



**INTERREG III B Programme  
The Northern Periphery  
Mid Term Evaluation**

**December 2003**

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## **PREFACE**

In accordance with Council Regulation 1260/1999 Article 42 a Mid Term Evaluation shall be carried out under the responsibility of the Managing Authority. In March 2003 the Nordland Research Institute was chosen to perform the mid-term evaluation for the Interreg IIIB Northern Periphery Programme. Mr Arild Gjertsen and Mr Bjarne Lindeløv from the contractor are responsible for the investigations, analysis and the writings of the evaluation. This report presents the findings, conclusions and recommendations of the evaluation.

From the programme the Programme Management Group has served as a “steering group” for the evaluation. The programme Monitoring Committee approved the report by their meeting on November 27<sup>th</sup> 2003.

Annexed to the MTE-report is an environmental evaluation of the NPP. It is performed by Mr Keith Clement, Nordregio.

County Administration of Västerbotten

Managing Authority

## CONTENTS

<b>INTRODUCTION.....</b>	<b>9</b>
1.1 OUR APPROACH TO EVALUATING THE PROGRAMME .....	9
1.2 KEY ISSUES AND THE EMPHASIS OF THE EVALUATION .....	10
1.2.1 <i>Assessing Programme Productivity</i> .....	10
1.2.2 <i>Assessing Effectiveness</i> .....	11
1.2.3 <i>Assessing Strategy Coherence</i> .....	13
1.3 METHODOLOGY.....	13
<b>2 PROGRAMME OBJECTIVES, ORGANISATION AND PRODUCTIVITY .....</b>	<b>15</b>
2.1 BACKGROUND .....	15
2.2 STRATEGIC THEMES AND PRIORITIES .....	16
2.3 ADMINISTRATIVE STRUCTURE .....	17
2.3.1 <i>The Programme Monitoring Committee</i> .....	17
2.3.2 <i>The Programme Secretariat and the Managing/Paying Authority</i> .....	18
2.3.3 <i>Regional Contact Points</i> .....	19
2.3.4 <i>Regional Advisory Groups</i> .....	19
2.3.5 <i>The Programme Management Group</i> .....	20
2.3.6 <i>Project selection and decision-making</i> .....	20
2.4 PROJECTS, PARTNERS AND RESOURCE ALLOCATION.....	21
2.4.1 <i>Project Portfolio</i> .....	21
2.4.2 <i>Allocation of resources</i> .....	24
2.5 MARKETING THE PROGRAMME .....	27
2.6 PROGRAMME PRODUCTIVITY .....	28
<b>3 SELECTED CASE-STUDIES .....</b>	<b>31</b>
3.1 SMALL TOWN NETWORKS .....	31
3.2 THE NORTHERN MARITIME CORRIDOR .....	36
3.3 DEVELOPING RURAL WOMEN’S ENTREPRENEURSHIP.....	38
3.4 DESTINATION VIKING – SAGA LANDS.....	40
<b>4 PROGRAMME PERFORMANCE.....</b>	<b>43</b>
4.1 PERFORMANCE AT THE PROJECT LEVEL .....	43
4.2 PERFORMANCE AT THE PROGRAMME LEVEL .....	46
4.3 PROGRAMME EFFECTIVENESS – NEW STRATEGIES NEEDED? .....	48
4.4 RECOMMENDATIONS FOR FUTURE IMPLEMENTATION.....	50

Annex 1 Environmental evaluation (6p)

## SUMMARY

Due to the transnational nature of the Northern Periphery Programme, the evaluation has been designed accordingly. The evaluation aims at establishing a basis for comparative analysis between the *types* of activities initiated, as well as between the possibly different approaches between *countries*. The comparative approach, then, can be seen as the methodological framework for the evaluation. The methodological emphasis of the evaluation is put on the adoption of a bottom-up approach to analysis. Both monitoring data collected during the course of the programme, and interviews with key informants are elements in this approach.

The evaluation is based upon a selection of projects. 46 interviews have been conducted, comprising the selected projects as well as the Programme Management Group, The Managing and Paying Authority/ Joint Secretariat, and the EU Commission. In addition, the evaluators have participated as observers to meetings in the Programme Monitoring Committee.

### **Programme Productivity**

As regards programme productivity, the relatively low amount of project applications is cause for some concern. This calls for a more targeted marketing strategy on behalf of the Secretariat and the RCPs/RAGs, and possibly through a more targeted approach as regards the Partenariat-events. However, this being said in total, 117% of the mid-term target has been met, when the target is set to 1/3 of the eligible budget for the entire programme period. In the further process of marketing the programme, attention should be directed at priorities which seems to be falling somewhat behind, mainly the community development priority. *All* of the selected priorities of the programme are, however, regarded by the evaluators as strategies well suited to addressing the challenges of the programme area. This again suggests that an increased attention should be directed at the community development priority.

The quality of the project selection process obviously becomes an issue when there is a stronger focus on increasing the amount of projects in the programme. While there is no evidence for claiming that the 'project quality' is suffering from this, it is nevertheless an issue that should be kept in mind for the future.

### **Performance at the Project Level**

Learning through process participation, is an important aspect to stress in the context of the Northern Periphery Programme. Such a focus will contribute to a strengthened, and probably much needed, project development competence among institutions and individuals in regions that might lack this competence. Also the capability to carry out projects is important to build up in these areas.

The evaluation clearly confirms that *experience matters* and is important when it comes to creating, formulating and organising a project. Some partners are seasoned project developers and some are newcomers. This mix is nevertheless important because it gives the partnerships an opportunity for transferring capabilities. But achieving this depends on a conscious strategy of how to incorporate such learning processes in the partnerships. The link between regional projects and the transnational ambitions and learning dimensions of the projects, seems to be a challenge in this respect.

Policies of science and research in most of the countries within the Northern Periphery Programme is actively supporting the relation between research and development competence and business, in order to raise the innovative capacity of regions. A more active use of institutions who are involved in such programmes would likely result in an increased recruitment of relevant projects to the programme, strengthening the dynamics of regional development in the programme area.

### **Performance at the Programme Level**

The evaluation directs some criticism at the Joint Secretariat - for emphasising its role as a controller. This role might have been further strengthened by the competence profile of the secretariat. A reason for this might be that the secretariat has had too limited resources to execute its expected role. However, the programme seems to have made a common effort to handle these challenges. The secretariat seems to be developing a strategy towards being more development minded and better abled to cope with future challenges.

Furthermore, the role of the RCP's seems not to be satisfactorily communicated. The RCP's have certainly coped with the information role and have spread information to potential participants in their respective regions. But activity of a more outreaching character seems not to have been their main focus in all cases.

Here we have in mind the process of building up networks and connecting resources in a context where such resources often are lacking.

The analysis of RAGs and RCPs also points to a principle problem of the organisation of these institutions. There is a potential danger of role conflicts because the RCPs – which in some cases also entails RAG-representatives – play different roles simultaneously. For example the role as promoter, and even the role of project partner – even lead partner – can be integrated in one and the same institution. Related to a proactive role of the regional contacts points one might ask to what degree this role is consistent with that of the role of ‘gatekeeper’.

### **Programme Strategies and Recommendations**

Is the programme underway to achieving its main goals? This evaluation points to a positive answer. Both on the strength of strategies and priorities chosen, and the performance at the programme level, the underlying objectives of the programme have – from the point of view of the evaluators – been kept in focus. Another question is to what degree changes in the programmes approach would benefit regional development and increased transnationalism in the programme area. *The conclusion of this evaluation is that some adjustments probably would contribute to a higher success rate by the closure of the programme.*

Revising and strengthening the implementation of the programme in the remaining programme period should, in our view, take place on several levels in the programme organisation. On a strategic level, the evaluators would like to make the following recommendations:

- 1) *The chosen strategies and priorities should be adhered to in the remaining programme period.*
- 2) *Adhering to the chosen programme profile requires an increased emphasis on marketing the programme.*
- 3) *The Community Development priority should be given special attention in such an effort.*
- 4) *The apparent move towards more ‘ambitious’ projects and partnerships as a programme orientation that should be pursued.*
- 5) *The evaluators are of the opinion, however, that this should be part of a two-pronged approach to the future implementation of the programme.*

*Project quantity is still an issue that should be kept in mind. This is of special relevance to the Community Development priority.*

- 6) The programme has room for improvement when it comes to strengthening private sector participation in the programme. An increased focus on private sector involvement would likely strengthen the programmes ability to foster a 'Triple Helix' approach to partnership formation.*
- 7) The role of the Joint Secretariat and the Regional Contact Points needs to become more pro-active.*
- 8) RCP's needs to become more pro-active towards institutions representing project developer and implementation competence.*
- 9) The Joint Secretariat should become more active in following up projects in progress, and to focus even more on being a service apparatus, rather than a controlling apparatus. We do, however, acknowledge that there recently has been a movement towards being a more active part-taker.*
- 10) It is important to improve the coordination between the secretariat and the RCP's as well as the internal communication between the RCP's*
- 11) It is important that as many participants in a partnership as possible are involved in the initiation phase of a project. This is of especial importance to secure ownership to goals concerning transnational learning.*
- 12) In partnerships the technical competence of implementing and organising projects vary. It's therefore of importance that those partners representing the experience of these skills transfers this knowledge to the "newcomers". This is a method for securing development competence for the future.*
- 13) Resources at the partnership/project level needs to be directed at this process of learning.*
- 14) Methods for comparative learning processes at the transnational level should be outlined early on in the projects .*
- 15) It is important to recruit partners with competence and experience in both networking and project-methodology as well as project implementation. It will therefore be vital to involve and activate regional development and scientific institutions better in the programme.*

*16) In addition to this, one might make use of institutions already involved in business development programmes, which has as goal to stimulate the R&D dimension.*

## INTRODUCTION

In the call for tenders, the Managing Authority for the INTERREG IIIB Northern Periphery Programme, singles out the following topics as important focal points for a mid-term evaluation of the programme:

- A re-assessment of -the relevance and consistency of the programme strategy is to be made
- The objectives -in terms of outputs, results and impacts is to be quantified
- The effectiveness and expected socio economic impacts is to be evaluated, as well as the financial resources allocation
- The quality of joint implementation and monitoring arrangements should be assessed
- The evaluation is to provide conclusions and recommendations

Furthermore, the Managing Authority stresses that the mid-term evaluation should focus on the quality of the implementation, especially the selection process and the organisation for implementation of the programmes. This is of special relevance for the Interreg III B Northern Periphery Programme, due to its unique administrative structure with Regional Advisory Groups taking part in the selection process and a management organisation split across several countries with the Managing and Paying Authority in Sweden, the Joint Programme Secretariat in Denmark and the Regional Contact Points throughout the programme area.

### 1.1 OUR APPROACH TO EVALUATING THE PROGRAMME

The point of departure for this evaluation is to consider the relationship between intentions and effects. Intentions, strategies and goals are, however, often prone to both complexity and ambiguity. Participants in the programme can be expected to have differing intentions and interests, which then would influence the programmes approach to specific initiatives and projects. When putting goal-attainment in focus, it is also important to recognise that goals rarely can be considered as static phenomena; objectives are developed and changed over time. *An important foundation for this evaluation, then, is to start off with a mapping of the perception of goals, interests and expectations within the programme-organisation.*

Implementing initiatives and projects successfully, require resources – not only in terms of financing such initiatives adequately, but also in terms of organisational and administrative resources. Thus, the relationship between available resources

and the expectations of goal-attainment must also be considered. Problems of implementation can in many cases be traced to the disparity between resources and expectations. The scale of available resources will of course determine the overall volume of the programme, and thus the programmes 'productivity'. *To what extent the available resources gives latitude to diversity between (and quality within) specific initiatives, would then be an important issue that the evaluation needs to touch upon.*

The effectiveness of initiatives and projects are directly linked to the way activities are shaped and organised. Accordingly, the evaluation should focus on the coherence between programme strategies and project activities. Various actors on different levels in the programme may interpret this coherence differently. *A problem that needs to be addressed, then, is the question of which expectations are fulfilled – for whom?*

The context in which the Northern Periphery programme is embedded, will inevitably shape strategy formulation as well as the allocation of resources, shaping of projects and interpretation of effects. This context can be viewed as expectations confronting the programme in its surroundings. In this case, the programmes external environment is basically made up of two entities. On one hand, the programme is implemented within a European framework, and as such the programme is subject to conditions and guidelines drawn up by the institutions at the European level. On the other hand, the programme is confronted by the expectations of the end-users, who, ultimately, are the general public in the programme area. Consequently, the evaluation needs to take into account the way such expectations shape strategies, projects and implementation.

