annual report covering 2005 shall take on board any specific points raised in the Commission's letter concerning the annual report 2004 and should be improved for further reports.

Focus should be given to progress on the implementation of priorities and measures in relation to their specific targets, with quantification of the physical indicators and indicators of results and of impacts at the appropriate level.

As more projects will be finished by now the report would contain an analysis of the progress of the programme, including its results.

The Commission also reminded that information on the interest earned on the advance payment and an explanation of how the interest was allocated shall be provided in the annual report.

Experiences from the implementation of the programme

The programme has a target that every lead partner of a main project shall receive at least one visit from the JPS or the PA throughout their project period. The purpose of the visit is to check that the projects are run in an efficient way and to verify that activities have been carried out as described in the project reports. The visits are also important opportunities to have a dialogue with the project about various problems they might have faced.

17 projects were visited during 2005. In total 28 projects have been visited and plans are made for visits to the rest of the projects that now are in operation. In general, the projects have been successful in their implementation. As previously known, some projects were lagging behind in the start. In one case, project work had almost stopped due to a shortage of personnel. However, the visit from the NPP secretariat provided some assistance to help solve the problem and the project is now being implemented as intended. The opportunity to help the projects solve problems they suffer from is very important. It is also an opportunity for the secretariat to give information to the projects. The importance of sending in good quality payment claims at the right time is an example of an issue that is highlighted during the visit and this has probably contributed to the good payment results

for the programme during 2005. No serious problems that can be classified as irregularities were discovered during the visits.

Sample checks

Sample checks will be performed on at least 5% of ERDF eligible costs in operations funded by the programme, and to date 10,9% of the programmes expenditure has been checked. The programme is close to meeting 5% calculated on total eligible budget already. Öhrlings PricewaterhouseCoopers are contracted to perform the sample checks in the EU-regions and still more checks will be performed.

The expenditures to be checked are selected after a risk analysis. The results of the controls so far are satisfactory at the project level. The controls also incorporate a check on the programme's administration. The results indicate that the administration should pay more attention to routines and, in some cases, those routines need to be improved to prevent delays in the procedure of examination of expenditure. The performance of the controls and their results are described more in detail in the separate report on the control systems that will be submitted parallel to the Annual report.

Declaration of sound financial management

The Managing Authority confirms that the programme, with regard to the organisation and the systems that are used, is implemented in an efficient and correct way and in accordance with the principles of sound financial management.

5.7 The Paying Authority

During the year effectiveness and quality in the control system for payments has improved even if there is still room for further improvement. The Paying Authority has in cooperation with the Managing Authority and the Joint Programme Secretariat, attempted to further improve the quality of their control in order to achieve quicker, smoother and more time-effective routines for the controls performed preceding payment to projects.

As for previous years, the main challenge for the Paying Authority in 2005 was to fulfil the N+2 target and to achieve an acceptable cash-flow situation for the projects. The N+2 target placed very high pressure on the Paying Authority at the end of the year. A key factor behind the N+2 targets being reached was that the Paying Authority could use additional staff that was supplied by the Project Auditing department of the County Administration and funded by a redistribution of the Technical Assistance budget. The Paying Authority could therefore effectuate more than half of the year's payments within a four-week period at the end of the year. This person will also function as a backup to decrease the unit's vulnerability. To avoid de-commitment of funds, the N+2 targets will remain the main focus for 2006, but given the number of ongoing projects the risk of N+2 de-commitment will be reduced next year, and it should be possible to have a more even flow of payments during the year. It is crucial to have an effective payment system to achieve this goal, so efforts to improve the quality of the material received and the effectiveness of controls will continue.

A side effect of the focus on the n+2 target has been that payments to Non Member States have not been prioritised, leading to those payments lagging behind somewhat. This situation will however be resolved in the first months of 2006.

Since projects in the programme are of a complex nature projects need to be educated on how to financially administer their projects. To help assist with this, the PA has participated in Lead Partner and Partner Seminars both to educate the group of financial managers and project leaders, and to give individual projects the possibility to meet with the Paying Authority and discuss issues on a case-by-case level. These “clinics” have proved to be in high demand and very helpful to both the projects and the Paying. The PA also answers a large number of enquiries by phone or e-mail.

The PA has carried out fourteen on-the-spot checks during the year, mostly in cooperation with the JPS. It has been valuable for the payment process to be able to discuss with the projects in length and to sort out issues on-the-spot. However, the geography of the programme area makes it necessary for on-the-spot checks to mainly remain a responsibility for the JPS.

