

**Northern Periphery Programme 2007-2013**  
**European Territorial Cooperation: INTERREG IV**

**Draft Operational Programme**



**FINLAND, IRELAND, NORTHERN IRELAND, SCOTLAND, SWEDEN**

**in cooperation with**

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## Preface: Consultation Process

This paper is a draft of the Operational Programme for European Territorial Cooperation in the Northern Periphery 2007-2013. It sets out the preliminary structure of the programme to be submitted to the European Commission by December 2006. The document sets out the rationale and strategy of the programme, as well as detailing the programme management, administration and implementation arrangements.

This document has been prepared with a wide degree of cooperation and in partnership with all of the countries involved in the programme at both a national and regional level. The programme planning process began in October 2005 and this public consultation forms a vital part of the development process.

The new Structural Funds Regulations and Community Strategic Guidelines on Cohesion provide the framework for cooperation in the 2007-2013 programming period. The challenge during the programme planning process is to design a programme that focuses on the specific features of the Northern Periphery in the context of this framework. It should respond to the identified strengths and weaknesses of the Northern Periphery Programme area by setting out strategic objectives for the programme, which can be realised through the implementation of the priorities.

## How to respond

This consultation seeks views on the Northern Periphery Programme's draft Operational Programme for the 2007-2013 programming period. Comments are invited on this document by 15 October 2006. Please respond by answering the questions outlined below. A separate reply template can also be downloaded from the NPP website. Responses should be sent to the National Contact Person in each partner country, details of which can be found below.

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When responding to the questions, please be as specific as possible and offer examples where appropriate.

## Questions

1. Do you agree with the analysis of the present situation and the assessment of the strengths and weaknesses of the Northern Periphery, as described in the Operational Programme?

2. Are there specific features missing or aspects not of relevance in the analysis? Please give details of other relevant material in relation to the socio-economic, environmental and territorial state of the area?
3. Is the focus of the joint transnational strategy (vision, objectives and priorities) proposed in the programme document appropriate and understandable?
4. Are the links between the analysis, justification and priorities clear or is further information or clarification required?
5. Do you consider the description provided in the priority axes sufficient to develop project ideas?
6. Considering the policy framework provided by the EU, are there any themes or aspects missing which may be relevant for transnational cooperation in the Northern Periphery Programme?
7. Do you already have any project ideas which are suitable for the programme and its priorities?
8. The Northern Periphery Programme name is now well established, but do you have any suggestions for a revised name for the Operational Programme?
9. Please detail any other relevant comments concerning the draft Operational Programme?

## Next Steps

A summary of responses and conclusions from this consultation will be presented to the Programme Monitoring Committee Plus (PMC+) for the Northern Periphery Programme 2007-2013 shortly after the closing date for replies. The PMC+ will carefully consider the responses and do what is necessary to ensure that relevant comments are taken into account in the Operational Programme.

<b>Issued:</b>	15 September 2006
<b>Respond by:</b>	15 October 2006
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# 1. INTRODUCTION

## 1.1. Summary

The Northern Periphery Programme covers an area of considerable and diverse natural, cultural and human resources, which provide excellent opportunities for development. However, the programme area also faces threats from the growing internationalisation of economic activity and from environmental degradation. The analysis in this document highlights the common features and similarities in the NP area such as sparseness of population, rurality, insularity, harsh climate and peripherality. These shared characteristics strengthen the basis for cooperation, and the experience of successful collaboration through the Article 10 (1998-1999) and INTERREG IIIB Northern Periphery Programme (2000-2006) further reinforces the foundations for territorial cooperation across the area.

This Programme will build on the enhanced social capital and cooperation capacities gained through previous programmes while capitalising on the increased opportunities provided by enlargement of the programme area. The strategies outlined in the Community Strategic Guidelines and Lisbon and Gothenburg agendas provide a key framework for the Programme, and careful consideration has been given to how these strategies are relevant, not just for the urban areas of Europe, but also for the remote and peripheral regions in the Northern Periphery. In response, the strategy for cooperation is based on a peripheral regions approach to the Lisbon and Gothenburg strategies that demonstrates the potential contribution that peripheral and remote regions can make to Community goals.

The area benefits from several competitive strengths, such as high broadband coverage and internet usage, a skilled workforce, and a robust enterprise and entrepreneurial culture. Peripherality and distance to key markets coupled with high costs of transport and infrastructural shortcomings mean that, despite the relative strengths of the programme area, there are severe challenges limiting competitiveness and growth. These features are reflected in the analysis outlined in this document which shows that the predominantly remote and peripheral regions of the Northern Periphery lag behind more urban areas and face common and specific challenges that require innovative and practical solutions to ensure that the region can reach its full potential. This Programme, therefore, aims to help peripheral and remote communities on the northern margins of Europe to develop their economic, social and environmental potential. Through transnational collaboration and innovative actions, the Programme will enhance the human and social capital of the area, promote sustainable and balanced development of the territory and actively contribute to the Lisbon and Gothenburg agendas.

The INTERREG IV Northern Periphery Programme represents a new and geographically enlarged initiative involving the following programme partners: the Member States of Finland, Ireland, Sweden and United Kingdom (Scotland and Northern Ireland) - in cooperation with the Faroe Islands, Iceland, Greenland and Norway. The expansion of the programme area in the 2007 – 2013 programming period to include Ireland, Northern Ireland, additional regions on the west coast of Norway, and Dumfries and Galloway and North East Moray in Scotland has added a new dimension to the Programme. This enlargement will significantly increase the opportunities for transnational cooperation and exchange of knowledge across the programme area.

The Programme focuses on the specific features of the Northern Periphery in the context of the framework laid down by the Council Regulations in general and the specific guidelines for European Territorial Cooperation in particular. This Operational Programme is developed in response to the INTERREG IV Territorial Cooperation initiative, as defined in Article 6 of Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund, and the types of expenditure eligible for assistance. This document outlines the rationale and context of the programme, sets out a description of the priority axes agreed to achieve the programme's vision and objectives, and provides information on the management and monitoring systems proposed.

Additionally, the Programme aims to complement and contribute to the Community Strategic Guidelines on Cohesion, the National Strategic Reference Frameworks of the participating Member States, as well as EU and other national policies and programmes. The views and perspectives underlined in the concept of the Northern Dimension are also taken into account, emphasising the strategic importance and economic potential of the Northern Periphery territory, as well as the challenges represented by the climatic and environmental conditions of the north.

In co-ordination with the programme planning process, an ex-ante evaluation has been carried out. The evaluation process has been highly valuable in the programme planning process, and has positively influenced the area description and analyses documented in Chapter 3, and the Joint Transnational Strategy presented in Chapter 4.

## **1.2. Community Strategic Guidelines on Cohesion**

In accordance with the Community Strategic Guidelines on Cohesion<sup>1</sup>, the Northern Periphery Programme recognises the merit of actively and practically pursuing the Lisbon and Gothenburg agendas and targets. This will be achieved through an approach by peripheral areas to their development which highlights the significant added value and contribution that peripheral and remote regions can make to Community goals. The focus of the priorities will allow strategic issues to be developed which address the identified challenges and opportunities of the programme area, but which will also deliver real benefits that contribute to European goals.

In February 2005 the European Commission relaunched its Lisbon agenda with a focus on "delivering stronger, lasting growth and creating more and better jobs"<sup>2</sup>. The renewed Lisbon agenda concentrates on three main areas of action: making Europe a more attractive place to invest and work; knowledge and innovation for growth; and creating more and better jobs. This increased emphasis on the Lisbon agenda is also reflected in the implementation of the Structural and Cohesion Funds and has been translated into the vision, objectives and priorities of the Northern Periphery Programme.

In addition, the Gothenburg agenda from the European Council in June 2001 has also received renewed impetus. The agenda recognises "that in the long term, economic growth, social cohesion and environmental protection must go hand in hand"<sup>3</sup>. Six issues

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<sup>1</sup> Reference to Community Strategic Guidelines when approved

<sup>2</sup> Communication to the Spring European Council, *Working Together for Growth and Jobs, A New Start for the Lisbon Strategy*, COM (2005) 24, 02.02.2005

<sup>3</sup> Communication from the Commission, "A Sustainable Europe for a Better World: A European Union Strategy for Sustainable Development", COM (2001) 264 final, 15.05.2001

were identified that pose the biggest challenges to sustainable development in Europe: combating poverty and social exclusion; dealing with the economic and social implications of an ageing society; limiting climate change and increasing the use of clean energy; addressing threats to public health; managing natural resources more responsibly; improving the transport system and land-use management.