## **1.2 KEY ISSUES AND THE EMPHASIS OF THE EVALUATION**

The evaluation aims to cover all of the main topics outlined in the call for tenders. We will, however, put emphasis on the questions relating to the implementation of the programme. The evaluation would then consist of the following elements:

### **1.2.1 Assessing Programme Productivity**

Firstly, the evaluation needs to establish an overview of ongoing activities within the programme. A quantification both in terms of the programmes activities and its impacts will be made. Quantifying and categorising activities would be the obvious starting point for the evaluation. The main question to be answered is whether the

objectives drawn up at the programme or strategic level is linked to the activities found at the operational, project level. The aforementioned relationship between available resources and activities is, in our view, central to an assessment of programme productivity. Specifically, the evaluation will analyse how available funding and administrative resources has impacted upon activities at the operational level. The question to be answered, then, is whether the amount of available resources sufficient to match up the quantified objectives at the outset of the programme, and the actual activities at this stage in the life of the programme. A mix between fieldwork and desk-based research would be necessary to answer this satisfactorily, although the emphasis here will be put on the latter.

### **1.2.2 Assessing Effectiveness**

On the one hand the projects in question will have to be measured against the project-specific targets. But measuring the impact on these main objectives will also have to focus on the value added by the specific activities. A pivotal point in this part of the evaluation will be to determine whether the activities within the programme contributes to a development that supplements national or regional authorities - beyond what otherwise could have been achieved.

Effectiveness in terms of implementing and organising the programme will nevertheless be the main focus of the evaluation. Important questions relating to the implementation of the programme, are connected to the selection of projects, and whether the criteria for selection supports the main objectives as formulated at the outset of the programme. The evaluation needs to establish an overview of the practices, criteria and procedures involved. To what extent these procedures affirms transparency and coherent management is obviously a crucial issue for the evaluation to touch upon. However, effectiveness in implementing the programme – or, indeed, translating overarching strategies to an operational level – must be seen in relation to the administrative *structure* of the programme. A key element in the structure of the Northern Periphery Programme is the emphasis put on establishing partnerships and focusing on joint implementation.

Partnerships can, in theoretical terms, be described as a particular form of policy network that cuts across traditional political and social lines of division by involving several tiers of government, different policy sectors, and in many case actors not just from the public but also from the private sector. There is no shortage of conceptual frameworks which could be chosen as a starting point for analysis. Generally speaking, three dimensions of partnership are of particular importance:

- The *inclusiveness* of partnerships, i.e. who participates and why, can be established by looking at the distribution of roles within the network and how new actors can obtain access.
- *Accountability*-issues are often associated with introduction of new forms of governance: while government-type political steering has the electoral process as a core means through which decisions maintain legitimacy, partnerships may challenge this.
- *Coherence* refers to the ability of a partnership to gain support for a common outlook on policies and mobilise resources necessary for implementation. Setting up partnership committees and organisations might be the easy part of the operation, but these networks may range from being purely symbolic gestures to becoming dynamic drivers of change within the regions in the northern periphery.

All of the issues above apply as fertile approaches to analysing the way the set-up of the Northern Periphery programme impacts on programme effectiveness. Adopting a broad approach to inclusiveness might strengthen legitimacy within the programme, but can have adverse consequences for programme effectiveness through increased transaction-costs. The question of accountability refers to another dilemma that the programme organisation faces. The activities in the programme operates, and indeed, co-operates, on the same field as many other development agents in all the involved countries. To the extent that the programme is embedded in existing organisational structures at the operative level, one should expect few accountability problems arising. However, the programme transcends the line of demarcation between EU and non-EU members. This can make for less clearly defined administrative structures, at least as far as the question of accountability is concerned. This also points to possible problems of coherence; the common outlook on strategies and approaches might for the same reason be put to the test – both between actors on a strategic programme level, and between the programme-level and those functioning on an operative level.

For the evaluation to approach the question of effectiveness – both in terms of quantified objectives in the programme and in terms of organisational aspects – a mix of desk-based research and fieldwork is required. However, the emphasis here is put on thorough fieldwork.

### 1.2.3 Assessing Strategy Coherence

The eventual *impact* of partnership arrangements on the main objectives of the programme, would appear to differ as to which *strategic coherence* is achieved in terms of singling out projects and actors involved at the operational level. Achieving success in reaching objectives and meeting expectations of those involved would, of course, be indicative of a coherent strategy, and a sound SWOT-analysis at the outset of the programme. But, lest we forget: agreement on problems that needs to be addressed, strategies to be chosen, and, ultimately, the extent to which objectives are reached, might not be unanimous. Thus, the evaluation needs to approach the question of strategy coherence by not only asking which objectives and expectations are met, but also *whose* objectives are achieved, if that, indeed, is the case. In our opinion, such an approach is likely to reveal a far more detailed understanding of the possible pitfalls of implementation. To this end, fieldwork reaching across administrative levels, countries and types of activities within the programme is required.

## 1.3 METHODOLOGY

Due to the transnational nature of the Northern Periphery Programme, the evaluation has been designed accordingly. The evaluation aims at establishing a basis for comparative analysis between the *types* of activities initiated, as well as between the possibly different approaches between *countries*. The comparative approach, then, can be seen as the methodological framework for the evaluation. Within this framework, the evaluation has used two complementing strategies for analysis and data collection:

- For the evaluation to get a grasp on the contexts in which the various programme activities are embedded, a top down approach in terms of analysing key social, economic and environmental data is valuable. This does not imply an extensive analysis of the Northern Periphery area as such, but the environment surrounding the *sample of projects* in the evaluation, needs to undergo analysis. The value of such an approach would be evident in terms of reassessing the basic strategies on which both projects and programme rests.
- The methodological emphasis of the evaluation is, however, put on the adoption of a bottom-up approach to analysis. Both monitoring data collected during the course of the programme, and interviews with key informants are elements in this approach. In this respect, the evaluation is based upon a selection of projects, which then would undergo a more thorough analysis.

What is sacrificed in terms of not getting a ‘complete’ mapping of experiences in the programme, is, in our view, more than weighed up for by the more detailed picture that is likely to appear. Extensive interviews have been made at the programme level as well as the project level<sup>1</sup>.

The sampling of projects adheres to some basic criteria for selection. It has been important to have a geographical spread in mind when selecting specific projects. This way, the importance of regional or national contexts can be brought to the fore in the analysis. We have also put emphasis on selecting projects in such a way as to cover all main programme priorities. Also, the size of the projects – both in terms of budget and the number of partners involved – has been taken into consideration.

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<sup>1</sup> 46 interviews have been conducted, comprising the selected projects as well as the Programme Management Group, The Managing and Paying Authority/ Joint Secretariat, and the EU Commission. In addition, the evaluators have participated as observers to meetings in the Programme Monitoring Committee.

## PROGRAMME OBJECTIVES, ORGANISATION AND PRODUCTIVITY

### 1.4 BACKGROUND

The Northern Periphery Programmes members within the European Union are Finland, Sweden and the United Kingdom (Scotland). However, the programme also co-operates closely with several non-EU members in the North Atlantic area; Norway, Iceland, the Faroe Islands and Greenland. The overall objective of the programme is – like that of any INTERREG initiative – *“to strengthen economic and social cohesion in the European Union by promoting cross-border, trans-national and interregional co-operation and balanced development of the European Union territory”*. To this end, the INTERREG-programmes focuses on partnership building and a bottom-up approach to programming within the concept of transnationalism. This is, obviously, the approach chosen in the Northern Periphery Programme as well – hence the analytical focus of this evaluation.

The Northern Periphery Programme also ties in with the so-called Northern Dimension initiative, now an integrated part of EU-policies, which was put on the agenda following the accession of Sweden and Finland to the European Union in 1995. Central to the Northern Dimension is to promote closer relations between Russia and the European Union. Although such concerns are more directly linked to Russia’s neighbouring countries Sweden and Finland, perspectives of the Northern Dimension has influenced the programming process in the sense that the programme is open for participation by Russian partners at the project level.

The programme builds on previous experiences, both in terms of a long standing tradition of Nordic co-operation, as well as the more recently formalised Scottish – Nordic co-operation.

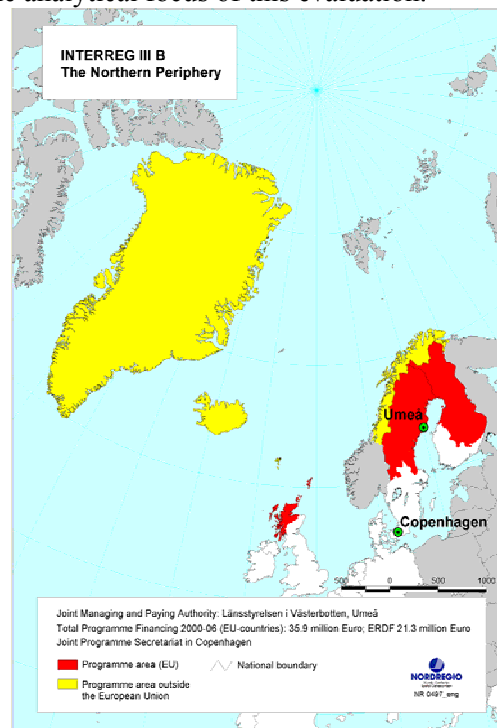


Figure 1: The Northern Periphery Area

The direct precursor to the Northern Periphery Programme was the so-called Article 10 Northern Periphery Programme, in operation between 1998-2001. Evaluations of the Article 10 programme<sup>2</sup> have pointed to some fundamental challenges facing the programme; variation in regional characteristics, the absence of the tradition of cooperation, and the limited time-frame of the programme. Nevertheless, the general conclusion of the evaluators was that the programme had managed to operate pragmatically and in a flexible way. A cause for concern, however, was the perceived lack of administrative capacity in the programme. In the Article 10 Programme, the secretariat received 88 project applications including project extensions; of this number, 43 were approved. Included in the 43 approvals were 6 extensions. In total 36 projects were funded.

## 1.5 STRATEGIC THEMES AND PRIORITIES

The Northern Periphery Programmes overall objective is to contribute to the development of '*prosperous, inclusive and self-sustaining communities*' in the programme area. Three strategic themes have been singled out as the important focus for the programme:

- The need for improving the competitiveness of regions in the area, taking into account the disadvantages of peripherality and a low population density, one of the priorities in the programme is to focus on the issues of transport and access to the information society.
- The sustainable exploitation of both natural and human resources as well as promoting business development is another important strategic focus.
- The problem of retaining people and services in many communities in the programme area, is the reason for putting a strategic focus on community development. This includes projects focusing on household-related service provision as well as public management- and spatial planning projects.

In addition, there are three underlying issues which applies to all projects within the programme; the *documentation and exchange of experiences* is an important aspect of the programme, the concept of *sustainable development* should be reflected in the portfolio of projects, and the projects should acknowledge the

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<sup>2</sup> A brief evaluation of the Article 10 Programme was given in the ex.ante evaluation report for the current Northern Periphery Programme.

principle of *equal opportunities*, in terms of gender, age and cultural or ethnic participation.

The *method* by which these objectives are to be achieved, is transnational co-operation and networking. To achieve transnational co-operation, it is required that projects should include partners from at least three participating countries, of which at least one should be a member of the European Union. There is nevertheless an explicit bias in the programme document; priority should be given to projects that include, or are relevant to, Scottish, Icelandic, Faroe or Greenlandic partners. In practice, the transnational co-operation consists of several elements. Emphasis is put on solving common problems or utilising opportunities. Furthermore, projects should carry out joint innovative activities and linked research. In addition, both projects and the programme as such, should have a focus on interactive learning and the exchange of experience and good practice.

The final beneficiaries in the Northern Periphery Programme are first and foremost organisations and authorities representing the citizens in the programme area. Lead partners in projects funded by the programme must be *public or similar* organisations. The type of project partners aimed for in the programme is mainly organisations or development agents of the non-profit variety. Partners from the private sector can also be included on the project level, within certain limitations.<sup>3</sup> In terms of transnational partnership-building, the Northern Periphery Programme encourages broad and complex partnership formations, and partnerships built on the so called Triple Helix approach is especially mentioned in this respect.<sup>4</sup> Broad partnerships of this nature is nevertheless not to be seen as the compulsory form of partnerships on the project level. Transnational co-operation exclusively between academic institutions is not supported by the programme.