During 2005, the PA has taken part of some material presented by Interact. Interact are part of the Community Initiative Interreg, and aims to improve the quality of Interreg through transfer of experiences and good practice between the Interreg programmes. The PA was also represented at two seminars. It has been valuable to share experiences and exchange ideas with other programmes.

In 2004 guidelines for system audits were published and new guidelines for financial audit are in the process of being developed.

Other tasks of the Paying Authority are making payment claims to the Commission, producing reports and prognoses to the Commission and to the Swedish Ministry of Industry. The PA reports quarterly irregularities to OLAF, the European Anti-Fraud Office. No major irregularities have been found during 2005.

As shown in the tables for payments (Annexes 4 and 4 B), ERDF-payments reached a total of 4,2 MEUR during the year. Payments of ERDF-equivalent funding totalled 1,0 MEUR.

In 2005, the programme has received three payments from the European Commission to a total of 3,5 MEUR. Most of the year's payments were carried out in November and December, and was therefore be refunded by the European Commission in January 2006, when the programme received a payment of 2,9 MEUR.

Data collection

Content information for this annual report is collected from a number of sources, such as lead partner seminars and information actions, PMC and PMG minutes, project results and activities reported in project progress reports, and “On the spot checks” conducted by the Joint Programme Secretariat and Paying Authority. Economic information is collected and analysed from financial interim payment claims and payment claims, financial project progress reports and project and programme financial monitoring tables.

5.8 Update of the Mid Term Evaluation

An update of the MTE was performed during 2005 in accordance with Council Regulation (EC)1260/1999 and working Paper No 9 and the PMG acted as a Steering Group for this new evaluation. The guidelines for the process were outlined in Working Paper number 9 from the European Commission. The update provided an overview of the implementation of the recommendations made in the 2003 MTE. It also provided an analysis of outputs

and results achieved to date (30th September 2005), in light of programme targets and financial performance. Furthermore, impacts achieved to date and the likely achievement of objectives were analysed. The analysis led to conclusions on efficiency, effectiveness and impact, and recommendations for the future Northern Periphery Programme.

With 100% of the programme's funding committed by the end of 2005, the situation for analysis and conclusions on the progress of the programme was much better than the Mid term evaluation of 2003. The programme engaged an expert to carry out the evaluation update in cooperation with the programme's own administration. The European Policies Research Centre, University of Strathclyde was selected. The evaluation focussed on issues related to efficiency, effectiveness and impact in relation to a future programme.

In December 2005 the Update of the Mid Term Evaluation (UMTE) of the Northern Periphery Programme was submitted to the European Commission after approval by the PMC. The UMTE aimed to evaluate the progress of the programme since the Mid Term Evaluation and has a particular focus on recommendations for the future and the new programme period. Chapter 7 of the UMTE is entitled "Strategic Options for Changes in Strategy, Objectives and Management".

The UMTE provides a good starting point for discussions regarding the future Northern Periphery Programme regions, as shown below:

Box 4: Indicative list of strategic themes

Ensuring the sustainability of communities and resources

- Exploiting the economic, social and cultural potential of communities in peripheral and sparsely populated areas
- Helping communities adapt to the consequences of climate change
- Investing in renewable energy sources
- Managing natural resources sustainably

Helping businesses to innovate and compete in response to globalisation

- Promoting Triple Helix cooperation and complex partnership in research and innovation
- Improving the competitiveness of SMEs

Improving connectivity

- Exploiting the potential of maritime links
- Improving accessibility through ICT connections and usage

The UMTE also states that the following goals are areas where the Programme has the scope to make a distinctive contribution and add value:

- (a) knowledge transfer - facilitating the transfer of economic development solutions, and their practical application, from one country/region to another;
- (b) innovation – working together to develop new or innovative economic development solutions that can be applied in practice in more than one country/region;
- (c) development of trans-boundary products - working together to produce a new product or service that has a trans-national or trans-regional character;

(d) learning – exchange of ideas, experience and good practice that improve the stock of organisational knowledge (rather than having short-term practical application or concrete results).

The following were also listed as being possible strategic themes for the next programme:

- improvement of regional competitiveness, particularly to offset the disadvantages of peripherality and population sparsity;
- exploitation of human and natural resources, especially the unique heritage, expertise and knowledge of the Programme area
- Investing in renewable energy sources and
- sustaining communities by training people and services.