The INTERREG IV Northern Periphery Programme aims to help peripheral and remote communities to develop their economic, social and environmental potential. This will be achieved by supporting innovation, business competitiveness, accessibility, the sustainable development of community and natural resources, and cultural heritage. Through transnational collaboration and innovative actions, the Programme will enhance the human and social capital of the area and thereby actively contribute to Community goals, as outlined in the Community Strategic Guidelines. Priority one concentrates on ensuring the competitiveness of the Northern Periphery through innovative actions that promote sustainable growth and increase the competitiveness and attractiveness of the area. This priority is based on the Lisbon objectives and considers how they can best be tackled in the programme area.

In addition, the programme will strengthen the synergies between environmental protection and growth by addressing many of the biggest challenges to sustainable development, as identified in the Gothenburg agenda. The unspoiled natural environment is a significant asset of the Northern Periphery, but the threat of environmental degradation means that a balance must be sought between sustainable growth and protection. There is recognition that sustainable development of community and natural resources can contribute to the economy and stimulate innovation, as well as facilitating balanced and sustainable growth. The development of renewable energy, for instance, has special relevance for the Northern Periphery area with its considerable natural resources. Priority two, therefore, addresses actions that support sustainable environmental development and protection in line with the Gothenburg agenda.

The application of the core concepts of added value and transnationality, as detailed in Chapter 4.4, will also ensure that transnational collaboration makes a real contribution to the creation of trans-boundary products; by working together to produce a new product or service that has a transnational or transregional character. This has been identified as an area where the Programme has the scope to make a distinctive contribution and add value. This will be achieved through innovation, knowledge transfer and the development of organisational learning. Triple helix partnerships<sup>4</sup> that involve partners from the public, private and research/education sectors are also promoted as a key concept, where appropriate, as they are viewed as providing innovative opportunities for achieving the strategic objectives of the NPP. The implementation of these concepts will ensure that the Northern Periphery Programme obtains concrete results and outputs that make an active contribution to the objectives of the Community Strategic Guidelines on Cohesion.

In this context, the Programme corresponds to the core elements of the Lisbon and Gothenburg agendas, as well as the Community Strategic Guidelines on Cohesion. This is shown through the focus of the objectives and priorities, and through the added value that can be achieved. The objectives of the NPP clearly complement and respond to those of the Lisbon and Gothenburg Agendas.

#### [Additional analysis to be carried out](#)

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<sup>4</sup> Explanation of triple-helix partnerships can be found in Chapter 4.4.3

### **1.3. Northern Dimension**

The Northern Dimension (ND) is an instrument of cooperation involving the EU and its Member States, and the partner countries of Russia, Iceland, and Norway. The USA and Canada also hold observer status. The objective is to support sustainable development, stability, welfare and security in the northern parts of Europe. The Northern Dimension strengthens positive interdependency between Russia and the European Union and prevents the emergence of new dividing lines.

The Northern Dimension covers a range of sectors, such as energy, transport, the environment, nuclear safety, justice and home affairs, the fight against organised crime, health care, the promotion of trade and investment, crossborder cooperation, information technology, and research. The Northern Dimension has been financed from various sources including individual countries, INTERREG, Tacis, international financial institutions, and the private sector. The most important and concrete achievements of the Northern Dimension are the Environmental Partnership and the Partnership for Public Health and Social Wellbeing.

Although Scotland, Ireland and Northern Ireland are not parties to the Northern Dimension agreement, perspectives related to the programme could be served through the INTERREG IV Northern Periphery Programme. It should be emphasised, however, that the ND is not a funding scheme; it is a political concept to draw the EU's attention to Northern Europe and to develop cooperation especially with Russia. Although funding schemes have been established through the partnership instruments, these have specific aims related to the identified strategies of the Northern Dimension. The scope and objectives of the Northern Periphery Programme are therefore inherently different to the Northern Dimension and can be viewed as complementary.

A new Northern Dimension policy is currently under development and it is intended that the ND policy will be used as a political and operational framework for promoting the implementation of the EU-Russia Common Spaces at regional/sub-regional/local level in the North with full participation of Norway and Iceland. Therefore, the new ND policy framework should identify areas of cooperation where a regional emphasis would bring added value. It should, however, continue to include some additional objectives of specific relevance in the North, i.e. its fragile environment, indigenous peoples' issues, health and social well being, etc. The INTERREG IV Northern Periphery Programme will seek to ensure synergies with the Northern Dimension policy where appropriate and that actions in the NPP complement the Northern Dimension's framework for cooperation.

[To be further elaborated after adoption of new ND framework for cooperation.](#)

### **1.4. Prior experience and lessons learned**

The INTERREG IV Northern Periphery Programme has evolved following a number of successful co-operative initiatives that have provided a wealth of experience from which to build on. As illustrated in Table 1, there is a tradition of cooperation among the partners that predates involvement in EU programmes.

**Table 1: Building on past experience**

Cooperation Programme	Strengths and Lessons
Nordic Cooperation 1979: Formal agreement	<ul style="list-style-type: none"> <li>• Long tradition of cross-border cooperation</li> <li>• Cooperation in the fields of agriculture, environment, medical care, transport, tourism</li> <li>• NORA cooperation involving R&amp;D and economic cooperation, fishery resources</li> </ul>
Nordic-Scottish Cooperation 1994: Formal cooperation commenced	<ul style="list-style-type: none"> <li>• Cooperation in key areas: such as IT, university networking SME development, forestry</li> <li>• Strengths: contact and communication; developing shared policy interests; learning and exchange of experience; research and training initiatives; information dissemination</li> <li>• Need for strategic goals that can be translated into practice</li> </ul>
Ireland, Northern Ireland, Scotland History of cooperation	<ul style="list-style-type: none"> <li>• Strong historical, cultural and economic ties</li> <li>• Experience of cross border and transnational cooperation through a variety of domestic and EU programmes, including the PEACE programme, North West Europe Programme and Atlantic Area Programme</li> </ul>
INTERREG IIIB Northern Periphery Programme 2000 - 2006	<ul style="list-style-type: none"> <li>• Programme corresponds to the core elements of the Lisbon and Gothenburg agendas in key areas and there is the potential for these to be developed further</li> <li>• Good commitment rates</li> <li>• Need for a clear, common understanding of what the Programme is for and what it should achieve</li> </ul>

The initial Nordic-Scottish Cooperation formed the basis for the first Northern Periphery Programme, which was supported by Article 10 of the ERDF in 1997. This resulted in a series of pilot actions and exchanges of experience, whose success paved the way and helped influence the overall design of the INTERREG III B Northern Periphery Programme. A "Scottish-Nordic Action Plan" (SNAP) was produced in 2001 and set out possible themes for cooperation, while recognising the potential synergies between the Plan and the INTERREG IIIB Northern Periphery Programme.

The INTERREG IIIB Northern Periphery Programme, covering the period 2000-2006, preserved the special focus on the distinct features of the Northern Periphery. The overall objective of the Programme has been to create ways to improve functionality and maximise the potential of the Northern Periphery, whilst seeking to overcome the permanent disadvantages represented by harsh climate, long distances, difficult terrain and sparse population. This has resulted in a specific focus on addressing the commonality of challenges faced by the participating partner countries.

The background of successful cooperation and working for mutual benefit can be built upon in the INTERREG IV Northern Periphery Programme through capitalising on prior experience, best practice and achievements, and ensuring that the programme is able to provide added value while addressing the Lisbon and Gothenburg agendas. It has also been necessary to reflect on the strategic rationale of the programme, particularly in light of the expanded geography of the programme area and the addition of new partner countries in the programme partnership.

The Update of the Mid Term Evaluation<sup>5</sup> pointed to a number of programme successes in terms of progress and highlighted that targets have been met and exceeded under indicators such as complex partnerships, transnational cooperation and improved functionality. In particular, it was noted that the Programme corresponded to the core elements of the Lisbon and Gothenburg agendas, which was shown through the focus of the priorities and the types of projects that could be funded under each measure. In particular, Priority 2: Strengthen Sustainable Economic Development has a close connection to the objectives of the Lisbon and Gothenburg strategies and has simultaneously exhibited the highest demand. The INTERREG IV Northern Periphery Programme will augment the contribution of the programme to the Lisbon and Gothenburg agendas through an even closer correlation between the key objectives of the agendas and the priorities of the programme. This will be achieved by pursuing a peripheral approach to the Lisbon and Gothenburg agendas that highlights how peripheral and remote regions can help deliver these agendas.

Identifying the added value of transnational projects was highlighted as a common difficulty for INTERREG IIIB Programmes due to the perceived lack of visible and measurable impacts at an aggregate level. In the Northern Periphery Programme this partly derived from the rather vague wording of the programme's objectives and the criterion of 'transnationality', which was presented as an end in itself rather than a means to an end. In order to develop a clearer, common understanding of the purpose of the INTERREG IV NPP and what it should achieve, consideration has been given to where the Programme has the scope to make a distinctive contribution and add value. The concept of transnationality has also been refined and a number of core concepts have been incorporated where there is potential to add value and contribute to common objectives. These include the development of transboundary products, knowledge transfer, innovation and organisational learning.