## **1.6 ADMINISTRATIVE STRUCTURE**

### **1.6.1 The Programme Monitoring Committee**

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<sup>3</sup> The private sector can be involved as project partners if their contribution to the project represents a 'wider public interest and the public sector is involved'. Private partners cannot act as lead partners. There are also some national constraints to private sector involvement; in Sweden and Finland private partners can contribute to the project budget, but such contributions are not eligible for ERDF co-financing.

<sup>4</sup> The Triple Helix concept focuses on partnerships and co-operation between industry, academia and governmental institutions.

A Programme Monitoring Committee (PMC) was set up at the constituting meeting following the approval of the programme in December 2001. The PMC is composed of three representatives from each Member State, Three representatives from Norway, 2 representatives each from Iceland, the Faroe Islands and Greenland. One representative of the NORA secretariat has permanent observer status. The Managing and Paying Authority of the programme also has an observer status to the PMC. One representative of the European Commission attends in an advisory capacity. Thus, the PMC has a total of 20 regular members. The task of the PMC is to monitor the overall performance of the programme, and to decide on the programmes general strategies and direction. When acting as *Steering Committee*, however, the PMC decides on individual project applications and the allocation of programme funds. Experiences with the performance of the PMC is generally good, judging from our interview data; the PMC does not seem to be an arena for promoting narrow national interests. There are, however, some who criticise the PMC for not entering into more substantial discussions on the strategic development of the programme.

### **1.6.2 The Programme Secretariat and the Managing/Paying Authority**

The Joint Programme Secretariat is located in Copenhagen. The Secretariat has an international staff, consisting of three people. The main tasks of the Secretariat is to manage the project application process, and supply information and advice to both potential applicants and (lead) partners at the project level. The Secretariat also draws up proposals for decisions for the PMC, implements PMC-decisions, and has an important liaison role – between the Regional Advisory Groups, the European Commission and other interested parties. The Secretariat works closely together with the Managing and Paying Authority and the Regional Contact Points. The Managing and Paying Authority for the programme, the County Administration of Västerbotten located in Umeå, Sweden, has the responsibility for managing the assistance given from the programme. The project-level relates to Umeå in matters of finances and project economy.

While this geographical split of administrative functions might appear ineffective on paper, few, if any, negative effects of this specific set-up has been encountered according to our interview data. There are, nevertheless, certain issues concerning the way the Secretariat is functioning. Basically, the level of funding for technical assistance is not viewed as sufficient, and this view is expressed by several people in the programme organisation. The limitations of the technical assistance budget was also pointed out as a problem in the previous Article 10-programme and is due to European Commission approach to programme financial management.

Admittedly, the level of technical assistance has increased in the current programme, but the general view is nevertheless that the programme is understaffed. Added to this, a less than stable staff situation has exacerbated the administrative challenges. From the Commissions point of view, the quality of reporting seems less than desirable in the NP-programme, compared to other programmes. The situation is not felt to be serious, however – although the Commission clearly feels there is room for improvement in this respect.

### **1.6.3 Regional Contact Points**

Six so-called Regional Contact Points (RCPs) have been established to assist the Secretariat in person by marketing the programme and informing and advising project partners<sup>5</sup>. The RCPs are funded from the Technical Assistance budget. Formally, the RCPs are an extension of the Secretariat on the regional level. In practice, however, the distinction between the RCPs personell and the *regionally based* committees at the programme level – the RAGs – is not always clear. In essence, there are examples of the same persons filling both functions. While this probably provides gains in terms of organisational efficiency in some respects, it also opens up for unclear roles and possible organisational tensions in our view. We will return to this challenge later on in the analysis.

### **1.6.4 Regional Advisory Groups**

In each of the participating countries, a Regional Advisory Group (RAG) has been set up. The function of the RAGs (regionally based committees) is to assist the Programme Monitoring Committee in the process of deciding on applications to the programme. The RAGs makes recommendations concerning the funding of individual project applications on the basis of a set of agreed selection criteria. The RAG committee members are appointed based on their expertise in given fields and experience within the programme's objectives and measures. The RAGs have also supported the creation of new transnational projects in some instances, and are involved in the promotion of the programme as such.

The European Commissions attitude towards the RAGs was initially characterised by scepticism. The RAGs were seen as institutions that could be used as instruments for furthering national interest at the expense of trans-nationality.

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<sup>5</sup> The RCPs are individuals specifically assigned to these tasks, rather than organisations as such. The RCPs are located in Inverness (Scotland), Bodø (Norway), Umeå (Sweden), Rovaniemi (Finland), Thorshavn (Faroe Islands and Greenland) and Saudárkrökur (Iceland).

Thematic advisory groups were suggested by the Commission, but this was soon found to be impractical and costly, given the size of the NP-area. Nevertheless, experiences so far indicates that the RAGs have *not* functioned as instruments for national interests – they do support the trans-national ambitions of the programme.

#### **1.6.5 The Programme Management Group**

A Programme Management Group (PMG) consisting of representatives of the national authorities responsible for the implementation of the programme has also been set up. The main task of the PMG is to assist the Secretariat and the Managing and Paying Authority, especially in concerning the administration of the ERDF-funds. The PMG also facilitates contact and contributes to the flow of information between partners at the programme level.

#### **1.6.6 Project selection and decision-making**

Project selection is done by the Programme Monitoring Committee acting as Steering Committee following open calls for applications. Calls for applications are launched regularly. At the outset of the programme, one call was scheduled in 2001, and twice per year in the remaining programme period. The Programming Monitoring Committee may decide on special focus or requirements for individual calls.

The programme's website is the main source of information for would-be participants. Information is also available through ministry bulletins distributed to public national, regional and local authorities. Additionally, relevant information is distributed through the Programme Monitoring Committee and Regional Contact Points. The Joint Programme Secretariat has prepared an information and application package for applicants where detailed information on rules concerning submission of applications is given.

Applications for funding are submitted by the Lead Partner of the project to the Joint Programme Secretariat. The application is registered and checked for admissibility and eligibility by the Joint Programme Secretariat. The Secretariat then distributes the eligible applications to the Regional Advisory Groups, which assesses the suitability and priority of all eligible project applications, and make recommendations on whether or not the applications should be supported. On the basis of the recommendations of the Regional Advisory Groups, the Joint Programme Secretariat prepares proposals for decision to the Programme Monitoring Committee, acting as a Steering Committee. Funding decisions are made at the Programme Monitoring Committee meetings. The Programme Secretariat

relays information about decisions to The Lead Partners of the projects in question. These are in turn responsible for communication with the other partners in the project. The following figure illustrates the flow of information/decision-making process in the programme:

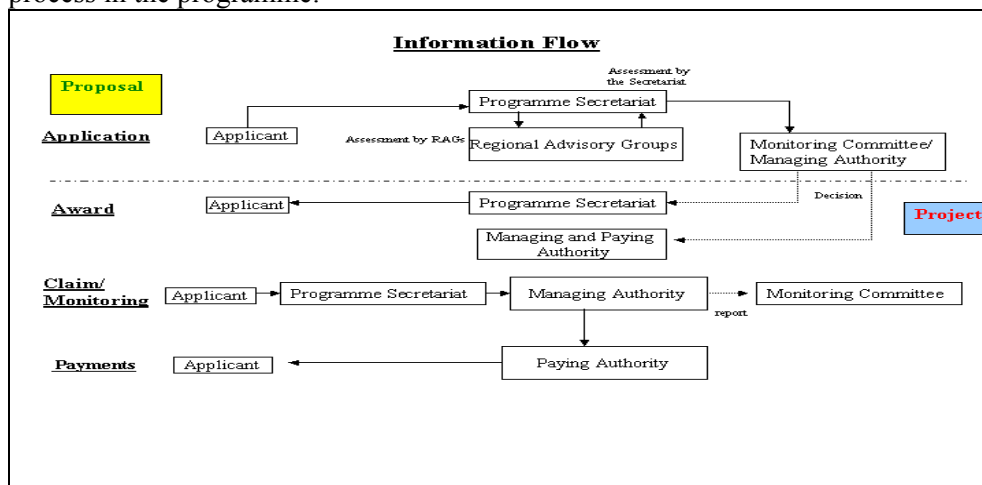


Figure 2: Decision-making/information flow in the Northern Periphery Programme.<sup>6</sup>

## 1.7 PROJECTS, PARTNERS AND RESOURCE ALLOCATION

### 1.7.1 Project Portfolio

The Northern periphery Programme funds three basic types of projects. In addition to *main* projects, the programme also encompasses so-called *micro projects* and *preparatory projects*. The purpose of the micro projects is to establish contacts between potential partners in the new part of the programme area (Faroe Islands, Greenland, Iceland and Northwest Russia) and partners from the previous Article 10 programme area (Finland, Sweden, Norway and Scotland). The maximum grant is 5000 EUR (on the condition of national co-financing).

The *preparatory projects* aims at establishing a broader partnership. This project design is also for committing the partners to specific contributions and thereby reducing the risks connected to large projects involving more complex partnerships. The maximum grant is 15 000 EUR on the condition of national co-

<sup>6</sup> Source: Northern Periphery Programme Complement.

financing. The preparatory project is expected to result in a project application for a main project.

The following table shows the quantified targets measured in the expected number of projects, specified for the different project categories:

**Table 1: Quantified activity goals at the programme level<sup>7</sup>**

Type of project		Number of projects
Main Projects <sup>8</sup>	Priority 1 projects	28 (25%)
	Priority 2 projects	50 (45%)
	Priority 3 projects	36 (30%)
Micro Projects		15
Preparatory Projects <sup>9</sup>		15
<b>Total</b>		<b>144</b>

The main weight of the project portfolio is clearly expected to be found in the main projects category, which seems reasonable. The table also gives a clear picture of the programmes strategy as to the three main priorities, communications (priority 1), business development (priority 2) and local community development (priority 3). Projects related to business development is clearly a primary objective for the programme, while community development and communications projects being slightly less emphasised.

How does Northern Periphery Programme (measured in the number of projects initiated) fare when measured against the expected results at the mid-term point? The following table shows the number of achieved projects and the number of expected projects at the mid-term point. The number of expected projects is derived from the target number for the entire programme period, divided by 3:

<sup>7</sup> Source: Programme Complement.

<sup>8</sup> Of the Main Projects, 57 (50%) are to have more than 3 countries involved, 23 (20%) are to have complex partnerships and 11 (10%) are to involve adjacent region partners. *Thematically*, the Main Projects should include 11 (10%) indigenous people projects, 23 (20%) young people projects and 23 (20%) SME-partner projects.

<sup>9</sup> Of the Micro and Preparatory Projects combined, 15 (50%) is to evolve into main projects.

**Table 2: Actual number of projects vs. expected number of projects.**

Priority	Number achieved	Number expected <sup>10</sup>	'Success rate'
Communications	4	9	-5 (44%)
Economic development	7	17	-10 (41%)
Community development	3	12	-9 (25%)
Preparatory projects	19	15	+4 (126%)
Micro projects	2	5	-3 (40%)
<b>Total</b>	<b>35</b>	<b>79</b>	<b>-44 (44%)</b>

Clearly, the number of actual projects does not match the number of expected projects, except for the preparatory projects category. In all other categories there is a marked underachievement; this is particularly true for priority 3, community development. Thus, getting the sufficient number of projects established, seems to be a challenge for the programme. However, in terms of committed expenditure, 117% of the mid-term target has been met, when this target is set to 1/3 of the eligible budget for the entire programme period.

The number of involved partners is another measure of the programmes 'productivity'. Obviously, this number is correlated to the number of projects established, but the question of the distribution of partners between participating countries is also interesting. The following table shows this distribution:

**Table 3: Number of involved partners by the end of 2002.<sup>11</sup>**

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<sup>10</sup> In agreement with the Steering Committee of the Northern Periphery Programme, it was decided that 1/3 of the total target for the programme would constitute the appropriate mid-term measurement point, rather than 1/2 of the overall target. Thus, the expected number of projects at the mid-term point is derived at by dividing the target for the entire programme period by 3. The exception is the preparatory projects category; by their very nature, such projects must be expected to appear more frequently in the earlier stages of the programme. We expect the preparatory projects to have achieved their 'quota' by the programmes mid-term point.