The analysis provided by the evaluators is now one of the principal documents being used by the Joint Programme Committee preparing for the new NPP 2007-2013.

5.9 Observations in Managing the Assistance

The N+2 Rule

The programme avoided the de-commitment of funding for the budget up to 2003. The paying situation looked alarming after the first two payment rounds in 2005. A third round of claims from the projects was prepared and after an intensive information round to the projects by the JPS, enough expenditure was presented to allow the certification of costs up to the N+2 level.

For 2006 the situation is better but not fully satisfactory. The programme now has enough funding in “operation” that expenditure should quite easily reach the budget up to year 2004. Still there will probably be a need for an extra payment round late in the year.

Figure 9. Total certified ERDF expenditure 2001-2005 and accumulated levels to meet N+2 2006-2007.

Year	2001-2005	2006	2007
Million Euro	9.7*	12,9	17,0

*Actual outcome of certified ERDF expenditure

Figure 10 Forecast of payments from ERDF-budget 2006-2008

Year	2001-2005	2006	2007
Million Euro	7,7*	5,5	5,4

*Total payment by 31st December 2005 (Additional 2.888.991€ was paid out January 2006)

Public co-funding

The projects funded have been successful in finding public co-funding for the project.

There is though a tendency during year 2005 that it is growing more difficult to find public co-funding. It is a general tendency in the programme area. In Sweden both national and regional funds for co-funding seem to be almost emptied for this programme period. As the programme has committed almost all the funding it is no great problem for this period but it is worth considering when the new programme is planned.

5.10 Winding up of the Programme

The formal programme period ends on 31st December 2006. Costs for the programme are eligible for ERDF-funding until 31st December 2008. In order to be able to bring the programme to a close, it is necessary that project activities are not allowed after the end of 2007. The projects are then able to complete their final closure activities, such as compiling the final claim and report. The last date for project claims will be 31st of March 2008 and the last date for payments to projects is estimated to 31st September 2008. The last payment claim to the Commission should be presented by 31st October 2008. The programme will then be evaluated in the ex post evaluation within three years after the end of the programme's official running time.

The programme will only be refunded by ERDF up to 95% of the budget until the final report is approved by the Commission. That will probably cause problems in submitting payments to projects at the end of the programme due to lack of cash by the PA. The strategy chosen by the programme is to pay as long there is cash and then the projects have to wait until the programme gets the final payment after the approval of the final report. It is still rather unclear how much the expenditure will exceed the 95% level. Projects that are expected to finish late during the programmes running-time are informed about the risk of having to wait for the payments.

5.11 Preparations for a new programme

There is a strong ambition among the current EU country partners and Non EU country partners in the Interreg IIB Northern Periphery Programme to continue the co-operation under the new Objective 3 for trans-national cooperation. Interest has also been shown from two new programme partner (the Republic of Ireland and Northern Ireland) to join a new programme. The new programme area will consist of five EU country partners and four Non EU country partners.

The Monitoring Committee, together with representatives from the two new programme partners, agreed at their last meeting 2005 to a plan to produce a draft programme document for the new programme. The ambition is to be able to submit an application for a new programme to the Commission before the end of 2006.

In October 2005 in Nairn, Scotland and in December 2005 in Copenhagen, Denmark the PMC met informally as the PMC+ for the new Northern Periphery programme. The PMC + is a committee of current programme representatives and future programme partners from the Republic of Ireland and Northern Ireland. At the October 2005 meeting, members heard from the European Commission on the topic of Territorial Co-operation Post 2006 and from Professor John Bachtler European Policies Research Centre on the topic of "Strategic Changes in Strategy and Objectives". Afterwards, discussion groups presented their findings, next steps & future strategy were debated. In the December 2005 meeting, members discussed and agreed to future programming subcommittees and nomination process for drafting team.

6. Publicity and Information

6.1 Measures Taken by the Joint Programme Secretariat

The Joint Programme Secretariat (JPS) in Copenhagen has provided all interested parties and institutions with information on the programme and its actions. The JPS has been available for contacting by telephone, fax, e-mail, via the web site, and in person. The JPS has implemented an Information Action Plan (IAP) with its primary purpose being an instrument for the JPS to monitor, co-ordinate and evaluate the information activities being carried out across the whole programme area on an annual basis. The IAP focuses on the many different information needs such as project development support, new projects that need guidance, targeted information to specific groups, etc.