Promoting effective cooperation in R&D and innovation is a crucial challenge in transnational cooperation. The Northern Periphery Programme has already made progress in this area through the encouragement and prioritisation of Triple Helix projects and complex partnerships. Obtaining full partnership commitment of private sector partners has, at times, been difficult and there is recognition that associated partnership can be more appropriate in certain circumstances. Nevertheless, the Northern Periphery Programme acknowledges the benefits of pursuing triple-helix partnerships and they will be one of the key concepts of the Programme. The concept has also been refined to recognise the importance of ensuring that final beneficiaries are located in the communities within the Northern Periphery.

The history of Nordic-Scottish cooperation has provided many useful lessons through discussions and studies on topics surrounding transnational cooperation. Of particular relevance is the Nordregio Working Paper 2003:3<sup>6</sup> on Nordic-Scottish Cooperation, which makes several key recommendations, many of which have been implemented in the INTERREG IIIB Northern Periphery Programme. There is, however, scope for further incorporation in the INTERREG IV Northern Periphery Programme, particularly with regard to project generation, management and optimal partnership issues.

The additional member countries/regions and the scope for greater partnership with external partners in the 2007 – 2013 programming period have also necessitated an appraisal of the design, management and implementation of the Programme. The

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<sup>5</sup> Bachtler, J et al. (2005) *INTERREG IIIB Northern Periphery Programme, Update of the Mid-term Evaluation*, EPRC Final Report to the NPP Managing Authority, Glasgow: EPRC, 19 December 2005.

<sup>6</sup> Böhme, K. et al. (2003) *Transnational Nordic-Scottish Cooperation: Lessons for Policy and Practice*, Nordregio Working Paper 2003:3.

positive experiences from the INTERREG IIIB programme have, however, made it possible to maintain the same structural base for the INTERREG IV programme with some refinements. The distance between the JPS and Managing and Certifying Authorities has not in the past caused any disadvantages and with improved ICT this cooperation can be further enhanced in the future.

Generally, the INTERREG IIIB Programme experienced the same pressure and demands as other INTERREG IIIB Programmes to meet N+2 payment targets. This mainly resulted from slow implementation of the programme and projects initially, but the de-commitment of funds has been avoided due to additional efforts to secure payments. This experience, as well as consideration of comparative studies such as the Mid-Term Evaluation of the INTERACT Programme<sup>7</sup>, has ensured that this Programme is well prepared to ensure smooth implementation in the critical early years of the Programme. The wealth of project experience at a regional level and successful promotion of the programme in the 2000-2006 programming period will also contribute to this process.

### 1.5. Joint programme planning process

This Operational Programme is based on national and regional contributions and the many joint discussions held as part of the programme planning process. Representatives from both national and regional levels have participated in various working groups, each responsible for specific parts of the process.

The successful implementation of the INTERREG IIIB Northern Periphery Programme and potential benefits of cooperation ensured that all programme partners involved in the INTERREG IIIB NPP were committed to participating in a future transnational programme. The preparation of the Northern Periphery Territorial Cooperation initiative was initiated by the partners of the INTERREG IIIB Northern Periphery Programme through the members of the Programme Monitoring Committee at their meeting in Copenhagen on 14<sup>th</sup> December 2005. Representatives from the new programme area of Northern Ireland and Ireland were also invited to the meeting and a structure for the programme planning process was presented, which proposed four programming bodies, as shown in Table 2.

**Table 2: Programming bodies**

<b>Body</b>	<b>Composition &amp; Role</b>
Programme Monitoring Committee Plus (PMC+)	Umbrella body consisting of INTERREG IIIB NPP PMC members and new members from Ireland and Northern Ireland to provide the basis for local, regional and national level participation and to make strategic overall decisions.
Joint Programming Committee (JPC)	Main forum for reaching agreement between partner countries and responsible for ensuring that a joint new programme is produced and delivered on time.
Administration & Management Drafting Team (AMDT)	Composed of key actors from the national level, as well as programme implementation level, that provide expertise and knowledge on setting up transnational cooperation programmes.
Content Drafting Team (CDT)	Composed of key actors, including from the regional level, that can provide 'bottom up' regional and local perspectives with particular reference to developing priorities for cooperation based on a needs assessment of the cooperating regions.

<sup>7</sup> Taylor, et al. (2004) Mid-term Evaluation of the Interact 2002-2006 Community Initiative, Final Report to the Austrian Federal Chancellery

A first meeting of the Joint Programming Committee was held on 1<sup>st</sup> February 2006 during which a workplan, timetable, draft programme structure and budget for the programming process were adopted and the various nominations to the programming bodies were approved. The JPC designated the secretariat function for the programming process to be carried out by the Joint Programme Secretariat of the INTERREG IIIB Northern Periphery Programme. A focus was also placed on ensuring that the development process encompassed an open consultation process involving the regions.

Following the establishment of the programming bodies and approval of a workplan, the drafting teams started their work immediately and a meeting of the AMDT was held on 24<sup>th</sup> February followed by a meeting of the CDT on 3<sup>rd</sup> March 2006. This allowed a first draft of the programme to be presented at the second meeting of the JPC on 19<sup>th</sup> April 2006 and a revised version to the PMC+ at its meeting on 12<sup>th</sup> May 2006.

Subsequently, further meetings of the drafting teams were held where the strategy of the programme and structures for implementation were discussed and refined. A conference was also held on 19-21 June 2006 in Sundsvall, Sweden where the draft INTERREG IV Northern Periphery Programme was presented and workshops were held to gain additional input into the drafting process. The delegates at the conference came from a wide range of backgrounds at both the European, national, regional and local level, which provided an excellent arena for valuable contributions.

To be completed

## 2. PROGRAMME AREA

### 2.1. Eligible area

The INTERREG IV Northern Periphery Programme involves the European Union Member States of Finland, Ireland, Sweden, and the United Kingdom (Northern Ireland and Scotland). The Northern Periphery Programme eligible area within the European Union comprises the regions outlined below.

Finland	NUTS II: Itä-Suomi, Pohjois-Suomi, NUTS III: Keski-Suomi
Ireland	NUTS IV: Donegal, Leitrim, Sligo, Galway, Mayo, Clare, Limerick, Cork, Kerry
Northern Ireland	NUTS III: East of Northern Ireland, North of Northern Ireland, West and South of Northern Ireland
Sweden	NUTS II: Mellersta Norrland, Övre Norrland
Scotland	NUTS II: Highlands & Islands, NUTS III: Dumfries & Galloway, NUTS IV North East Moray

A breakdown of the programme area at NUTS levels II, III and IV is provided in Annex 1.

The INTERREG IIIB Northern Periphery Programme recognised the value and benefit of including bordering non-member states with similar perspectives and challenges. In accordance with the Territorial Cooperation Guidelines, bordering non-member countries have been invited to participate in the joint programming initiative. Greenland, Iceland, the Faroe Islands and Norway will participate fully, thus contributing to the funding on a programme level in a manner similar to the funding provided by the four Member States through ERDF. Outside the European Union, the following regions/countries will constitute the Northern Periphery Programme area:

Faroe Islands	Entire territory
Iceland	Entire territory
Greenland	Entire territory
Norway	Finnmark, Troms, Nordland, Nord-Trøndelag, Sør-Trøndelag, Møre og Romsdal, Sogn og Fjordane, Hordaland, Rogaland, Svalbard

A map of the programme area is shown in Figure 1:

**Figure 1: Map of programme area**



## **2.2. Principles for use of geographical flexibility (10% and 20%)**

In accordance with Article 21 of Regulation (EC) No 1080/2006 the Northern Periphery Programme recognises the value of cooperation with partners located outside the programme area in certain circumstances. Accordingly, the financing of assistance from the ERDF for expenditure incurred outside the eligible area is authorised, on an exceptional basis, providing it is for the benefit of the regions of the programme area. Such decisions will be made on a project-by-project basis.

Circumstances, which would permit the use of geographical flexibility, include if the project would not be able to fulfil its objectives without partners from external areas or if inclusion of external partners facilitates a particularly strategic cooperation, as identified by the Programme Monitoring Committee. Justification should also outline the added value of external cooperation and a description of how the project and the programme area will profit from the cooperation. An example could be the specific expertise of a certain partner from outside the eligible area which is deemed crucial for the project.

Detailed criteria for the implementation of the flexibility rules in these exceptional cases will be adopted by the future Programme Monitoring Committee.