	Fin	Swe	UK	Faroe	Green	Ice	Nor	Ext. 12	Tot.
Public/central partners	1	-	3	4	3	1	4	-	16
Public/regional partn.	8	8	4	1	2	3	8	5	39
Public /local partners	4	2	5	-	-	3	-	-	14
Public-like partners	2	6	1	-	-	2	2	-	13
Private partners	3	-	2	-	1	1	3	-	10
<b>Involved partners, total</b>	<b>18</b>	<b>16</b>	<b>15</b>	<b>5</b>	<b>6</b>	<b>10</b>	<b>17</b>	<b>5</b>	<b>92</b>

The general picture is one of a fairly even distribution of partners among countries. This distribution, then, does not suggest that there is a major asymmetry between the countries in the ability to contribute to the process of transnational partnership-building. Admittedly, the ‘newcomers’ to the programme (Faroe Island Greenland and Iceland) are not represented on the same level as the others, but this is to be expected – both on the grounds of fewer relevant institutions, and the limitations of national funding.

### 1.7.2 Allocation of resources

Another, and perhaps more interesting, way of measuring the ‘productivity’ of the programme, is to look at the allocation of resources to the various priorities. The following table shows the planned allocation of resources at the outset of the programme:

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<sup>11</sup> Source: Northern Periphery Annual Report 2002.

<sup>12</sup> Partners from outside the Northern Periphery area, including North-West Russia (1 partner), USA (2 partners) and Canada (2 partners).

**Table 4: Planned allocation of financial resources (€).<sup>13</sup>**

	Total eligible cost	Public expenditure				Eligible Private	Other financial instruments (incl. Non-eligible private)	TOTAL	
		Total public expenditure	Community participation		National participation				
			Total	ERDF	Total				Central/National
<b>1. Communications</b>	<b>8.155.000</b>	<b>8.023.000</b>	<b>4.893.000</b>	<b>4.893.000</b>	<b>3.130.000</b>	<b>3.130.000</b>	<b>132.000</b>	<b>4.049.500</b>	<b>12.204.500</b>
1.1 Physical transportation	4.077.500	4.011.500	2.446.500	2.446.500	1.565.000	1.565.000	66.000		
1.2 Telecom/inform society	4.077.500	4.011.500	2.446.500	2.446.500	1.565.000	1.565.000	66.000		
<b>2. Strengthen sustainable economic development</b>	<b>14.183.000</b>	<b>13.787.000</b>	<b>8.510.000</b>	<b>8.510.000</b>	<b>5.277.000</b>	<b>5.277.000</b>	<b>396.000</b>	<b>6.881.550</b>	<b>21.064.550</b>
2.1 Sustainable use of nat. resources	8.470.200	8.272.200	5.106.000	5.106.000	3.166.200	3.166.200	198.000		
2.2 Business development	5.712.800	5.514.800	3.404.000	3.404.000	2.110.800	2.110.800	198.000		
<b>3. Community development</b>	<b>10.638.000</b>	<b>10.506.000</b>	<b>6.383.000</b>	<b>6.383.000</b>	<b>4.123.000</b>	<b>4.123.000</b>	<b>132.000</b>	<b>5.322.400</b>	<b>15.960.400</b>
3.1 Household related service provision	7.420.200	7.354.200	4.468.100	4.468.100	2.886.100	2.886.100	66.000		
3.2 Publ. management/spatial planning	3.217.800	3.151.800	1.914.900	1.914.900	1.236.900	1.236.900	66.000		
<b>4. Technical Assistance</b>	<b>2.978.000</b>	<b>2.978.000</b>	<b>1.489.000</b>	<b>1.489.000</b>	<b>1.489.000</b>	<b>1.489.000</b>		<b>939.000</b>	<b>3.917.000</b>
4.1 Programme management	2.535.805	2.535.805	1.267.902,50	1.267.902,50	1.267.902,50	1.267.902,50			
4.2 Other costs	442.195	442.195	221.097,50	221.097,50	221.097,50	221.097,50			
<b>TOTAL</b>	<b>35.954.000</b>	<b>35.294.000</b>	<b>21.275.000</b>	<b>21.275.000</b>	<b>14.019.000</b>	<b>14.019.000</b>	<b>660.000</b>	<b>17.192.450</b>	<b>53.146.450</b>
<b>Total ERDF related</b>	<b>35.954.000</b>	<b>35.294.000</b>	<b>21.275.000</b>	<b>21.275.000</b>	<b>14.019.000</b>	<b>14.019.000</b>	<b>660.000</b>		

The planned allocation of resources clearly mirrors the emphasis put on the various priorities in the programme; economic development being the primary beneficiary. The question, once again, is whether this plan for allocation of resources has been followed up thus far in the programme. The following table shows the total allocated resources in the programme in relation to the mid-term target. Again, the target for the entire programme period – in this case total eligible cost – is divided by 3:

<sup>13</sup> Source: Programme Complement.

**Table 5: Total allocated resources vs. mid-term targets for allocation (€).**

Priority	Total eligible budgets	Mid-term target (total eligible cost) <sup>14</sup>	Percentage of target
Communications	3 877 450	2 718 333	143%
Economic development	5 939 657	4 727 666	126%
Community development	3 058 800	3 546 000	86%
<b>Total</b>	<b>12 875 907</b>	<b>10 992 000</b>	<b>117%</b>

The table clearly shows that there is a marked difference between the three priorities of the programme, the communications and the economic development priority having fulfilled more than the mid-term target, while the community development priority is lagging behind. In total, 117% of the mid-term target has been met, when this target is set to 1/3 of the eligible budget for the entire programme period<sup>15</sup>. The same basic picture emerges if we look at the ERDF-awarded funds specifically:

**Table 6: ERDF-awarded funds vs. mid-term targets for allocation (€).**

Priority	NPP Awarded	Mid-term target (ERDF allocation) <sup>16</sup>	Percentage of target
Communications	2 113 000	1 631 000	130%
Economic development	3 429 261,5	2 836 666	121%
Community development	1 687 200	2 127 666	79%
<b>Total</b>	<b>7 229 461,5</b>	<b>6 595 333</b>	<b>110%</b>

There seems to be a marked contrast between programme targets, when measured in the number of established projects and in allocated resources, respectively. Generally, the performance measured in resource allocation is better than measured in number of projects. Two main conclusions can be drawn from this; firstly it seems as if the programme has compensated for a lack of projects by increasing the

<sup>14</sup> The allocation for the entire programme period (per priority), divided by 3. Non-eligible private funds not included.

<sup>15</sup> If the mid-term point is set at ½ of the total eligible budget, 78% of the mid-term target has been achieved.

<sup>16</sup> The ERDF allocation for the entire programme period (per priority), divided by 3.

budgetary size of projects, although this has not been a conscious effort according to the programme steering committee. Secondly, a bias towards the communications priority seems to have appeared. While this bias certainly must be seen in relation to the applications received – it is of course not possible to fund non-existent project applications – there seems to be a need to consider both the emphasis put on the various priorities of the programme, as well as possible methods of dealing with the underachievement of the community development priority.

## **1.8 MARKETING THE PROGRAMME**

At the regional level, the marketing of the programme is a key task for the Regional Contact Points, as previously mentioned. At the transnational level, the Joint Secretariat is central to the marketing, publicity and information work that has been carried out. The programme has been promoted in several events across the programme area, related to INTERREG III. A fairly extensive website was also launched in September 2001, which supplies both would-be applicants to the programme as well as established project-partners with information. The web site also functions as a virtual meeting place for both project-partners and RAG-members.

A perhaps more targeted way of promoting the programme has taken place through the so-called *Partenariats*, taking place in Lycksele, Sweden (September 2001), Rovaniemi, Finland (February 2002) and Keflavík, Iceland (September 2002). The *Partenariats* have functioned as programme ‘conventions’, where the primary aim has been to present and develop project ideas, as well as preparing the ground for future partnership building in the transnational domain. The *Partenariats* have included a wide set of participants; delegates to these events have represented both local and regional government authorities in the programme area, research and educational institutions, as well as non-governmental organisations. Representatives of the national government level in the participating countries have also attended. Over time, the *Partenariats* have increased in size, both in the number of people attending and in the amount of project ideas put forward and discussed.

On the basis of our interview data, the experience drawn from the *Partenariats* seems to be somewhat mixed. On one hand, several interviewees have commended these events as being effective in making the programme visible to the end user level in the programme area. Certainly, the *Partenariats* also seems to have had positive effects in terms of establishing an arena for network-building among project developers, although measuring and quantifying such an effect is difficult.

On the other hand, some criticism is evident as far as the thematic focus of the Partenariats is concerned. Some of our interviewees points to the Partenariats as being too thematically ‘scattered’ – the argument being that a concentrated focus on specific priorities in the programme would facilitate a better arena for networking, and thus better effectiveness in terms of refining project ideas into actual working projects. In this respect, the Partenariats are viewed as a possible means to a needed emphasis on a more targeted marketing of the programme.

## 1.9 PROGRAMME PRODUCTIVITY

The challenges facing the Northern Periphery area does seem to be reflected in the chosen strategies and priorities of the Northern Periphery programme. From interviews made at both the programme and project level, it is reasonable to conclude that there is a common outlook on the challenges facing the programme area. Thus, the programme seems to have a well founded platform for development in the remaining programme period. As the discussion above has shown, there are nevertheless clear challenges facing the programme. The need for a more targeted marketing of the programme seems evident; reaching prospective project developers and preparing the ground for future project developers through learning is, in our view, going to be a key factor in the programme onwards.

It seems a paradox that the programme has encountered difficulties in getting a sufficient amount of project applications, considering that the Northern Periphery Programme is put forward by the Commission as the “best practice example” within the context of INTERREG. One important reason for this might be the structural conditions in the NP-area – a scarcely populated area with relatively few actors to be involved in the programme. Increased publicity is perhaps necessary, although it is questionable whether this, by it self, is sufficient to increase the amount of applications to the desired level.

While there is some ‘anecdotal evidence’ for cultural differences and different national traditions affecting performance at the project level, this does not seem to apply to the programme level as such. The ‘newcomers’ to the programme – Faroe Islands, Greenland and Iceland – might not have the same experience in transnational project work as the other involved countries. This, in turn, might explain the relatively few applications to the programme to some extent, but is hardly the sole explanation. A very basic conclusion, however, is that *experience matters* – in project organised development work generally, in and transnational cooperation specifically. The relative active role of the Scottish partners, in some instances,

must probably be viewed in relation to previous experiences in structural funds related work. The ‘newcomers’ to the programme, on the other hand, have probably not yet gained the ‘self-assurance’ needed to be active in driving the programme forward. The evaluators nevertheless recognises the fact that the programme for various reasons has been somewhat late leaving the starting blocks, and that the programme still has some distance to go in order to gain the desired momentum.

The fact that few preparatory projects seems to have matured into fully fledged projects is clearly a negative aspect of the programmes performance. While it is difficult to offer any easy explanation for this, it is nevertheless puzzling – considering that the experience from previous programmes has been positive in this respect. This situation probably points to the fact that the programme so far leaves somewhat to be desired in terms of structuring processes of learning at the project level, and the fact that a general lack of project developer competence in the programme area has to be taken into consideration. On the other hand, it could be argued that the number of expected preparatory projects (15) is not sufficient to have any significant impact on the expected total number of main projects (114), even if *all* preparatory projects were to flourish into main projects.

The N+2 rule is obviously causing the immediate problems connected to the perceived lack of project applications at the programme level; the underlying fear is that funds will be withheld on the part of the Commission<sup>17</sup>. The N+2 debate raises the question of quality vs. quantity in the further development of the programme. In fairness, the ‘quantity fixation’ does not only apply to the programme managers of the Northern Periphery programme, this is very much evident in the EU-system as such. On the European level the fear is that a low spending rate will render the INTERREG idea obsolete – if low spending is seen as tantamount to a low demand for INTERREG type initiatives. However, the quality of the project selection process does not seem to have suffered thus far in the NP-programme. There is nevertheless a risk that this will happen, and the move towards focusing on ‘*sufficient*’ *project quality*, which, in our view, was demonstrated at the most recent PMC-meeting<sup>18</sup>, illustrates the point. This is not to say that the Northern Periphery Programme is going to sell itself short in the remaining programme period, but the issue of project quality should be kept in mind when making an otherwise laudable move towards a more accessible and flexible programme.

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<sup>17</sup>If the ERDF-funding is not spent within three years from the year it is committed (N+2) the unspent part is automatically decommitted by the Commission.

<sup>18</sup>Savonlinna, Finland, June 12-13 2003.