The Northern Periphery Programme website has also increased its function as a conduit of information. The NPP website received triple the number of hits from the previous year. Documents for the programme implementation, such as the Applicants' package, Practical Guide for Project Management, reporting documents and applications, were further developed by the JPS, in order to simplify the administration of the NPP. "On the spot checks" continued and 17 in total were conducted in most cases with the Paying Authority 2005. In 2005, dissemination material was developed and shared.

The JPS has promoted the programme at numerous events during 2005:

- ◆ Lead partner seminar – February in Rovaniemi
- ◆ RCP and RAG chair meeting - February in Copenhagen, Denmark
- ◆ Project idea workshop – March in Copenhagen, Denmark
- ◆ Partner seminar – August in Inverness, Scotland
- ◆ Partner seminar – August in Iceland
- ◆ Informal PMC meeting – October, Nairn, Scotland
- ◆ Lead partner seminar – November in Tromsø, Norway

The approximate number of participants at all these events totalled over 200.

Project leader and partners seminars

Lead Partner/Partner seminar in Rovaniemi, Finland 2nd-4th February 2005.

This event was successfully carried out in Rovaniemi as planned. Approximately 60 participants took part in the 3-day event, which used a new format of splitting new project leaders from projects near to completion, in order to better target information provision to project leaders. Presentations were made by the JPS, Paying Authority and some projects presented examples of best practice in the field of project implementation. The Paying authority and JPS held "project clinics" with lead partners and provided advice, assistance and instructions for projects.

Lead Partner seminar in Tromsø, Norway from 19th- 21st of October 2005

Pinnacle PR, who have international and INTERREG experience, were chosen to provide 1-day training on communication, publicity and the media, most of which was provided in the form of active workshops. Projects were encouraged to identify their key messages and to communicate these in a simple and clear way to a wide range of stakeholders and the media. At the end of the day, a comprehensive communications guide was provided to all participants and additional copies are available from the JPS for distribution to new projects. In addition, the first day of the seminar was reserved for guidance to new projects on how to manage an NPP project, while the 3rd day was split into advice for new projects

and guidance on how to conclude an NPP project. All lead partners were invited to the seminar, as well as RCPs, and in total over 70 people participated.

Feedback from the seminar was very positive and projects found it extremely useful to concentrate on their key messages and the way that they communicate these. It also helped projects to focus more on the main results of their projects and the best way to promote these.

Project idea workshop

A workshop was held in Copenhagen in co-operation with Indigenous Peoples' Secretariat in Copenhagen on 2-3 March 2005 on the theme of climate change and attracted participants from across the NPP area, as well as from Russia. A project idea was developed for application to the NPP but an application has not been submitted.

JPS/RAG chair meeting

A RCP & RAG meeting was held on 24-25 February 2005 between the JPS, RCPs and RAG Chairs. The meeting focused on the development of the RAG Assessment procedure, the possibility of having a secondment system with the JPS, development of a plan for future partenariats and programme events. The October Tromsø Lead Partner seminar was a focus of the meeting in terms of the project management issue of communication and best practice methods of working with the media. National partner meetings were agreed too.

Promotional material

During 2005 the JPS heightened its activity and production level to develop several promotional tools such as:

- slide presentations from all on-going main projects to be published on the NPP website
- project calendar for 2006
- Christmas card 2005
- Stickers to be distributed to projects
- Create posters to be used at various events and to be distributed to projects
- Roll-up banners with NPP information
- Case study binders of NPP projects to distribute all national and regional stakeholders

The case study binders of NPP project became an extremely popular promotional material for stakeholders and project lead partners. Over 400 binders were sent for example to MEP, Policy makers and Regional stakeholders.

National project leader and partner seminars

A number of project leaders/partners seminars were held throughout the programme area during 2005. These were organised by the RCPs in co-operation with the Joint Programme Secretariat. The seminars provided a useful opportunity for project partners to discuss aspects of programme management and administration with fellow project partners.

The seminars were targeted at organisations and their project leaders/project co-ordinators, who are responsible for the day-to-day management of the project. During the seminars, the JPS and representatives from the Managing and Paying Authority gave

presentations. The purpose of the seminars was to give guidance on the reporting procedures, practicalities concerning budgets and payments. There were also discussions on transnational cooperation and the responsibilities of partners. Each of the seminars attracted over 25 participants. Feedback from the seminars has been extremely positive, and participants highlighted these events as being a welcome opportunity to exchange best practices on financial and managerial issues, with the JPS and MA/PA.