### **2.2.1. 10% Flexibility rule**

Up to a maximum of 10% of ERDF, Norwegian funds or Icelandic funds may be used to finance expenditure incurred by partners located on the territory of countries outside the European Union, in cases where benefit to the programme area can be shown

(according to the circumstances outlined above). This could provide the opportunity to match contributions from partners in the Faroe Islands and Greenland with ERDF/Norwegian/Icelandic funds. It could also be used to support cooperation with northern/peripheral regions in Russia, but in exceptional circumstances may support other suitable northern/peripheral regions provided sufficient justification is presented.

### **2.2.2. 20% Flexibility rule**

Up to a maximum of 20% of ERDF may be used to finance expenditure incurred by partners located outside the programme area, but inside the European Union, participating in projects where the expenditure is for the benefit of the regions in the programme area. This will provide the opportunity to support strategically relevant cross programme and inter-programme initiatives, if sufficient justification is provided.

Up to a maximum of 20% of Norwegian funds may be used to finance expenditure incurred by Norwegian partners located outside the eligible programme area in Norway participating in projects where the expenditure is for the benefit of the programme area.

### 3. THE NORTHERN PERIPHERY

#### 3.1. Introduction

The INTERREG IV Northern Periphery Programme covers a unique area of Northern Europe with distinct characteristics and features. Within the programme area there are diverse countries and regions; EU Member States, Non-Member States, islands, large-regions, small countries, Arctic regions and maritime areas. This diversity offers considerable strengths and potential for positive cooperation and networking, as has already been experienced. However, key to the programme are the area's shared and common issues, such as sparseness of population, rurality, insularity, harsh climate and peripherality. The purpose of this chapter is to present an analysis of the programme area that highlights these specific and shared challenges. The identification of the area's strengths is also key to recognising the opportunities that exist and which can best be addressed by transnational collaboration in the Northern Periphery.

Analysis has been carried out using a variety of comparative data sources, such as Eurostat and ESPON for the Member States and Norway, and national sources in Greenland, Iceland and the Faroe Islands. Additionally, relevant studies by the European Policies Research Centre and Nordregio have been utilised, particularly the recent Nordregio study on Northern, Peripheral and Sparsely Populated Regions<sup>8</sup>. There is a general lack of harmonised statistics across the programme area, which is reflected in occasional data gaps. However, considerable efforts have been made to present a coherent, strategic analysis of relevant aspects of the programme area as a whole. This chapter concentrates on the main outcomes from the above sources and additional detail is provided in the annexes.

The main issues discussed in the following sections include:

- Geography, population, accessibility and heritage
- Economy and labour market
- Environment

The programme area in the INTERREG IV Northern Periphery has been enlarged following an earlier expansion from Article 10 to INTERREG IIIB Northern Periphery. This means that the present analysis can not be limited to identifying changes that have occurred in the programme area between 1999 and 2006; it must also reflect the inclusion of new partner countries/regions. The modifications to the programme area in Sweden and Scotland are not expected to have a significant impact on the characteristics of the programme area as a whole because the changes are so small compared to the total programme area. The inclusion of Svalbard, and regions in western Norway, Northern Ireland and Ireland will, however, have a significant influence on the statistical profile of the area. For example, the number of inhabitants per square kilometre in the Swedish NPP area is 3.9, in the Finnish NPP area it is 7.1, which compares with an EU average of 117.8. Meanwhile, the number of inhabitants per square kilometre in Northern Ireland is 82. Despite the increased diversity across the programme area, the area still shares similarities and common characteristics, which are strengthened by the new resources and opportunities available through enlargement of the programme area.

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<sup>8</sup> Gløersen, E. et al (2005) *Northern Peripheral, Sparsely Populated Regions in the European Union* Nordregio report 2005: 4

Probably the most striking aspect of the INTERREG IV NPP cooperation area is the extent of the land area and sea distances. The area is characterised by natural and geographical handicaps, such as mountainous and very sparsely populated areas and numerous inhabited islands. It is obvious that a programme area of this scale will cover a great deal of variation and disparities. However, the analysis will show that the participating regions share a number of major challenges as well as differences, for instance between urban and rural areas, which rather than presenting an obstacle, provide a good basis for cooperation. The programme area can still be regarded as peripheral, although not all participating regions are characterised by the same degree of peripherality.

### 3.2. Geography, population, accessibility and heritage

The following analysis highlights a number of common features and similarities in development issues across the programme area:

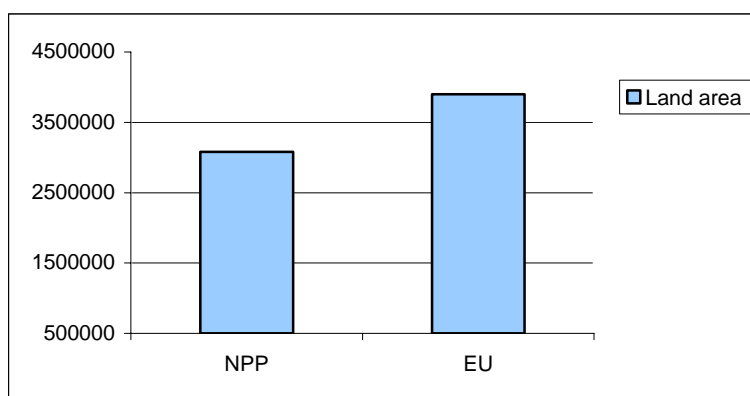
- large internal and external distances are common to all participating regions;
- difficult terrain and harsh climate influence the conditions for economic activity;
- the area is characterised as sparsely populated;
- accessibility is low;
- the age structure of the population is problematic;
- the area contains an abundance of natural resources;
- the rich cultural heritage presents significant potential for the area.

These characteristics represent both a mixture of assets and challenges that are common to the participating regions and which shall be addressed through the programme's strategy.

#### 3.2.1. Geography

Maps of the programme area clearly show the vastness of the Northern Periphery territory and highlight the striking internal distances, as shown in Figure 1 . As Figure 2 also illustrates, the size of the programme area is almost as large as the total area of the EU, but the population of the NPP area is only 2% of the total EU population.

**Figure 2: Land area of NPP compared to EU (km<sup>2</sup>)**



The entire area features characteristics common to Northern Europe, such as relative remoteness and the arctic dimension with cold, harsh climatic conditions. The territory of the NPP is not only large, but also geographically diverse. Many of the countries have extensive mountain terrain, notably the Highlands and Islands, Norway and Sweden. Large parts of the mainland are covered with forests and lakes, especially in Sweden and Finland. The area also comprises a high number of populated islands and a very long coastline.

The areas of the north share common climatic conditions; a long winter period means greatly reduced daylight for all regions in the area, winter temperatures can be persistently below freezing point and difficult snow and ice conditions are not unusual. On the other hand, there are relatively long growth seasons in the southern part of the region.

The Northern Periphery area contains abundant natural resources, most notably fisheries, forestry, minerals and metals, gas, oil and renewable energy. The wealth of natural resources forms the basis for various resource-based economic activities and represents further potential for development in an environmentally sustainable way. There is a strong dependence on economic activities based on natural resources, but raising the added value for the Northern Periphery regions is essential for further economic development and to sustain the local communities.

In addition to natural resources, the Northern Periphery possesses a high quality environment with landscapes, species and habitats of international significance. The unusual climatic conditions and untouched nature form the basis for an important tourism industry with considerable potential for further environmentally sustainable development.

### **3.2.2. Population**

The Northern Periphery area is sparsely populated, as Table 3 and Table 4 illustrate. The population density is significantly lower than the EU average and is also well below the EU criteria for very sparsely populated areas of 8 inhabitants per square kilometre<sup>9</sup>. This represents a considerable handicap and is one of the primary characteristics of the programme area. It is also a key development issue, with important implications for community development, service provision, economic development capacities and networking activities.