In conclusion; looking at the project portfolio and the programme productivity, the evaluators have the following *general* comments to the programmes performance:

- The relatively low amount of project applications is cause for some concern. This calls for a more targeted marketing strategy on behalf of the Secretariat and the RCPs/RAGs, and possibly through a more targeted approach as regards the Partenariat-events.
- In the further process of marketing the programme, attention should be directed at priorities which seems to be falling somewhat behind, mainly the community development priority.
- An important question in this respect, is whether the focus should be put on those areas of the programme which so far have not been covered well, or if the strategy should be to expand on successful areas. This question will be addressed in the concluding chapter.
- *All* of the selected priorities of the programme are, however, regarded by the evaluators as strategies well suited to addressing the challenges of the programme area. This again suggests that an increased attention should be directed at the community development priority.
- The quality of the project selection process obviously becomes an issue when there is an stronger focus on increasing the amount of projects in the programme. While there is no evidence for claiming that the ‘project quality’ is suffering from this, it is nevertheless an issue that should be kept in mind for the future.

## SELECTED CASE-STUDIES

As previously mentioned, the selection of cases (projects) has been made on the basis of covering the geographical programme area, thematic focus and size.

The four projects selected for further analysis are the following:

- Small Town Networks
- Northern maritime Corridor
- Developing Rural Women's Entrepreneurship
- Destination Viking – Saga Lands

### 1.10 SMALL TOWN NETWORKS

In the application to the Northern Periphery Programme, this project is presented as seeking to:

*“[...] encourage the regeneration of networks of towns using a ‘hands-on’ approach. It focuses on the need for ‘bottom-up’ planning, with each town seeking to advance through the work of voluntary groups drawn from the local business and community sectors. Progress in participating towns can be benchmarked from their differing starting positions on three broad dimensions. Shared project officers will facilitate and service the local volunteer groups. Includes a ‘community chest’ of seed finance that the local Initiatives can draw on to kick start modest priority projects of a social, economic or environmental nature. Local interaction and trans-national dissemination will be promoted through a Towns Forum and dedicated web-site”.*

In short, the main idea of the Small Town Networks project is to develop clusters of municipalities and through this meet the challenge of regionalisation. But even though this is the ambition, the first questions to be asked is how to develop clusters and how to overcome the boundaries of history and institutions? Approaching these questions, the working method is geared towards shaping learning arenas.

The problem structure each national project faces, are somewhat different. In some cases unemployment are the background, in others it is the centre-periphery question that dominates – and a third challenge have the problem of core regions in focus. The four national cases also differs in the budgetary size of the individual

projects. The Scottish and Finish partners have thus greater economic means available than the Swedish and Icelandic projects. This might to some extent reflect that the state of readiness of joining such a programme as the NPP are different for the different partners.

The *Scottish* partners generally gives a positive assessment of the project, although several challenges are pointed to. The employment (part-time) of 5 project assistants has been an important feature of the project to keep the project running, and maintaining a better strategic perspective in the activities undertaken. This has been a clear improvement over the previous project under the article 10 programme. The 'horizontal' cooperation between various local activities has also increased according to the lead partner.

The main obstacle in developing the project in the *Scottish* context, has been establishing sufficient national co-financing. The Highland Councils budget is by and large tied up – the flexibility for financing a project of this nature has been limited. The development/planning department relies on a variable 'income' through so-called application fees for financing projects. However the Highland/Island Enterprise contributes with co-financing, and has a somewhat greater flexibility as far as allocating resources is concerned, compared to the Council. The general view, however, is that the problems of co-financing has not been a problem exclusively for the Scots; this is encountered by the partners in the other countries as well.

The transnational partnership structure does present the project some challenges in the sense that there are differing perspectives on the issues in question. The interviewee hardly sees this as a problematic feature. On the contrary; the meeting of different approaches to developing local communities is central to the idea of the project – developing new methods and approaches on the basis of learning how others are doing this kind of work. The approaches vary from the Icelandic project which focuses on inter-municipality cooperation (museums), to the Finnish focus on developing/'regenerating' town centres. The Swedes follow a more traditional top-down approach to local community development, according to the lead partner. Based on previous experiences, transnational partnerships are faced with a fundamental challenge, in the sense that there often is a mismatch between the 'academics' in the partnership-organisation and the 'shop-owners' in the field. Generally, too many resources are fed external consultants in these kinds of projects, according to some of the interviewees. For this reason, one has, according to the Scottish partners, consciously avoided any extensive use of external consultants. As for The Small Town network project, the general experience so far, is that the project is working well viewed from the point of view of the Scots.

Project directed at young people in marginal regions is mentioned as one area where the positive experiences have been made in working on a transnational level.

The expectations towards the transnational partnership are primarily that the partnership will inspire project activities in the various countries, and that examples of good practice will emerge through the partnership. Nevertheless, it is pointed out that the institutional preconditions in the participating countries varies to a great extent. Thus, learning-effects, and the transfer of good examples, might not easily be implemented in all of the NPP area. The consensus among the partners seems far better than in the article 10-program, according to the interviewee. This seems to be a tangible learning effect from the previous programme.

The role as lead partner is primarily seen as a role of coordinating activities across borders. The Scottish lead partner alludes to the Finnish participation as being *'thrust upon us'*, although this ultimately has not been a problem. A bigger problem for the Scots as lead partner has been collecting reporting data from the transnational partners. The situation is expected to be rectified in the time to come, however. Nevertheless, this causes problems in maintaining the overview of the progress in the project as such, and leads to *'a certain amount of paranoia'*. The routines for reporting are generally described as too bureaucratic, and has caused the Scots to devote more time to the task as lead partner than what was expected at the outset of the project. Coordinating the transnational network more effectively depends on establishing direct links between the financial departments/officers in the various partners organisations. The view is that the information attached to the spreadsheets/reporting forms are not sufficient. The potential for improvement is considerable here, according to the lead partner.

The contact between lead partner and the programme level/secretariat is generally held at a low level. Contact is made mainly in order to clarify or rectify specific problems. This is seen as a way of working, and a level of communication, that is sufficient enough, but the interviewee points out that a closer follow up of the projects would have made the initial stages of the project work run more smoothly. The programme organisation is seen as complex, but according to the interviewee, this does not necessarily constitute a problem. As long as local financial resources are at hand, and the implementation at grass-root level works, the relationship to the programme organisation is of less importance.

In terms of achieving the goals and aims for then project, the general view is an optimistic one. There are, however, certain challenges facing the project. The involvement of women and, particularly, young people, is a challenge the project needs to focus more strongly on, according to several interviewees. The success of

the attempts of establishing so-called community businesses is also difficult to measure, and emphasis has to be put on getting a clearer picture of the effects of such efforts. Another challenge is connected to the establishment of the so-called 'community-chests' for the funding of project activities. Funds are, obviously, limited, and the challenge is not spreading the available funds too far and too thinly.

To be involved in an international project, was a new experience for the *Icelandic* partner joining the project. As partner the Business and Regional Development Centre in East Iceland found its way into the Northern Periphery Program, through the personal network of the manager for the development centre. As member of the NORA organisation she was aware of the existence of the NPP, and because of earlier cooperation with the Scottish lead partner, she had information of the specific idea behind the project.

The timing for such an idea was just right. Because of the localisation of two greater industrial projects in this area, a hydroelectric power plant and an aluminium works, there was a challenge for the region of acting more united. Because of this fact and because of general national politics stimulating the formation of core region in spatial populated Iceland, the work to raise national funds, wasn't that difficult.

The point of departure for the local project was four municipalities in the East-Icelandic region. Focus was directed towards structures believed as important developing an integrated region. The following area was selected:

- Youth,
- Transportation and infrastructure of the region,
- Good living conditions and services.

Groups were established within each focus area with representative from all municipalities. To commit the decision makers, it was important that politicians were represented. This working method has anchored the project at the end-user level, which is the level of government. This is also consistent with ambition and the end goal of the project. The results of the process is to formulate a common political basis, a document that will commit each of the four municipalities to develop common structures and services binding them together in the region.

According the trans-national dimension of the project, thematic conferences has been organised. But it useful to notice the following reflection from a participant in the working groups: "*First it is necessary to have a local focus as a platform to*

*know what is to be learned. From this we will have a platform enabling us posing qualified questions, which might produce learning processes across the boundaries.”*

Because of the early stage of the project the Icelandic partners has not got any experience with the reporting system of NPP. But they had a good dialogue with the Scottish lead partner concerning economic and reporting matters.

The Swedish partner of the Small town network project is the Swedish Association of Local Authorities in the regional department of Västerbotten. This organisation is also part of the organisational framework of NNP as it participates in the Swedish Regional Contact Point. In this position they in 2001 were introduced to the project idea.

The Small town Network was seen as relevant for least two reasons. Firstly, the development approach in this project was central to what the Swedish Association of Local Authorities in Västerbotten was occupied with in its daily work. In this county there had been an attempt at organising the region in different partnerships or sub-regions. Five such partnerships, organising different clusters of municipalities, has thus been establish over the last years. Secondly, the Small Town Networks project was to build upon earlier processes and experiences generated from the structural funds system.

The main focus of Swedish project is placed on how to organise public services in a more efficient manner. In this respect new approaches to networking was introduced as an important tool for maintaining and offering high quality services in region with a low population density. In this way the Small Town Networks project contributes, according the Swedish partner, to address a central problem to the rural areas of the northern periphery. As a general observation, the Swedish approach in this case highlights the fact that the question of added value in programmes like NPP, is often linked to putting an increased effort into existing processes and policies.

## 1.11 THE NORTHERN MARITIME CORRIDOR

In the application to the programme, the project is described as aiming to:

*' [...] develop efficient and sustainable maritime transport solutions connecting both the coastal regions bordering the North Sea and manufacturing industry in the North Sea basin with industrial development in the Barents region. The long term impacts the NMC project will aim to achieve are: The transfer of goods from truck to ship, thereby reducing emissions and congestion on road systems in Europe [and] the improvement of the efficiency of intermodal systems connecting sea – road, sea – rail and sea – inland waterways at all levels, thereby improving the competitiveness of the coastal industries around the North Sea; [as well as contributing] to regional development in the north – connecting the vast natural reserves in the Northern Periphery Area and Russia with the North Sea Region'.*

The Northern Maritime Corridor Project comprises 7 partners within the framework of the Northern Periphery Programme, but is also linked to the North Sea Interreg-programme. The project is divided into 4 working groups; focusing on general maritime transport issues, transportation of seafood, transportation of petroleum/oil-products, as well as addressing environmental security issues. A main task is to establish so-called local maritime networks in the participating countries/regions. The project has been somewhat delayed, but this is not seen as a major problem. The lead partner hopes to be on schedule by the end of 2003.

The project also opens up for a “out of area” linkage to North-West Russia. Thus far this connection has not amounted to much, according to the interviewee. It is none the less pointed out that relations seems to be steadily improving. The main goal is to get Russian representation in the various international working groups within the programme.

Asked whether the lead partners location in Norway contributes to a Norwegian “dominance” in the project, the lead partners answer is yes – but this is not seen as problematic. Over time the general impression is that the Scots have increasingly contributed to the project. There are, however, expressed some concerns as regards the role of the NORA-partners. The NORA-partners’ level of activity within the programme is generally considered to be low, and the lead partners view is that the flow of information leaves somewhat to be desired as far as the relation to these partners is concerned (“*we have trouble getting a picture of what’s actually going on over there*”). The view is also that this creates problems for the secretariat when it comes to documenting outputs of the project *vis a vis* the programme secretariat.

As far as partnership inclusiveness is concerned, the scope of partners is considered to be satisfactory from the lead partners point of view. The challenges for the project is not getting the right partners to participate, but rather to increase the sense of responsibility for pushing the project ahead among the different partners and national/regional networks. In terms of interests and general views on the project and its application, the various partners in the *transnational* partnership concurs to a large degree. The size of the partnership makes for a complex organisation, but this is not seen as a problematic feature of the project. The involvement of the Russians in the project is regarded as having a great potential for development, and it is felt that this is an aspect of the programme which makes it more attractive and interesting to participate in.

The lead partners general impression of the relationship between project and programme was, initially, one of complexity – the need for information as for administrative set-up and routines was considerable at the start up. This information has not always been easily forthcoming. As the project has progressed this need for information has obviously decreased. However, the general view is that the administrative set-up of the programme is unnecessarily complex. The system of reporting to the programme level is especially mentioned in this respect. This is a system that is considered much too rigid and bureaucratic. The response time from the programme secretariat has on occasion been very slow. For instance, the assessment of the lead-partners reporting has not been communicated back to the lead partner. The lead partner none the less points out that these routines seems to have improved over time, and are now more flexible than previously. Nonetheless, the interviewee expresses a wish closer the administrative functions of the programme gathered. The view is that this would lead to stronger administrative skills and to a better follow-up of the project level. Other partners in the project describes the bureaucracy and paperwork involved in administering the programme as ‘daunting’, and interviewees expresses relief that their institution does not have lead-partner responsibilities. Nevertheless, administratively the project seems to function well. As far as handling the bureaucratic elements of the project, previous experiences in this is clearly useful, according to several interviewees.