Project leader and partner seminars were organised in:

1. Icelandic partner Seminar in Mývatn, Iceland
2. Scottish partner meeting, Inverness, Scotland

Other publicity and Information Actions

Information meeting in the Municipality of Piteå, Sweden.

INTERACT

The JPS attended "Communication Network Workshop" on 24-25 May 2005 in Rome hosted by the IIIB MEDOCC programme. The aim of the workshops was to encourage increased contact between the members of the network and discuss the opportunities that arise from increased cooperation on communication matters. The JPS attended the workshop with the specific remit to gain a better understanding of how to design and implement communication strategies. The information from the workshops was utilised in the creation of the NPP Communication Plan implemented in 2005 by projects and the JPS.

An INTERACT seminar on financial management was held in Paris March 2005. This event provided an opportunity to discuss such topics as first level control, private sector participation in Interreg, project spending avoiding de-commitment, preparing for the new programme period and eligibility. The seminar was attended by the JPS and PA.

The JPS attended an INTERACT conference on 14-15 June 2005 in Prague, which focussed on transport, accessibility and communications. 4 NPP projects were also able to attend the seminar, and both ROADEX II and Northern Maritime Corridor gave presentations on their projects. These events are a practical way to promote the NPP to a wide range of actors. The JPS has also attended other INTERACT events, details of which can be found in the additional activities section of the evaluation.

Information to the New Member States about small project funds micro and preparatory projects was present by the Head of the Secretariat at the invitation of INTERACT in a full day seminar on June 16 in Vienna on the topic of how to use small project funds or seed money to improve programme implementation. The invitation was sent because the NPP has been recognised as an example of best practise on how to use small project funds, as highlighted in the "Handbook on financial support to draft INTERREG Project Applications".

The Head of Secretariat participated on the meeting of INTERACT Qualification and Transfer Advisory Group. Main purpose of that meeting was to contribute to the view that the NPP programme is important to co-operate with in the future.

An INTERACT seminar called 'Steps towards Territorial Cooperation Programmes 2007-2013' was attended by the JPS and MA in Brussels on 28-29, September, 2005. Presentations provided updates on the status of the proposals in the draft regulations, the timetable and budget for the new programmes, and input on how to prepare the new programmes.

An INTERACT seminar on project and programme closure was held in Copenhagen on 10-11 November 2005. This event provided an opportunity to exchange best practice on issues surrounding the conclusion of both projects and INTERREG programmes. The seminar was attended by the JPS and PA.

Additional Activities

Interreg IIIB programmes have formed a cross programme co-operation on the topic of Maritime Safety. NPP participation in the co-operation has been secured through funding from the Safety at Sea project, which was decided at the Svalbard PMC meeting in May 2005. The co-operation includes a steering group where the NPP plays an active role. Three steering group meetings have been held during 2005; one in Dunkirk, France and two in Copenhagen, Denmark. The second and third meetings were hosted and chaired by the Head of Secretariat for the NPP. The co-operation is now being implemented successfully with four participating Interreg IIIB programmes; the North Sea Programme, the Baltic Sea Programme, the North West Europe Programme and the Northern Periphery Programme. The MSUO has helped raise the profile of the Northern Periphery Programme to other Interreg programmes and beyond.

The JPS attended an Annual Conference & Exhibition 2005 organised by the Interreg IIIB North Sea Programme and the North Sea Commission. The event took place in Zeeland in the Netherlands on 15-17 June 2005. The Annual Conference & Exhibition provided an opportunity for JPS to observe key elements of project and programme dissemination for inclusion in the NPP Communication plan.

NPP Internship to focus on dissemination activities.

An intern was chosen and commenced her internship in April 2005. The intern's focus was on communication aspects for the programme. A Communication Work Plan was presented to the PMC in May 2005 and the presented research helped to define the communication strategy of the programme, especially with regards to programme themes and messaging. The communications work plan is now incorporated in the Information Action Plan.

6.2 Measures Taken by Regional Contact Points

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

6.3 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, Greenland Home Rule, Icelandic Ministry of Industry and Commerce, Løgmannsskrivstovan and the Nordic Atlantic Co-operation – NORA have also contributed to the promotion of the Northern Periphery Programme.