**Table 3: Population and density**

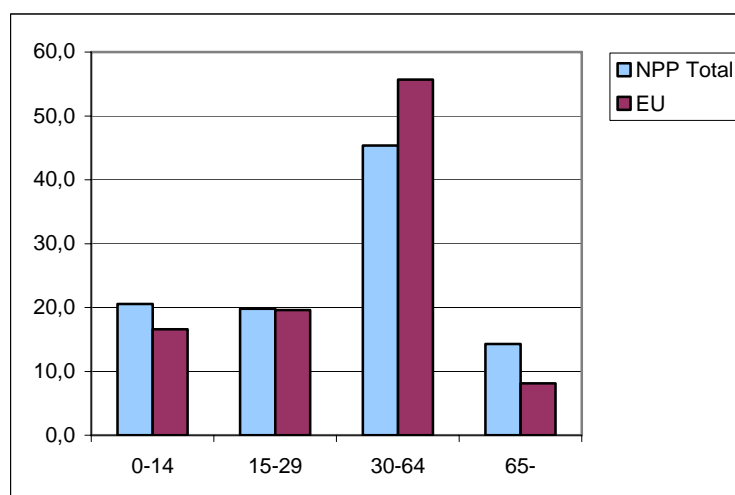
	Area km <sup>2</sup>	Population	Inhabitants/km <sup>2</sup>
<b>NP total</b>	3 082 185	7 914 276	2,57
<b>EU</b>	3 900 000	459 488 400	118

<sup>9</sup> Article 52 (f) Council Regulation (EC) No 1083/2006 of 11 July laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund

**Table 4: Area and population of the Northern Periphery**

Partner Country	Area km <sup>2</sup>	Population	Inhabitants/ km <sup>2</sup>
Faroe Islands	1 399	48 379	34,6
Finland (NP)	219 946	1 566 600	7,12
Greenland	2 166 086	56 969	0.14 (ice-free)
Iceland	103 000	300 000	2,9
Ireland (NP)	38 470	1 407 034	36,6
Northern Ireland (NP)	13 175	1 082 942	82,0
Norway (NP)	269 229	2 059 296	7,6
Scotland (NP)	45 446	514 900	11,3
Sweden (NP)	225 434	880 156	3,9

In terms of development capacities, it is important to consider key demographic trends in the programme area. As Figure 3 and Annex 2: Table 1 show, the programme area has considerable potential due to the relatively large percentage of young people. Nevertheless, the area is lagging behind in the 30-64 working age group and has a high proportion of elderly people. This pattern is roughly the same in all regions; however, there are significant differences in the scale. The Finnish NPP area, for instance, has fewer young people than the average for the programme area, coupled with almost 20 % less people in the 30-64 age group than the EU average, as well as 16% more elderly than the EU average. This pattern is of particular concern because, first, it is the 30 - 64 age group that contributes most to the social and economic development of their communities. Second, a large dependent population places considerable pressure on service provision, particularly in remote and rural areas where logistical factors mean that the provision of even basic services can be problematic.

**Figure 3: Age structure in the NPP area % (2005) compared to EU (2003)**

### 3.2.3. Accessibility

Accessible is often regarded as the opposite of peripheral; consequently it is not surprising that a programme area characterised as peripheral suffers from low accessibility. This is the overall conclusion presented in several studies and is

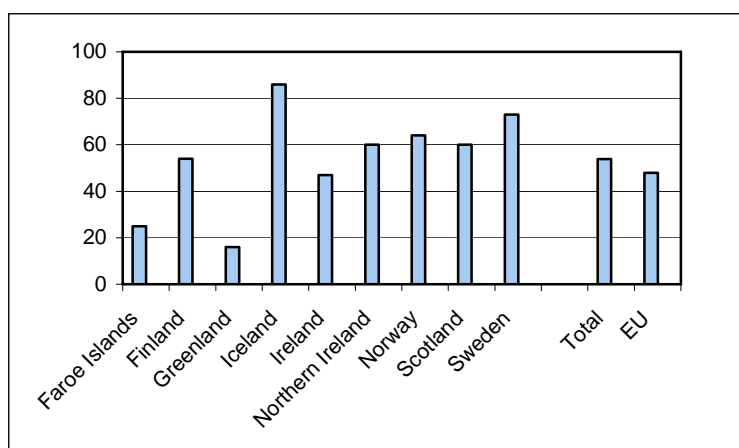
exemplified by the Finnish region of Lappi, which is termed by ESPON<sup>10</sup> as being amongst the most remote regions in Europe. Considerable parts of the programme area are not quite as remote, but are still amongst the most remote regions in Europe.

The natural and geographical handicaps, dispersed settlements and long distances typical of the area result in a higher dependence on air transport than in the rest of Europe. This is reinforced by ESPON studies<sup>11</sup>, which designate a significant proportion of the programme area as “ultra peripheral” when assessing accessibility to major European cities by car. Substantial parts of the programme area have access to the sea and it is expected that the importance of maritime transport and maritime issues, such as safety, pollution, etc., will increase in the near future.

The effects of this level of peripherality are complex. Accessibility and the cost of building and maintaining infrastructure in the Northern Periphery area is influenced by: distance; high proportion of mountainous areas; large number of inhabited islands, Arctic and cold climate and low population density. Internally in the region, low accessibility has consequences for labour markets and the provision of services. Externally, accessibility increases travel costs and the transport of goods to central markets.

Telecommunications is also an important aspect of accessibility, particularly in the Northern Periphery Programme area. Due to the characteristics of the programme area, the use of ICT has played a central role in previous programmes in relation to issues like innovation in production, improved provision of services and promotion. The overall challenge is to overcome distances and ICT provides a vital means of achieving this. The proportion of private homes connected to the internet is higher in the NPP area than in the EU. Figure 4 shows that there is some variation between the participating regions and highlights that six out of the nine NPP regions are clearly above the EU average on this dimension. A key objective is therefore to remain competitive in ICT and ensure that the NPP regions obtain access to and are able to utilise the latest technology and upgrades. Further information on accessibility can be found in Annex 2: Table 3.

**Figure 4: Connection to internet at home (% of total population)**



<sup>10</sup> ESPON report 2.1.1(2004) *Territorial Impact of EU Transport and TEN Policies*

<sup>11</sup> ESPON report 1.1.1 (2004 - Revised March 2005) *Potentials for Polycentric Development in Europe*

### **3.2.4. Cultural heritage**

The Northern Periphery benefits from a distinct cultural heritage and the unique environmental diversity of the area has created a wealth of cultural and historical interest. A key part of the cultural heritage of the programme area is the rural traditions and culture which are often rooted in close connection to the use of natural resources, such as fisheries or forestry. Both the indigenous and the rural heritage are central features of the local communities that can serve as platforms for business innovation in tourism and creative industries.

The Highlands and Islands and the Northern and Western seaboard of Ireland have distinctive Gaelic, Scottish, Celtic, Norse and Doric traditions. The west coast of the Highlands, the Outer Hebrides and the west coast of Ireland are the heartland of the Gaelic language with its distinctive culture, music and traditions, which offers potential for development with young people, broadcasting, cultural tourism and the arts.

The rich mosaic of cultures in rural Northern Ireland has often been a source of tension and conflict, with culture often being seen as a barrier to local development rather than a positive asset which can be used and developed. There are strong historical cultural and economic ties between Ireland, Northern Ireland and Scotland which have existed for centuries and offer considerable scope for enhanced cooperation under the Programme leading to increased economic activity and growth potential.

There are different groups of indigenous people populating the Northern Periphery, who represent an important part of European cultural heritage. The Inuit in Greenland and the Sami people in Finland, Norway and Sweden are characterised by their cultures which are partly based on ancient traditions, their own languages and trade, and industry based mainly on natural resources. Access to political influence and educational opportunities is relatively new for these groups, and they also possess low levels of economic resources and low educational attainment. However, through the growing possibilities for economic activities, a considerable cultural resource has been established as a base for development of common activities such as tourism, small-scale industries and local solutions for community development. It is important to optimise these opportunities but it is also vital to preserve the unique cultural identity and way of life.

The population of Greenland is predominantly Inuit, as they make up 88% of the total population. Fishing is the predominant economic activity, but in some areas the seal and whale catch is of great importance. The Inuit in Greenland have obtained Home Rule government within the Kingdom of Denmark and there is considerable cooperation with other Inuit regions, i.e. Nunavut and Nunavik in Canada and Alaska. In Finland, Norway and Sweden there are approximately 70.000 indigenous Sami people, between 40.000 and 45.000 in Norway (largely concentrated in Finnmark), about 17.000 in Sweden and about 6.000 in Finland. In the last few years, Sami Parliaments have been established in the three countries. Even though the Sami people inhabit four different countries (including Russia) whose borders represent organisational obstacles for cohesion, they strive to keep together socially, culturally and industrially. In addition to reindeer herding and fishing, agriculture, trade, small-scale industry, handicrafts and the service industries are important sources of livelihood among the Sami.

### 3.3. Economy and labour market

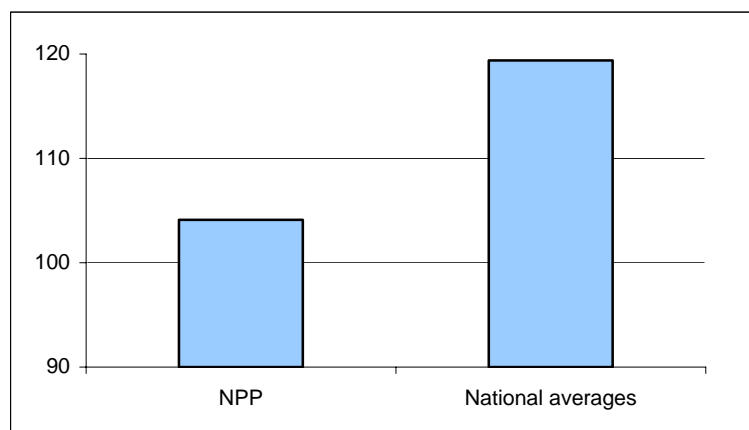
The following analysis highlights a number of key similarities and common development issues across the programme area:

- Primary industries and processing of natural resources are central to the economy of the Northern Periphery area;
- Small and medium enterprises (SMEs) and micro businesses dominate in all regions;
- Most Northern Periphery regions have a higher unemployment rate and a lower gross domestic product (GDP) than their respective countries;
- Employment rates for both genders are clearly above the EU average;
- The work force of the Northern Periphery is well educated, skilled and adaptive.