The level of contact with the programme level is generally described as low, but this is not necessarily seen as a problematic feature of the relationship. As the project has been developing, the level of contact has established itself on a sensible level, although the interviewee does not see an increased level of contact as undesired. The project being also being linked to the North Sea Programme, enables the interviewee to make direct comparisons as far as project/programme-level relations and administrative set ups are concerned. The general impression is

that there are considerable differences – which, initially, surprised the interviewee. This primarily concerned differences in reporting to the programme level. However, the level of integration or cooperation between the two programmes is described as low, and created some administrative problems since the project has one foot in each camp.

As far as reaching the objectives of the project as stated in the initial project documents, the interviewee is reasonably optimistic. To the extent that any problems are foreseen, it is seen as somewhat unrealistic to be able to influence EU-policies on environmental security. In conclusion, there are some areas for improvement, especially as regards the relationship between the programme level and the lead partner. Firstly integrated institutions at the programme level is wanted. Also, a more personal and informal communication between programme secretariat and the project level would make routines run more smoothly. A greater emphasis on guidance from the programme level, and joint seminars with the programme level would be advisable – especially in the initial phases of a projects life.

## **1.12 DEVELOPING RURAL WOMEN’S ENTREPRENEURSHIP**

In the application to the programme, the project gives the following description of itself:

*‘The aim of the project is to focus on the development of inhabitants and entrepreneurs in rural areas, especially women’s small-scale entrepreneurs and tourism businesses in Northern Peripheral areas. All partner areas (Kainuu, Highland and Islands, Northwest Iceland, Gävleborg) have in common high rates of female unemployment, poor infrastructure, depopulation and many natural resources. The main point in this transitional project is to sustain the local economy and create employment possibilities for rural entrepreneurs in nature and tourism business, and related areas, by promoting female entrepreneurship and providing support for the establishment of local business.’*

The lead partner in the project “Developing rural women’s entrepreneurship” is the Finnish part. The goal of the project is to stimulate the start-up of businesses based on female entrepreneurs – using natural resources like wood, wool and ‘green tourism’ as a point of departure for their business concept. By offering courses the different projects want to stimulate and develop craft- and production skills for women. In some of the cases distance education and making use of e-learning systems is part of the project design.

The project is yet to undertake any practical work; consequently, experiences are as yet few, and the data on the partnership process are somewhat limited. Nor is the local network for business-women yet established, although the interviewee is confident that establishing these networks is going to be a relatively easy task – based on previous experiences. Thematically, the project overlaps with activities within LEADER+.

The transnational aspect of the project is seen as important. A key to developing networks locally/nationally, is to exchange information across borders, to spread ideas and thus be a source of inspiration. As such, a close contact and a well functioning relationship between partners on this level is seen as an important foundation for making the project a success. Based on the interviewees experience, the main transnational obstacle is maintaining the progress and ‘spirit’ on behalf of the lead partner in any given project. Whether this will pose a challenge to the Rural Business Women project remains to be seen.

Non-lead partners have not had any substantial contact with the programme level. The administrative set up of the programme is seen as complex, although this is not perceived as a problem. Based on previous experiences, the main obstacle in dealing with the programme level has been connected to payment issues. The actual payment has previously been very slow, and has caused both frustration and practical problems for projects in the past. While the interviewees does not have any particular reason to be sceptical towards the way the current programme will perform in terms of payment routines, one is still wary of such problems. The general impression of the new NP-programme is that of continuation – but hopefully not in terms of overly bureaucratic administrative routines. This, however, remains to be seen, due to the project being in its earliest stages.

Establishing national co-financing is generally viewed as difficult for some partners. This is certainly the case on the Scottish side. Other challenges facing the project in the Scottish context is solving certain issues of ‘jurisdiction’ – where the project is eligible geographically. Also the gender specificity of the project raises the question of which end-users are to be considered legitimate; differentiating between men and women in terms of singling out ‘deserving users’ in any given area might not be easy in practice.

The women’s entrepreneurship project illustrates the point that the true involvement of private partners cannot be based solely on counting partners at the partnership level. The partners within the project represent public development and educational institutions, while private business enterprises are the end-users and the product of the project. As such, the private sector involvement certainly runs

deeper than the impression one gets by looking at the transnational partnership in isolation.

### **1.13 DESTINATION VIKING – SAGA LANDS**

In the application to the programme, the project is described in the following way:

*'Sagas and storytelling are unique cultural features of the Northern Periphery. In the stories are embedded information about former land use and historic events related to the landscape. A major element in the project is the establishment of a number of Saga Trails. The project also aims at reviving the tradition of saga and storytelling and also to make the information and events from the sagas and stories visible and accessible to a general public out in the cultural landscape. Farmers and other local people will be involved, as guides, maintainers and storytellers, and the project will promote community development and social inclusion and add value to cultural landscape management'.*

The project “Saga and storytelling” is in some ways a project to follow up a former project called: “Viking Legacy”. Though Viking Legacy the core of the network met and shaped the idea for a new project. While Viking Legacy primary was anchored locally, the new project was intended to have a focus on transnationality. The idea was to use Sagas linking the history of places and showing how global issues intervene in local processes and vice versa.

To organise the project, two preparatory meetings were arranged the first in Iceland and the second in Sweden. The old network tried in this way to make new contact points and establish new relations. As Sagas was the point of departure, Iceland was selected as the “natural” lead partner. But also in the effort to create a new partnership Iceland was a wise choice. The Icelandic project-coordinator was in this respect a central person, who both represented the link back to the former project Viking Legacy, and though the NORA organisation represented a link towards new networks in Greenland and the Faroe Islands and co-financed the preparatory project that led to the main project.

As mentioned, the lead partner of this project is located in Iceland but the role as lead partner is organised as a divided leadership. One part of the leadership is the main coordinator while, the other part of the leadership, The Regional Institute,

takes care of, and is responsible for accounting and economic matters. In Iceland seven partners participate with individual projects. These were recruited mostly through the network of the project coordinator, but for two of the projects the access was somewhat different. One project owner became aware of the Northern Periphery Program through a newspaper article written by a member of the Icelandic RCP. The project “Viking ship” introduced itself more as a coincidence, because it was decided to move the Viking ship from New York to the Reykanes region. The number of participants in Iceland has grown somewhat more than was intended. The partners in Norway and Sweden were recruited through persons within the old Viking Legacy network.

The main product to be produced in the Saga and storytelling project is “culture tourism”. This product will be accessible both in a traditional way and in the form of new technology. The goal is to design and develop a concept in the intersection between culture and tourism, which gives opportunity to experience the past, moving in a historical landscape of trails. Furthermore, one wishes to make use of new technology by developing websites and interactive communications system, in order to give information and impart knowledge. Another frame for the project is to make use of the design towards the educational system, as a platform education within primary and secondary school.

One of the special challenges this project represents, is how to handle a partnership of 16 partners covering most of the area of the Northern Periphery: Greenland, Iceland, Faroe Islands, Scotland (Shetland and Orkney Islands), Norway and Sweden.

With this amount of partners it has been difficult to develop an overall platform. The individual project seems to be relatively autonomous. However one can identify an expectation from some of the partners to have a more united platform, than was the result of the application process. Nonetheless though the conferences arrange between the partners, common interests are articulated. The exchange of experience at the transnational level has thus contributed to make visible the common legacy this tremendous area has in common. Also an awareness of how different traditions make use of and interpret the sagas has been established. This awareness of a common heritage produces a geographical and historical identity throughout this waste region. Also the partner meetings have made visible different skills across the different projects. According to this the amount of partners gives opportunity to different composition of partners.

The participants within the individual projects represent tourist offices, museums and development agencies, institutions working with tourism, and history and

institutions trying to develop new products shaping attention towards the place and region. Some of these actors belong to firms or institutions, which are not professional project organisations. As a point of departure one can't expect them to have competences concerning how to develop, implement and manage a development project. In other words there will be a need to transfer knowledge of this kind from partners owing this experience.

There is no doubt that the individual partners have a strong affiliation towards the locale projects. This is also what has to be expected, because the individual partners always will have special interest in its own project. But a focus of the individual projects is however also directed linked to the fact, that the judgement of result and goal achievement of the partnership, depends of results achieved at the local/regional level and not so much at the transnational level

## PROGRAMME PERFORMANCE

### 1.14 PERFORMANCE AT THE PROJECT LEVEL

The case studies show that the dynamics between lead partner and the other partners in projects might vary according to general *experience* and of *ownership* to the main idea and design of the project. And the degree of experienced ownership will depend on the degree of involvement in the phase of implementation. Obviously, somebody has to take the initiative in the creation of a project. But how much other partners feel ownership to the overall idea depends on how these partners are recruited, at what time and to what degree they are involved in the processes of writing and formulation. Furthermore, it is necessary to distinguish between the individual projects and the idea and outcomes at this level, and on the other hand the idea binding the individual/regional projects together; in other words the idea related to the level of transnationality and of learning across regions.

In analyzing the case studies, we want to put an emphasis on learning processes at project level. To focus on learning processes is to make a priority towards a perspective of the long run. The importance of learning depends of the ability to develop competence and experience, and such processes are time consuming. But to focus on learning is also a question of the *level* of learning and the *direction* of learning. *Who* should learn, *what* should be learned and *how* should learning come about?

Comparing the transnational partnership level and the level of local projects it is hardly a surprise that the ownership is strongest towards the local projects. It will probably always be so that the ownership to the local projects is very strong. The regional partners all have their own interest in the project, because the regional organisation in question will profit. It will mostly be so that the local projects are related to issues within the working agenda of the participating organisations. Obviously this is an important reason for participating in a programme like NPP in the first place. This must be viewed as an asset the focus will be put on producing outcomes at the local and regional level. But the fact that the activities, as a consequence of relevance, are closely connected to the everyday agenda of the participants might represent a problem in pin pointing the actual effects of the projects. The case studies nevertheless illustrates that the programme has effects in terms of added value:

1. The project places the focus on a certain problem structure, and contributes to more targeted development processes.

2. Local processes are activated and sometimes also institutionalised.
3. Funds sometimes will be added to the development issue in question

Learning can take place in two basic ways: *thematically* based learning and the learning through involvement in *processes*. As for thematic learning, the point of departure is a particular problem and its possible solution. The focus on problem solving has the purpose of developing certain tools, for instance developing new organisational structures, processes or methods. In the setting of a project network, thematic learning will often stress the method of *best practice*. This, however, is not an easy task – because this method demands some sort of identity between the cases of comparison. The method of best practise presupposes a design where one knows what to compare and are aware of the assumptions behind the comparison. To make such a design work in a programme based on transnational networks, is challenging. And it will be questionable if one wishes to spread the experience to new and other contexts. At the very least one has to be both humble and careful in what can be announced as transferable experiences.

Learning through process participation, however, seems an important aspect to stress in the context of the Northern Periphery Programme. Such a focus will contribute to a strengthened, and probably much needed, project development competence among institutions and individuals in regions that might lack this competence. Also the capability to carry out projects is important to build up in these areas.

The case studies clearly confirm that *experience matters* are important when it comes to creating, formulating and organising a project. The experiences in organising and handling projects in an international context differs when we are looking at the partnerships. Some partners are seasoned project developers and some are newcomers. This mix is important because it gives the partnership an opportunity for transferring capabilities. But achieving this depends on a conscious strategy of how to incorporate such learning processes in the partnerships.

In the case studies we have not surprisingly registered a strong local identification with the individual projects. But another question is the link to the transnational level, and the process of learning in the transnational context. Here we find some weaknesses, primarily linked to the initiation phase of projects. It is not difficult to identify that the network projects are thematically linked to each other, and that they are trying to answer local challenges within a common framework. But the common framework is mostly defined at a very general level, and therefore it is not

always clear what the exchange value between the projects in a given network might be. It is not always clear what the general questions to be answered are. To overcome this, and strengthen the dimension of comparison between nations – and the dimension of learning – one has to work with the phase of initiation; the phase where the networks are created and the common ideas are born. Here it is important that all partners get more involved in the definition of the overall project platform.