In Sweden, NUTEK has produced a brochure on the Structural Funds, which also has a section on the Northern Periphery Programme. The NUTEK website www.nutek.se has a sub site on the Northern Periphery. A network to spread information about Interreg III B and they have 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) and newsletters have been distributed. The Swedish Interreg III B network also co-operate with governmental agencies and ministries.

In Finland, the Ministry of the Interior has continuously informed about the programme and its implementation, through the Ministry's information bulletin "Alue-Integraattori", which is published 5 times per year and is sent free of cost to more than 2400 addresses (regional authorities, municipalities, organisations etc.) and is also published in electronic form on the ministry's home page <http://www.intermin.fi/>. The Ministry's homepage also contains basic information about all Interreg programmes, in which Finland participates, including the Northern Periphery Programme. A brochure of these Interreg programmes (including the NPP) is available in Finnish, Swedish, English and Russian.

In Scotland, the Scottish Executive supports a network for Interreg IIIB generally. This allows information about the programme, individual projects and opportunities to participate to be disseminated to a broad range of potential partners. This complements the continuing active promotion of the Northern Periphery Programme by the RCP. The Scottish Executive also participates in partner seminars organised by the JTS and RCP. The Scottish Executive maintains a page on its website and an information pack on the programme is available. The Scottish Executive also participates actively in the Nordic – Scottish (Co-operation) Liaison Group that oversees the Nordic – Scottish (Co-operation) Action Plan. This sets out a broad commitment to joint projects between Scotland and the Nordic countries and helps establish a basis for developing and delivering NPP projects.

In Norway, during 2005 the Ministry of Local Government and Regional Development has continued to promote the programme through different events, such as conferences. Financial support has been given from the Ministry of Local Government and Regional Development to the Regional Contact in the NPP, as well as to the contact points for the Interreg IIIB Baltic Sea Region Neighbourhood Programme, the North Sea Region and Interreg IIIC. Regular meetings between all contact points have been organised to discuss challenges and experiences. A Nordic Interreg expert group has been established to discuss the future of Interreg after 2007 and exchange experiences from the current programming period. Interreg has also been on the agenda for the political European Forum between the Ministry of Foreign Affairs, the Ministry of Local Government and Regional Development, and political representatives from counties and municipalities in Norway.

The Icelandic Ministry of Industry and Commerce and The Icelandic Regional Development Institute in Iceland has constantly marketed the NPP. Overall it can be stated that the NPP has got more attention and demand than expected, which can clearly be seen by the high number of applications and participants from Iceland. The heightened level of activity has presented many future possibilities in the cooperation between Iceland and other NPP countries.

The Icelandic co-funding of the programme is set at 300.000 € per year (including TA). Due to the high and growing interest in the NPP, contributions to projects were capped at 70.000 € to each project and that NPP funding could not exceed 50 % of total eligible costs. In the year 2005 the Icelandic funding to the NPP programme was increased due to the high level of interest and excellent projects. There have also been discussions of increasing the Icelandic funding to the new NPP 2007-2013. The Institute of Regional Development's website: www.byggdastofnun.is/erlentSamstarf.

In the Faroe Islands during 2005, the Faroese government in cooperation with NORA has continued to promote the programme through conferences, newspapers emphasising that the NPP is the only EU programme open to the Faroe Islands. The interest in the programme appeared early and greater than expected in terms of the number of applications. Two measures have been taken as consequences, the Faroese government

increased its funding by 50% and the NORA RAG decided to recommend limited contributions to Faroese partners to a maximum of 40 000EUR to each project to ensure increased and wider participation.

In Greenland during 2005, the Northern Periphery Programme is advertised on the web site of the Greenlandic Home Rule Government and Greenland Venture, which is a business development centre. At Greenland Venture interested candidates can receive information and advise in relation to the NPP but also in regards to the 14 other EU programmes Greenland has access to due to their Overseas Countries and Territories (OCT) status. This year a midterm evaluation of the OCT agreement will be carried out and the OCTs hope to strengthen the new agreement on the EU programme area.

In 2005, the national responsible authorities arranged for a group of ten people, all representing areas of the Greenlandic society relevant to EU programmes, to visit the EU Commission in Brussels from 6-8 September 2005. The aim of the visit was to improve the awareness and knowledge of EU Programmes as well as establish networks and contacts with relevant parts of the Commission but also to present Greenland's potentials and what it can offer the EU in return by participating in EU funded projects.