#### 3.3.1. GDP per capita

Regions in the Northern Periphery programme area are generally lagging behind in their respective national averages in terms of GDP per capita, see Figure 5 and Annex 2: Table 3. For instance, relevant regions in Finland, Ireland, Norway, Scotland and Sweden all have a lower GDP per capita than their national average. This pattern is also pronounced when comparing the income per household between the Northern Periphery region and the rest of the respective countries, as shown in Annex 2: Table 4.

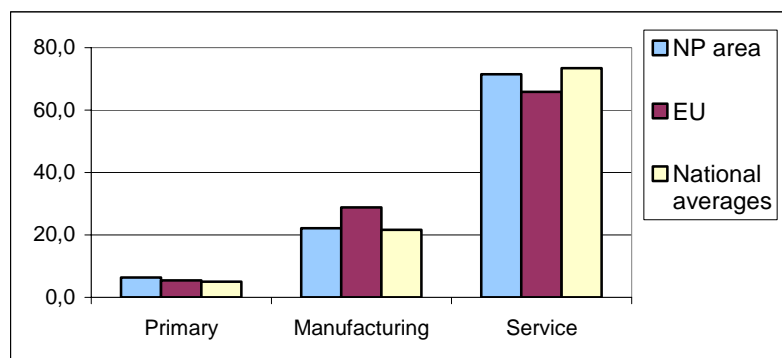
**Figure 5: GDP per capita (PPP) 2003**



#### 3.3.2. Industry and employment

In terms of employment, the percentage of people employed in primary industries in the Northern Periphery area is higher than both the national and European averages, which confirms the economic dependency on natural resources that was previously highlighted, see Figure 6 and Annex 2: Table 5. This is common to all participating regions, except where entire nations are programme partners. Within the services sector, the regions of the Northern Periphery have a higher than average reliance on the public services sector.

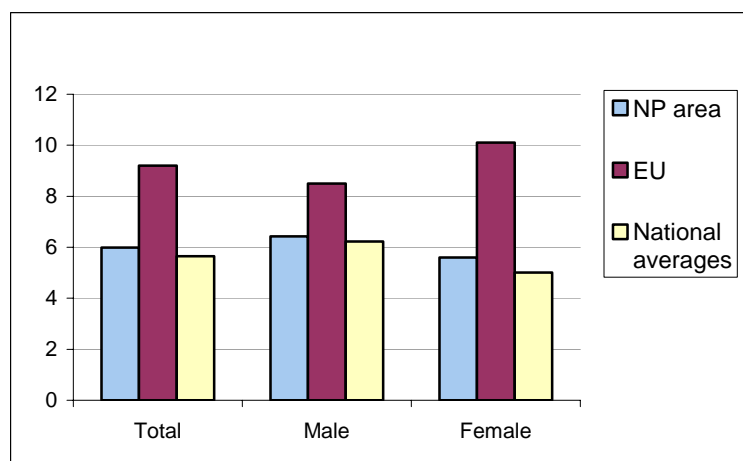
**Figure 6: Employment by industry %**



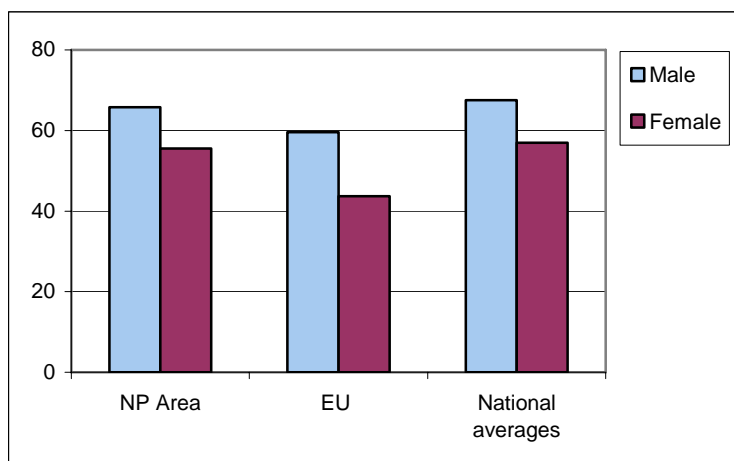
Another key economic trend in the NP area is the dominance of small and micro enterprises. Although there are instances of larger companies, 99% of the companies are small and micro enterprises; this, combined with the characteristics of long distances, sparse population and resource orientation, presents a major challenge with regard to innovation and business development.

Unemployment in the Northern Periphery is higher than the national averages, but lower than the EU average, see Figure 7. There is a striking difference between the programme area and the European Union average with regard to female unemployment, which is confirmed by Figure 8. This shows significantly higher female employment in the programme area compared to the rest of the EU.

**Figure 7: Unemployment in the NP region (%)**



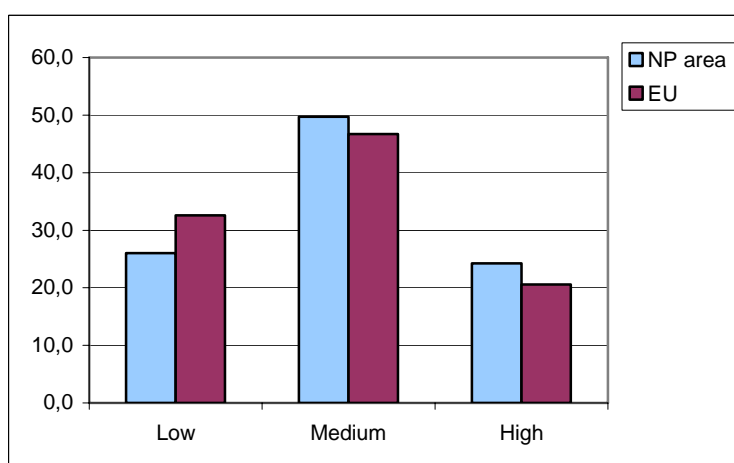
**Figure 8: Employment by gender (%)**



### ***3.3.3. Education and knowledge economy***

Figures from 2004 show that the Northern Periphery area has a total of 23,6% of the students in the participating nations and 34,3 % of the universities and higher education institutions. However, there are great variations between the different partner regions, ranging from 4,7% to 100% (where the participant is the entire country), which suggests that issues surrounding access to research institutions and opportunities for knowledge and technology transfer have to be taken into account. For more details see Annex 2: Tables 8 and 9.

**Figure 9: Level of education**



### **3.4. Environment**

A Strategic Environmental Assessment (SEA) is being carried out during the programme planning process, in conjunction with the Ex Ante Evaluation. A systematic environmental analysis is presented in the SEA report, which is open for a separate public consultation from 22 September – 27 October. Information from the SEA will be included in this section of the Operational Programme at a later stage.

### **3.5. Conclusions**

The Northern Periphery area is characterised by long distances between settlements and markets, islands, mountains, forests, low population density, harsh climate and low accessibility. Peripherality and remoteness are compounded by other issues such as fragile rural communities, limited transport opportunities, lack of suitable services and lower incomes. Although there are instances of larger companies that make a significant contribution to the economies of the NPP, small and micro companies dominate the area and primary production is more prominent in the periphery than in the rest of the countries. The pattern of demographic change across the Northern Periphery, coupled with a trend towards an ageing population and youth out-migration is of particular concern. These factors result in major challenges with regard to economic development, business innovation, SME networking, provision of basic services in remote areas, and attracting young people.

On the other hand, the area possesses an abundance of natural resources and environmental qualities that hold great potential. The work force is well educated and the area has better access to the information society than other parts of Europe, while access to R&D institutions is also good. The rich cultural and natural heritage are also central features of the local communities in the NPP that can serve as platforms for business innovation in tourism and creative industries.

Former programmes have shown that the regions of the Northern Periphery share many characteristics and that transnational cooperation provides excellent opportunities for finding new ways to address shared challenges, exploit new opportunities and promote territorial cooperation. Extension of the programme area to cover new countries and urban areas will enlarge the resource base of the programme, and opens up new opportunities for enhancement of the urban-rural dimension in order to address the challenges of the periphery.