In the creation of networks one might also help learning and comparative processes to come though, if one has worked out methods and tools of how to make the links between different national projects, what is possible to generate from one setting to another, and how to deal with generalised knowledge. One may also ask if the actual constellation of networks are the *right* constellations. This puts the focus on the role of the Regional Contacts Points. The question is to what degree the Regional Contacts Points have a genuinely proactive role in linking actors in the region towards ideas coming up. In our view, this role seems to have a potential for improvement.

As already mentioned, the link between regional projects and the transnational ambitions and learning dimensions of the projects, seems to be a challenge. But one might however also take the view that it is not so important to have a very fixed frame for the transnational aspects of the projects. If the learning arenas are functioning, the ongoing processes between the partners will generate an exchange of experiences between the partners over time. But this means an acceptance of more time consuming partnership processes, and that outcomes – at least at the transnational level – first will show in the later stages of the programme.

If we are looking at another question – the question of how outcomes will stimulate local or regional development, the answer depends on how the local networks are organised. Two central conditions are important:

- To what degree the projects are anchored in, and to what degree the projects make use of, local and regional institutions.
- To what degree the end-users are a well-defined entity.

Our cases vary with respect to these conditions in different ways. If we are looking at current projects and who are in the position as lead partners we find the following picture:

- Most of the lead partners either represents institutions such as regional development or science- and competence institutions. These institutions are

vital because they, as mentioned earlier, represent experience both within networking and within project methodology and project implementation.

- Units participating at the project level represent organisations like municipalities, regional development organisations, public sector organisations within education and transportation, museums, tourist offices and other private firms. Even though the number of private firms does not seem to be heavily involved as direct project partners they might often be the direct beneficial of the output of the projects.

Policies of science and research in most of the countries within the Northern Periphery Programme is actively supporting the relation between research and development competence and business, in order to raise the innovative capacity of regions. If we relate this fact to the concern to raise the number of main projects in the programme, a concern that has been commented by central actors in the programme, and also shown numerically in this report, one might conclude as follows:

*A more active use of institutions who are involved in such programmes could result in an increased recruitment of relevant projects to the programme, strengthening the dynamics of regional development.*

### **1.15 PERFORMANCE AT THE PROGRAMME LEVEL**

According to classical bureaucracy model, the bureaucratic institutions have both a preparing and an implementing role. The Northern Periphery Programme ascribes these roles to the central secretariat and the Regional Contacts Points. This model might be seen as a result of several factors: The purpose of the NNP to contribute to, and stimulate, regional development; the challenge to generate partnerships across regions in an enormous geographic area, and the wish to emphasise the regional aspect of the programme organisation.

For this administrative model to work efficiently, however, at least two conditions are presupposed. Firstly, some sort of division of labour must be present, and secondly a well-developed communication channel between the two institutions must be in place. In the first phase of the NNP these conditions seems not to be satisfactorily met. One reason for this can be that the central secretariat primarily has understood its role as a controller. This role might have been further strengthened by the competence profile of the secretariat. A third reason might be that the secretariat has had too limited resources to execute its expected role.

However, the programme seems to have made a common effort to handle these challenges. The secretariat seems to be developing a strategy towards being more development minded and better abled to cope with future challenges.

On the other hand, the role of the RCP's seems not to be satisfactorily communicated. The RCP's have certainly coped with the information role and have spread information to potential participants in their respective regions. But activity of a more outreaching character seems not to have been their main focus. Here we have in mind the process of building up networks and connecting resources in a context where such resources often are lacking.

This overall expression seems to be confirmed, viewed from the project level:

- The role of the secretariat has been supportive in the phase of developing applications to the programme. Support has been both of a technical and substantive nature. But in the implementation phase of the projects the secretariat has largely been absent. The partnership level describes the role of the secretariat more as a remote controller.
- The controller role is of course experienced most heavily when it comes to the system of financial and progress reporting.
- Viewed from the angle of the projects they do not seem to perceive the RCP institution as a part of the secretariat, however.

The controller role of the Secretariat must probably be seen in the light of a “check and balance” logic. Here the role of the regions and the autonomy of regions are important. If the secretariat feels the regional processes are too complex and too difficult to overview, the answer of this often will be to focus on the aspects of control. The Managing- and Paying Authority also plays an important role in this respect. The communication between the Managing- and Paying Authority and the Joint Secretariat seems to be well functioning, and a satisfactory division of labour between the two institutions has been developed. But when it comes to the relationship between the project level and the ‘bookkeeping regime’, partly developed by the managing- and paying authority, some critical remarks are apparent. In essence, the perception is that procedures are unnecessarily bureaucratic.

Furthermore, the analysis of RAGs and RCPs points to a principle problem of the organisation of these institutions. There is a potential danger of role conflicts because the RCPs – which in some cases are synonymous with RAG-

representatives – play different roles simultaneously. For example the role as promoter, the role as ‘gatekeeper’ and even the role of project partner – even lead partner – can be integrated in one and the same person. Related to a proactive role of the regional contacts points one might ask to what degree this role is consistent with that of the role of ‘gatekeeper’. For example if a project application is given a negative assessment, it would then be problematic to promote this project within ones own region, if the project was established on the strength of the other RAGs’ assessments.

#### **1.16 PROGRAMME EFFECTIVENESS – NEW STRATEGIES NEEDED?**

In many ways the Northern Periphery Programme must be considered unique within the context of the INTERREG initiatives and the European Unions approach to the question of regional development. The uniqueness is derived from the fact that the programme addresses the plights and challenges of the periphery in the North-Atlantic – a perspective which otherwise does not feature high on the European agenda. And, the Northern Periphery Programme does not become less important to the northern peripheral dimension, considering that Europe increasingly focuses its attention to the central and eastern parts of the continent. In this regard, the Northern Periphery Programme represents an important instrument for trying out and implementing collaborative development approaches across vast distances and different national contexts.

The question to be answered is of course how this ‘uniqueness’ is translated into practice. Is the programme underway to achieving its main goals? This evaluation points to a positive answer. Both on the strength of strategies and priorities chosen, and the performance at the programme level, the underlying objectives of the programme have – from the point of view of the evaluators – been kept in focus. Another question is to what degree changes in the programmes approach would benefit regional development and increased transnationalism in the programme area. *The conclusion of this evaluation is that some adjustments probably would contribute to a higher success rate by the closure of the programme.*

As mentioned in the introduction, determining whether the activities within the programme contributes to a development that supplements national or regional authorities – beyond what otherwise could have been achieved – is a crucial indicator for the suitability of the strategies chosen in the programme. Measuring such an outcome in a quantifiable manner is undoubtedly a difficult task, and not central to the approach of this evaluation. *The findings from the case studies nevertheless indicates that such effects of added value does appear at the project level.* This is evident both in terms of a stronger institutionalisation of development

networks in the programme area, as well as the contribution various programme activities makes to national policies in terms of transferring knowledge and facilitating learning from transnational activities.

Additionally, the strategies of the programme – operationalised through the Communications priority, the Economic development priority and the Community development priority, respectively – must all be considered crucial to addressing the challenges of the programme area. Nevertheless, there are issues, which should be addressed in order to secure a successful performance for the remaining programme period.

Programme activity primarily manifests itself at the project level, and, as the analysis of ‘programme productivity’ has shown, the programme seems to have developed a thematic bias, which is slightly different from what was envisaged at the outset. In essence, the Community development priority has not achieved the expected success measured in the number of projects established. The evaluators would like to point out that there is no evidence for this being the consequence of any conscious effort; it is primarily caused by what seems to be a lower demand for such projects than expected. The question then, is whether the programme should put its effort into where the actual demand is to be found, or if the programme should stick to the strategies – and priorities – laid down on the basis of the SWOT analysis?

In this respect the evaluators would recommend that the chosen strategies are adhered to in the remaining programme period. In our view, this does not necessarily imply that activities should be carried on in the same manner, unaffected. *Rather, adhering to the chosen programme profile requires an increased emphasis on marketing the programme, through a more pro-active effort on the part of Regional Contact Points and the Joint Secretariat. The Community development priority should be given special attention in such an effort.*

As previously mentioned, the question of thematic bias in the programme is also linked to what seems to be a move towards bigger projects, compensating for a fewer number of projects than expected. An obvious question in this regard is whether a focus on bigger projects, both in terms of budgets and partners, is beneficial to the aims of the programme. To the extent that such a move implies a stronger focus on quality rather than quantity, it could be argued that bigger projects increases the potential for achieving programme objectives successfully. Whether caused by external circumstances and demands or rooted in conscious strategies, bigger, or more ‘ambitious’ projects and paves the way for achieving an important underlying aim of the programme; namely stimulating complex

partnership formation. Strengthening the focus on complex partnerships does entail some challenges, increased transaction costs and the barriers of national and organisational tradition to name a few. For complex partnerships to be successful, establishing good *transnational learning processes* – as pointed out in section 4.1. – is crucial.

From the perspective of the evaluators, complex partnerships are likely to occur more frequently, and be more successful, if the projects in question are able to achieve a ‘critical mass’ in terms of budgetary size and the number of partners involved. While it is difficult to define the point at which partnerships achieve ‘complexity’, we nevertheless view the move towards ‘ambitious’ projects and partnerships as a programme orientation that should be pursued. *The evaluators are of the opinion, however, that this should be part of a two-pronged approach to the future implementation of the programme. Project quantity is still an issue that should be kept in mind, even if ‘complex partnership/critical mass’ projects are emphasised.* In order to maintain a thematic balance, the issue of quantity is of particular importance when it comes to the Community Development priority, as mentioned above.

Strengthening the focus on larger and more complex partnerships, would possibly be a way of a broader inclusion of the private sector into the programme, which, in our view would be a valuable addition. By the end of 2002 some 11% of the involved partners were defined as private sector partners<sup>19</sup>. The programme clearly has room for improvement in this respect, although the private sector involvement certainly runs deeper than the impression one gets when looking at the transnational partnerships in isolation. As the Rural Business Women project illustrates, the activities undertaken are often directly linked to private sector involvement as end-users. Further strengthening the private sector contribution to the programme – at the partnership level – would, however, increase the programmes ability to foster partnership formations building on a ‘Triple Helix’ approach – in which the joint efforts of both private and public actors as well as academic institutions contributes to regional development synergies for the Northern Periphery.

## **1.17 RECOMMENDATIONS FOR FUTURE IMPLEMENTATION**

Revising and strengthening the implementation of the programme in the remaining programme period should, in our view, take place on several levels in the

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<sup>19</sup> Cf. table 3.

programme organisation. On a strategic level, the evaluators would like to make the following recommendations:

1. *The chosen strategies and priorities should be adhered to in the remaining programme period.*
2. *Adhering to the chosen programme profile requires an increased emphasis on marketing the programme.*
3. *The Community development priority should be given special attention in such an effort.*
4. *The apparent move towards more ‘ambitious’ projects and partnerships as a programme orientation that should be pursued.*
5. *The evaluators are of the opinion, however, that this should be part of a two-pronged approach to the future implementation of the programme. Project quantity is still an issue that should be kept in mind. This is of special relevance to the Community Development priority.*
6. *The programme has room for improvement when it comes to strengthening private sector participation in the programme. An increased focus on private sector involvement would likely strengthen the programmes ability to foster a ‘Triple Helix’ approach to partnership formation.*

On the basis of the analysis in section 4.2., we give the following recommendations as regards the administrative programme level:

7. *The role of the Joint Secretariat and the Regional Contact Points needs to become more pro-active.*
8. *RCP’s needs to become more pro-active towards institutions representing project developer and implementation competence.*
9. *The Joint Secretariat should become more active in following up projects in progress, and to focus even more on being a service apparatus, rather than a controlling apparatus. We do, however, acknowledge that there recently has been a movement towards being a more active part-taker.*

10. *It is important to improve the coordination between the secretariat and the RCP's as well as the internal communication between the RCP's*

On the basis of the analysis in section 4.1., we give the following recommendations as regards the project level:

- 11 *It is important that as many participants in a partnership as possible are involved in the initiation phase of a project. This is of especial importance to secure ownership to goals concerning transnational learning.*
- 12 *In partnerships the technical competence of implementing and organising projects vary. It's therefore of importance that those partners representing the experience of these skills transfers this knowledge to the "newcomers". This is a method for securing development competence for the future.*
- 13 *Resources at the partnership/project level needs to be directed at this process of learning.*
- 14 *Methods for comparative learning processes at the transnational level should be outlined early on in the project .*
- 15 *It is important to recruit partners with competence and experience in both networking and project-methodology as well as project implementation. It will therefore be vital to involve and activate regional development and scientific institutions better in the programme.*
- 16 *In addition to this, one might make use of institutions already involved in business development programmes, which has as goal to stimulate the R&D dimension.*

## **Annex 1**

Interreg III B Northern Periphery Programme

# **ENVIRONMENTAL EVALUATION**

## **SUSTAINABLE DEVELOPMENT CONTEXT**

The programme clearly recognises the overall significance of sustainable development (SD). It is cited as a key theme for the programme as a whole, and an integrated approach is advocated, encompassing and optimising economic, social and environmental interests. The programme vision quotes the mission of pursuing the prosperous and sustainable development of communities in the Northern Periphery. With regard to the programme implementation and monitoring process, SD is set as a horizontal aim for integration through a project appraisal criterion that addresses economic, social and environmental perspectives.