Part C: Community Policies

7. Compliance with Community Policies

The Northern Programme has throughout 2005 maintained its withstanding observation of Article 12 of the General Regulation European Council Regulation (EC) No 1260/1999, operations financed by the Structural Funds in conformity with the provisions of the Treaty, with the instruments adopted under it, and with Community policies and actions.

For general information about Public Procurement, Competition Policy, Environment Policy, Promotion of equality between men and women, Information society policy within the programme area, please read the 2004 Annual Report.

Part D: Programme Promotion

8. Use of Technical Assistance

The eligible budget for technical assistance amounts to 3.474.021 EUR. The budget is divided into programme management costs (86,9 %) and other costs (13,1 %). According to the European Commission's decision, the management costs can amount to 5,96 % of the total ERDF contribution to the programme. Included in the budget are Non-Member State contributions to the operation of the NPP, while the costs for Regional Advisory Groups are excluded.

Total TA spending in 2005 amounted to 467.686. Some costs incurred in the last months of 2005 will not be paid until 2006 and are therefore not included in this report.

Measure 4.1 Programme Management Costs

The largest share (58 %) of the budget for measure 4.1, Programme Management Costs, is allocated to the Joint Programme Secretariat. The total budget for the JPS amounts to 1.748 989 EUR. This includes salaries and other personnel costs, office costs, travelling

costs, equipment, meeting costs and auditing of the TA budget. The Managing and Paying Authority's costs represent 26,9 % (810 488 EUR) of measure 4.1. Costs related to the PMC (meeting and travel) are budgeted to 78.000 EUR, 2,6 % of the total budget for Programme Management. Budgeted spending for the Regional Contact Points is 379 973 EUR, 12,6 % of the total budget for measure 4.1.

During 2001-2005, 60 % of the Programme Management budget has been spent. The highest percentages have been spent by the PMC (73%) and the Regional Contact Points (68%). The smallest percentage has been spent by the Managing and Paying Authority (43 %). This is in accordance with the annual budgets, since the Managing and Paying Authority will have a fairly large share of their workload in the years 2006-2008, while the Regional Contact Points and the PMC will not incur any expenditure after the end of 2006. The Joint Programme Secretariat had by the end of 2005 spent 63% of the total budget, and 94% of the annual budget for 2005. The total expenditure for Programme Management in 2005 was 399.326 EUR.

Measure 4.2 Other Costs

The budget for measure 4.2, Other Costs, includes evaluation, installation of computerised systems for monitoring, and costs for information actions and partenariats, and represents 8,8 % of other costs, 40 000 EUR. The budget for Information actions and partenariats represents 72,9 % of Other Costs, 332 867 EUR. The budgeted costs for evaluation amount to 13,0 % of Other Costs, 83.700 EUR.

In 2005 60.172 € was spent on other costs mainly on information actions and seminars, which is about 60% of the total annual budget. The low spending is mostly due to the updated mid term evaluation, which was budgeted in 2005 but that will not be paid until 2006. Out of the budget for information, 71 % or 235 899 EUR had been spent by the end of 2005.

The following table 10 presents the use of technical assistance in the period 2001- 2005.

Figure12. Technical assistance costs 2002-2005

	Total eligible budget 2001-2008	Expenditure 2001	Expenditure 2002	Expenditure 2003	Expenditure 2004	Expenditure 2005 ³	Combined expenditure 2001-2005	% of total eligible budget
4.1 Joint Secretariat	1.748.989	131.192	227.899	225.230	221.398	293.860	1.099.579	62,9%
4.1 Managing and Paying Authority¹	810.488		48.527	104.593	120.030	71.528	344.678	42,5%
4.1 PMC meetings & travel	78.000	2.977	23.031	9.368	14.882	6.425	56.683	72,7%
4.1 Regional Contact Points²	379.973	2.306	53.098	125.782	43.016	35.702	259.904	68,4%
4.1 Total Programme Management costs	3.017.450	136.475	352.555	464.973	399.326	407.515	1.760.844	58,4%
4.2 Other costs	456.571	9.083	126.026	61.118	68.613	60.172	325.012	71,2%
Total costs	3.474.021	145.558	478.581	526.091	467.939	467.686	2.085.855	60,0%

¹ For Managing and Paying Authority and Regional Contact Points expenditure/year may not always be equal to spending/year, since costs are not always claimed from the TA budget in the same year as the actual spending took place

³ Expenditure for 2005 has been converted from DKK to EUR using the official rate for Dec. 2005 (7,4551).