### 3.6. Strengths, weaknesses, opportunities & threats

Strengths	Weaknesses
<p>Presence of strong 'clusters' of dynamic, innovative and knowledge-based industries and R&amp;D, e.g. ICT, biomedical</p> <p>Robust enterprise culture, especially SMEs</p> <p>Skilled, highly qualified workforce</p> <p>High quality and accessible further and higher education system</p> <p>Good basic ICT provision throughout much of the programme area</p> <p>Strong cross-border, interregional and transnational cooperation, links and networks in public policy, academic and industry</p> <p>Development and management of renewable energy sources</p> <p>High quality primary products</p> <p>Excellent natural resources and high-quality environment</p> <p>Strong local cultures and identity</p> <p>Strong networks of towns</p>	<p>Peripherality and distance to key markets across large parts of the programme area</p> <p>Few large urban centres in the programme area</p> <p>High cost of transport &amp; infrastructural shortcomings</p> <p>Fragile local economies &amp; dependence on agriculture, single industries or SMEs</p> <p>Sparsity and dispersal of population across large parts of the programme area</p> <p>Restricted capacity for R&amp;D, innovation and entrepreneurship, linked to sparse population, dependence on SMEs, access to R&amp;D resources</p> <p>Structural unemployment and low employment</p> <p>Inflexible labour market, some shortages of highly skilled labour</p> <p>Ageing population and youth migration (esp. graduates)</p> <p>High cost of living &amp; low incomes in some NPP areas with a contrast between rural and more urbanised areas</p> <p>Lack of affordable housing and access to key services in many NPP areas</p>
Opportunities	Threats
<p>Enhance entrepreneurship through regional research and innovation and promote 'access' to R&amp;D and innovation activities, particularly for SMEs</p> <p>Develop and reinforce University-business links and 'triple helix' cooperation</p> <p>Develop experience in networking activities to promote knowledge transfer and innovation</p> <p>Science and technology development</p> <p>Extend access to and effective use of advanced ICT, e.g. as a means for developing new services and businesses</p> <p>Develop and exploit experience and knowledge of primary resources, renewable energy, sustainable development and 'green' products and services, in order to reduce dependency on fossil fuels</p> <p>Environment and culture-based tourism as a means of promoting sustainable development</p> <p>Expand and deepen transnational cooperation across the extended programme area and beyond, e.g. links with Russia</p> <p>Strong maritime links &amp; marine knowledge</p> <p>Innovative service provision to remote and rural areas. Development of urban-rural linkages</p> <p>Capitalising on opportunities from climate change e.g. increased agriculture, new sea routes etc.</p>	<p>Climate change &amp; environmental pollution</p> <p>Increases in fuel and energy costs and dependence on fossil fuels</p> <p>Lack of access to R&amp;D and innovation-related activities</p> <p>Globalisation and increasing competition</p> <p>Depopulation linked to youth migration and demographic ageing</p> <p>Brain drain</p> <p>Loss of employment, particularly in public sector</p> <p>Continuing centralisation of services</p> <p>Changes to agricultural support policy</p> <p>Potential delays in accessing ICT upgrades</p>

## 4. JOINT TRANSNATIONAL STRATEGY

### 4.1. Introduction

The joint transnational strategy responds to the identified strengths and weaknesses of the Northern Periphery Programme area by setting out a vision which will be realised by implementing the strategic objectives of the programme. These objectives are defined in the priority axes for the programming period 2007 - 2013 and take into account the Community Strategic Guidelines, National Strategic Reference Frameworks of the participating Member States, complementarity with other programmes and policies, and the results of the Ex Ante Evaluation.

### 4.2. Programme vision & objectives

The overall vision for the programme is of:

***Regions working innovatively together to help communities: to realise the potential of Europe's Northern Periphery to achieve a sustainable quality future, and so contribute to a more dynamic EU.***

The Programme aims to help peripheral and remote communities on the northern margins of Europe to develop their economic, social and environmental potential. This will be achieved by supporting innovation, business competitiveness, accessibility, the sustainable development of community and natural resources, and cultural heritage. Through transnational collaboration and innovative actions, the Programme will enhance the human and social capital of the area and actively contribute to the Lisbon and Gothenburg agendas.

In order to reach this potential and contribute to the territorial cohesion of the Northern Periphery area, the following objectives have been developed:

- to promote competitiveness by increasing and developing the capacity for innovation and networking in rural and peripheral areas;
- to facilitate development by the use of advanced information and communication technologies and transport in the programme area;
- to strengthen synergies between environmental protection and growth in remote and peripheral regions;
- to improve sustainable development in peripheral regions by strengthening urban-rural relations and enhancing regional heritage.

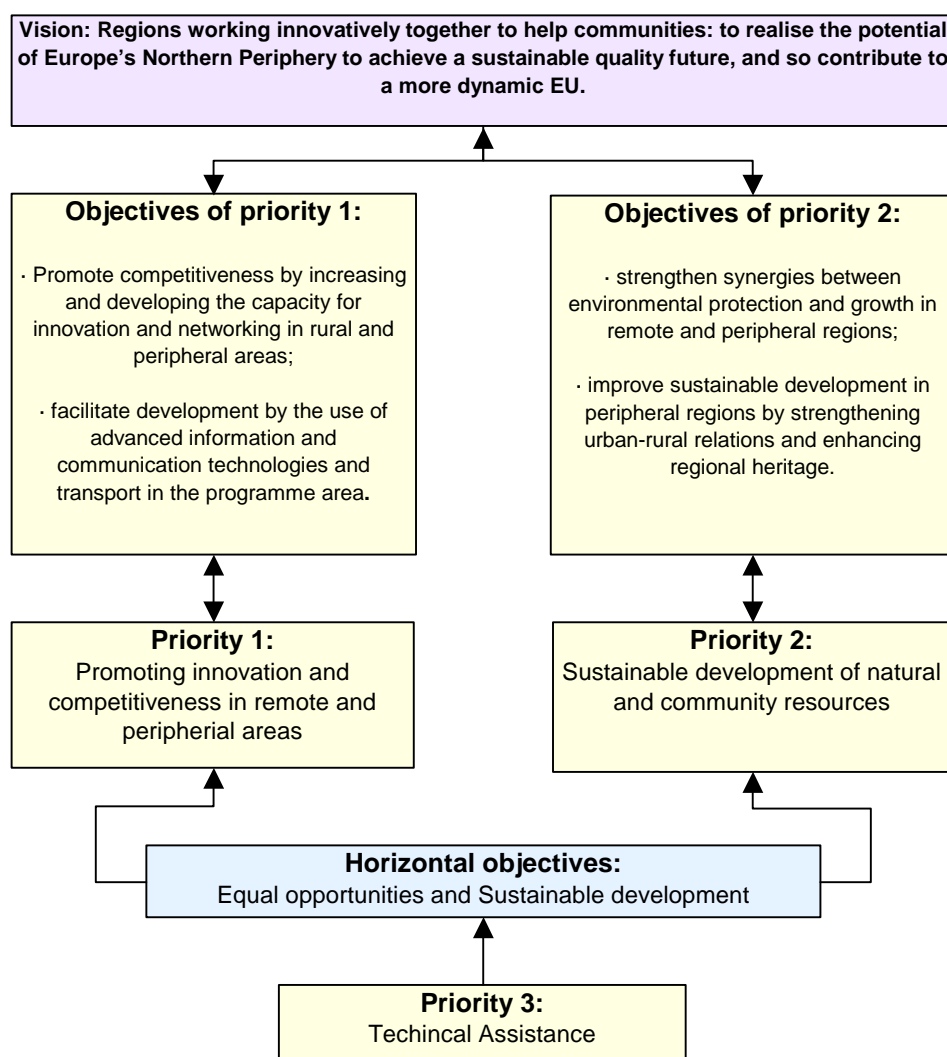
The rationale for the strategy is that the Northern Periphery is an area of considerable and diverse natural, cultural and human resources, which provides excellent opportunities for development, but also face threats from the growing internationalisation of economic activity and from environmental degradation.

Shared features and commonalities in the NP area strengthen the basis for cooperation and the experience of successful collaboration through the Article 10 and INTERREG IIIB Northern Periphery Programmes further reinforces the foundation for cooperation. A

more strategic focus is now envisaged, however, which builds on the enhanced social and human capital obtained through previous cooperation, acknowledges the new opportunity provided by enlargement of the programme area, and aims towards a closer alignment with the Lisbon and Gothenburg agendas. In response, the strategy for cooperation is based on an approach by peripheral areas to the Lisbon and Gothenburg strategies that demonstrates the potential contribution that peripheral and remote regions can make to Community goals.

The Northern Periphery Programme 2007 – 2013 will respond to the challenges and opportunities identified in the SWOT analysis but will concentrate on those issues which require intervention at the transnational level. This will allow strategic issues to be tackled across regional and national administrative boundaries and will enhance the development of the Northern Periphery territory. Significant added value can thus be secured from transnational cooperation and the integration of territories across a larger geographical area.