However, the programme does not articulate a specific SD strategy for programme implementation, nor does it identify programme-level SD targets. There is also evidence of conceptual overlap with regard to SD and environment, as the programme complement describes SD as both a horizontal objective and a horizontal measure, but subsequently identifies the relevant horizontal indicator as environment. There is no specific guidance on how project eligibility satisfies SD criteria, other than reference to environment.

## **APPRAISAL OF ENVIRONMENTAL CONDITIONS**

### **Baseline Data**

The environmental profile provided within the programme extends to almost 10 pages, representing a substantial increase on the previous draft (less than one page). The content covers geography and climatic conditions, natural resources and environmental factors – including sources and effects of pollution – and regional environmental summaries for Finland, Sweden, Scotland, Norway, Greenland and the Faroe Islands. Positive factors highlighted include the abundance of natural resources that can support economic activities such as fishing, forestry, mining and energy production, and the unspoilt and beautiful environment as a focus for environmental tourism. It states that there are no locally-generated environmental problems that can be addressed by the Interreg programme, as the pollution sources lie outside the programme area. A brief review identifies local impacts from airborne contaminants and materials received from water currents.

The environmental overview is largely qualitative rather than quantitative, attributed to a lack of comparability between data for such a large multi-country area. Thereafter, in the country-specific sections, more statistical material is evident, but overall it is neither detailed nor comparable, and consequently of limited value for programme monitoring of baseline change. There is no common structure for country information, although the material addresses similar themes, with regional specialisms added in individual cases. Although these texts are lengthy, not all of the information is directly useful to the programme, and there is no indication of how much of the existing economy delivery is based on natural resources.

### **SWOT Analysis**

A SWOT analysis, conducted from a regional economic development perspective, identifies and elaborates points conveyed in the baseline data. Environmental strengths are presented as the diversity of natural resources and the high quality environment. Environmental opportunities include adding value to natural resources and the development of a green economy (green business activities, ecological agriculture and food production, and nature-based tourism, including eco-tourism). Environmental threats comprise the vulnerability of sea, highlands and forest areas. No weaknesses are identified.

### **Policy Conformity**

The programme document shows awareness of the principles and aspirations of environment and sustainable development policies within the Structural Funds, the European Spatial Development Perspective and INTERREG guidelines. More broadly, the programme shows a good knowledge of relevant aspects of EU environmental policy, citing directives pertaining to Natura 2000, i.e. 92/43/EEC on habitats and 79/409/EEC on wild birds. Project environmental assessments are to be requested to protect sensitive areas, and mention is made of the scope to use the proposed SEA directive (now enacted as Directive 2001/42/EC), particularly its methodology for land-use plans, even though INTERREG IIIB programmes are not included within its coverage. In addition, the program complement makes reference to the EC Water Framework Directive and the draft EC Integrated Coastal Zone Management Directive (now enacted as Recommendation 2002/413/EC).

## **APPRAISAL OF ENVIRONMENTAL IMPACT**

The following sub-sections consider firstly the impact of environment on the programme (i.e. effective integration) and secondly the impact of the programme on the environment.

### **Continuity**

Continuity refers to the extent to which environmental considerations are carried through the programme to different levels. Environment first appears at priority level, where Priority 2 on strengthening sustainable economic development is described as involving environmental protection, the use of natural resources, and their relation to the regional economy. However, in contrast to themes such as SMEs, young people and third countries, the programme does not contain quantified goals related to specific environmental activities. Instead, one ‘objective’ – which perhaps functions more as a target – has been placed amongst the horizontal indicators in the programme complement. This states that 28 main projects (from a total of 114) should directly and mainly improve the environment.

There are no measure-specific quantitative environmental targets, but each measure has a number of qualitative ‘expected results’, some of which relate to the environment. Measures 2.1, 3.1 and 3.2 identify such outputs as developing the potential of the distinctive cultural and natural heritage, increasing recycling, and reducing pollution. This hierarchy may have been better structured if the overall goals were qualitative rather than quantitative – in practice, the ‘expected results’ are more suited to be expressed as goals – and with actual expected results (which would work better as targets) expressed numerically.

### **Project Selection Criteria**

With regard to general eligibility, the programme states that project applications should accommodate SD considerations of economic, social and environmental perspectives. Projects will be afforded higher priority if they also demonstrate positive environmental impact and sustainability.

At the level of measure-specific selection criteria, five of the six measures include environmentally beneficial factors. Measure 1.1 indicates that priority will be given to projects that promote sustainable transport infrastructure, and Measure 1.2 has a criterion to enhance the availability of ICT in the programme area. Measure 2.1 gives priority to projects providing evidence that the proposed use of natural resources is sustainable, and which derive positive economic and social benefits

from the natural environment, enhancing scope for income generation to contribute to effective protection. Its other priorities comprise projects that relate to the high quality of the Northern Periphery environment, including sites protected by Natura 2000 or similar non-EU initiatives; that lead to higher value uses of natural resources; and that enhance the region's natural resources through improved management. The expected results are to combine effectively environmental protection and commercial exploitation of natural resources, and lead to a developed potential of the natural heritage. Project selection criteria under Measure 3.1 indicate that priority will be given to projects that enable communities to make better use of energy resources and waste products, and Measure 3.2 has one criterion related to improving resource management or reducing pollution through more integrated planning.

### **Environmental Opportunities**

As a further indicator of the level of programme environmental integration, an environment-economy matrix can illustrate the extent to which priorities and measures facilitate the realisation of environmental opportunities. For each of the three priorities, the matrix demonstrates that the programme allows scope for project interventions that support environmental management improvements, waste and pollution reduction, income generation activities with a natural resources focus, improved resource efficiency and parallel developments in related areas such as transport and e-commerce. With regard to distribution, the measures within Priorities 2 and 3 allow greatest scope for direct environmental engagement, whereas Priority 1 facilitates indirect means of securing environmental gain. The spread of opportunities across the programme measures is consistent with the results identified in the SWOT analysis.

<b>Environment-Economy Matrix: Scope to Realise Environmental Opportunities in the Northern Periphery INTERREG IIB Programme</b>			
<b>Environmental Opportunities</b>	<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>
Improve management of natural resources		2.1	3.2
Improve land and coastal waters management			3.2
Encourage SMEs to undertake environmental management		2.1	
Encourage business diversification that fosters commercial opportunities in natural resources		2.1, 2.2	
Develop nature as a tourism speciality		2.1	
Support development of forestry and renewable energy industries		2.1	

Support local sourcing and processing of goods and materials		2.1	
Minimise waste production			3.1
Encourage recycling			3.1
Reduce pollution (transboundary and waste-stream oriented)			3.1, 3.2
Support sustainable and integrated public transport	1.1		3.1
Encourage modal shift from car and road haulage	1.1		
Encourage ICT and e-commerce	1.2	2.2	
Clarify urban-rural interdependencies and develop partnerships			3.2

### **Inclusiveness**

As part of the programme design process, national hearings of draft documents involved consultations with environmental authorities at national and regional level, including Scottish Natural Heritage, the Lapland Regional Environmental Centre, and the environmental ministries in Finland, Norway and Sweden. For the subsequent implementation phase, the list of organisations identified as eligible to provide semi-public and public sector funds for projects includes non-profit enterprises and organisations dealing with environment, tourism, energy and water management and forestry. Environmental NGOs (non-governmental organisations) are also identified as potentially relevant actors for inclusion during the implementation phase.

With regard to the Programme Monitoring Committee (PMC), the discretion to invite observers to attend meetings will be given particular attention for representatives of environmental authorities, as and when appropriate. The Regional Advisory Groups that prepare the basis for PMC decisions on projects (by checking them against selection criteria) are expected to comprise representatives from the main partner organisations, including environmental authorities. The programme also cites scope for the appointment of thematic working groups – designed to support the development and assessment of projects in selected key areas – which allows potential for further environmental input.

### **Estimating Impact**

The programme contains no estimates of environmental impact, either qualitative or quantitative.

Instead, reference is made to a range of ‘desired impacts’ (4.6.4) that include securing a prosperous and sustainable development of communities, as well as wise management of cultural and natural resources. The section focusing specifically on environmental impact (4.7) serves more to demonstrate awareness of potential environmental impacts rather than to target positive impacts. The limited financial resources and scope of activities (the absence of large infrastructure) are described as indicators that the programme will have no measurable overall impact on the environment, and it is observed that the programme has no priorities or measures aimed specifically at environmental improvement. Nevertheless, many features address issues closely related to environment or have potential direct or indirect environmental consequences, and it is acknowledged that in such cases projects will need to be scrutinised in selection and monitored in implementation.

Within the individual programme priorities, improvements in resource efficiency are highlighted as potential outcomes. Priority 1 acknowledges that physical communications projects will effect the environment, and that care should be taken especially in Russia-to-west communications. Uptake of ICT, on other hand, is expected to produce environmental gain by reducing the need for transportation. Priority 2 deals very much with matters related to environment, particularly the sustainable use of nature and natural resources. Special attention is to be given to achieving a balance between the commercial use of environment and appropriate environmental protection, for example in nature-based tourism. The SME measure (2.2) is described as impact-neutral, but there would be scope to encourage the uptake of environmental management systems amongst its activities. Priority 3 is described as containing potential for positive environmental impacts, including minimising waste production, recycling waste, the joint management of natural resources, and trans-boundary pollution problem-solving, suggesting parallel economic and environmental effectiveness.

### **Environmental Indicators**

At programme level, the indicators identified for fulfilling the overall objective do not overtly include environment, but instead relate to the broad themes of trans-national networks, partnership interaction and spatial development. Separate horizontal indicators are described in the programme complement, and for environment these include categorising projects as either (i) directly and mainly improving the environment, (ii) indirectly contributing to improving the environment, or (iii) environment neutral. This limited selection suggests that projects with perceived negative environmental impact will not be supported. In other programmes, this horizontal indicator has been employed as a project selection criterion.

Thereafter, indicators with direct or indirect environmental relevance are identified at measure and priority level. For Measure 1.1, this comprises inter-modal transport indicators that would point to benefits in the form of reduced environmental impacts; for Measure 1.2 it relates to establishing virtual workplaces, with online jobs in remote areas, as well as the development of IT services by SMEs. In Priority 2, two of the overall indicators include aspects of natural resources in their coverage. At project level, Measure 2.1 lists a range of environmental indicators concerning protection of natural resources, projects deriving synergies from combining environmental protection and commercial interests, business diversification in relation to natural resources, local processing, environmental management among SMEs, and nature-based tourism products. Measure 2.2 includes indicators on e-business uptake, and combining protective and commercial interests in natural resources. Lastly, Measure 3.1 has a waste management indicator, relating to new ways of minimising, recycling and disposing of waste and reducing pollution; and Measure 3.2 includes indicators on natural resource management, co-operation on trans-boundary pollution, and new urban-rural partnerships.

## **CONCLUSION**

Overall, environmental factors are well integrated into the Northern Periphery programme. Although environmental issues are not perceived as a major regional focus, the programme content reflects a broad awareness of relevant policy, and it accommodates scope to devise positive impact from the identified environmental strengths and opportunities. Within measures, expected results are listed as a means of suggesting environmental themes appropriate for project applications, and this is supported by a system of environment-focused project selection criteria and indicators. In this respect, the programme shows good internal cohesion. Thereafter, each phase of project generation, project selection and programme implementation is accessible for participation by environmental authorities and organisations, allowing scope for on-going input and strategic contributions to environmental monitoring and evaluation.

Areas where the programme could be enhanced include the appraisal of baseline environmental conditions, which is limited both in approach and usefulness, and the definition of sustainable development, to increase clarity and integration within the programme structure. In addition, the evident awareness of potential direct and indirect environmental impacts from economic activities could be converted into specific targets for positive programme impact, for example in relation to individual measures.