**Figure 10: Joint transnational strategy**



### 4.3. Justification of priorities

The strategic objectives of the Programme have been translated into two thematic priorities for development. These are based on an approach by peripheral regions to the Lisbon and Gothenburg strategies that reveals the potential role of peripheral and remote regions in contributing to Community goals. Through actions to support transnational cooperation, knowledge transfer and exchange of experience, the Programme will play a crucial part in ensuring the balanced and sustainable development of the Northern Periphery territory. The following two priorities have been developed in response to the distinct similarity of characteristics in the programme area and take into account the Lisbon and Gothenburg agendas:

**1. Promoting innovation and competitiveness in remote and peripheral areas** is key to the growth and balanced, sustainable development of the programme area. This priority addresses these broad themes by focusing on the specific needs of the remote and peripheral areas, where development resources may be more widely dispersed, and climatic and geographic constraints may pose particular challenge. The overall objectives of promoting innovation and strengthening competitiveness are key European, national and regional concerns. This priority is based on the Lisbon objectives and considers how they can best be tackled in the programme area.

As the programme's analysis highlights, the remoteness of large parts of the programme area and the area's topographic and climatic conditions mean that 'accessibility' is a critical issue for regions in the NPP. The promotion of accessibility in the NPP area demands specialist and innovative responses and services. For instance, it is in the regions of the Northern Periphery that advanced ICT can really make a difference and the programme will have a strong focus on the use of information and communication technologies, both in the private and public sector. Increasing intermodality and enhancing short sea shipping could also be developed as a comparative advantage for the Northern Periphery. Improving accessibility is crucial to strengthening the competitiveness of the NPP area and contributing to the overall objectives of the Lisbon strategy.

**2. Sustainable development of natural and community resources** is vital to preserving and maintaining the unspoiled natural environment that has been highlighted as one of the most significant assets of the Northern Periphery. Sharing, expanding and developing the know-how in environmental management and sustainable development will make an important contribution to both the preservation and management of the area's considerable natural resources. Actions to promote sustainable environmental management will benefit local communities that depend on these resources and expand opportunities to develop new activities while actively contributing to the Gothenburg agenda.

The SWOT analysis highlights the threat of climate change which has implications for the daily life of people within the Northern Periphery. This means that improved management of natural resources and more innovative public management policies are also relevant actions. In addition, the sustainable exploitation of opportunities in areas such as bio-fuels and other alternative energy sources presents excellent opportunities for innovative business development with the potential to provide key, sustainable services to remote areas.

The rich natural and cultural heritage of the programme area are vital ingredients of local amenity, quality of life, health, community confidence and a sense of place. Of increasing

importance is the creative economy which is composed of the people, enterprises and communities that transform traditional and contemporary cultural skills, knowledge and ideas in to economically productive goods, services and places. The area is home to several indigenous groups and minority languages, which offers further potential for development. Through innovation and increased utilisation of advanced ICT, the Programme can contribute to the sustainable development of these growing creative industries and increase the attractiveness and competitiveness of communities within the Northern Periphery, particularly for young people.

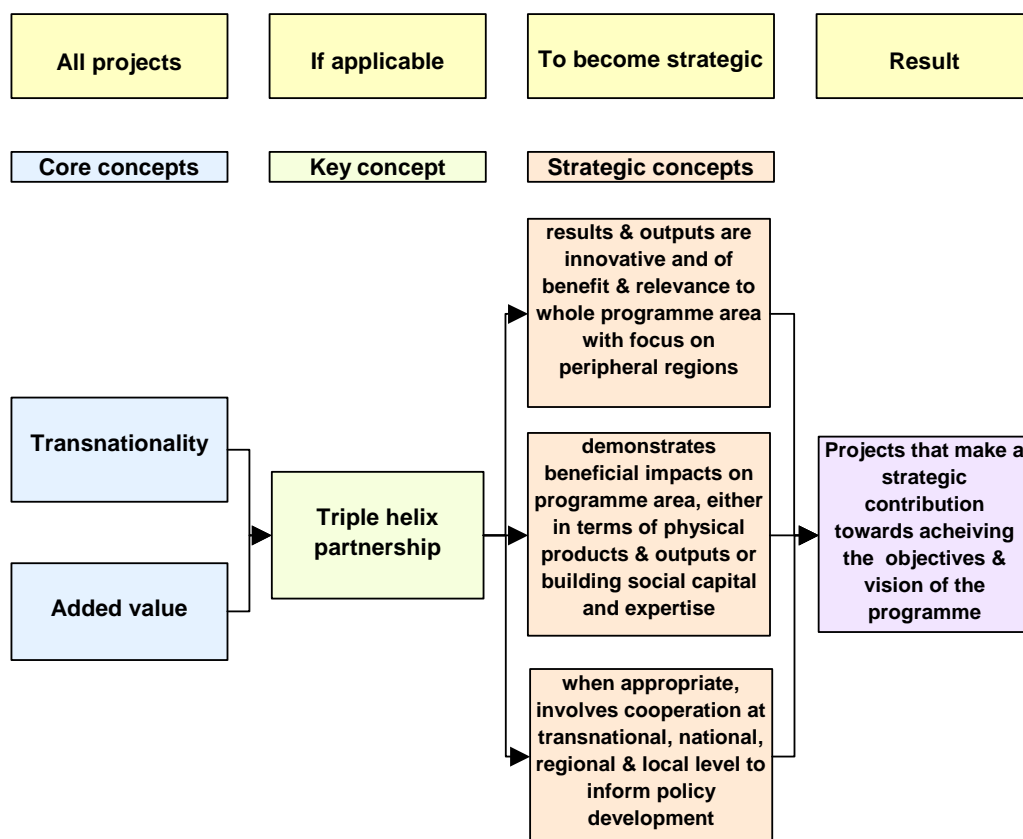
Although urban centres cover a very modest part of the programme area, it is important to recognise that cooperation and the development of relations with urban centres (primarily small towns and villages) can be of benefit and provide innovative solutions for rural and remote areas. A sustainable model for urban-rural development is encouraged where the relationship between such urban centres and their remote hinterlands will be strengthened primarily for the benefit of the latter.

#### 4.4. Concepts of transnational cooperation in the Northern Periphery

The development of strategic projects that fulfil the objectives of the Northern Periphery Programme and wider Community goals is essential to the INTERREG IV Northern Periphery Programme. All projects must fulfil the core concepts of transnationality and added value, while the key concept of triple-helix partnerships is also strongly encouraged where appropriate.

Figure 11 illustrates how the concepts of transnational cooperation in the Northern Periphery can be applied to develop innovative and strategic projects that make a significant contribution to meeting the objectives and vision of the programme.

Figure 11: NPP concepts



#### **4.4.1. Strategic projects**

The Northern Periphery Programme recognises the need for strategic projects that make a significant contribution towards achieving the vision and objectives of the programme. These strategic actions are also necessary to build upon the NPP's distinctiveness. A number of themes have been identified under each programme priority and within these a project is regarded as strategic if it demonstrates the following features:

- it can demonstrate particularly beneficial impacts on the programme area, either in terms of physical products and outputs or building social capital and expertise, through networking, exchange of experience and know-how;
- its results and outputs are innovative and are of benefit and relevance to the whole programme area and should focus on the remote, peripheral, sparsely populated and rural regions;
- when appropriate, involves cooperation at the transnational, national, regional and local level in order to inform policy development.

#### **4.4.2. Core concepts: transnationality & added value**

##### **Transnationality**

In accordance with the principles of transnationality, the INTERREG IV Northern Periphery Programme places a special emphasis on ensuring transnationality at all stages of project development, implementation and dissemination of results. A minimum of 3 countries will be required for a main project application, of which one must be located in an EU Member State. The Programme aims to encourage projects with a strong transnational component, but the partnership should also be well balanced, meaning that the different partners contribute and benefit to a similar extent without the dominance of one country, or one partner.

A project is eligible for funding if it meets three of the four transnational criteria listed below:

i) joint development; ii) joint implementation; iii) joint staffing; iv) joint financing

In addition, the Northern Periphery Programme will stress the importance of a joint strategy for implementation and dissemination of project results.

##### **Added value**

The Programme has the scope to make a distinctive contribution and add value through the development of transboundary products – by working together to produce a new product or service that has a transnational or transregional character. This will be achieved through:

- knowledge transfer - facilitating the transfer of economic development solutions, and their practical application, from one country/region to another;

- innovation – working together to develop new or innovative economic development solutions that can be applied in practice in more than one country/region; and
- organisational learning – exchange of ideas, experience and good practice that improve the stock of organisational knowledge. Topics addressed should be of strategic interest for the daily work of all project partners. For the utilisation of the project results, the project needs to be fully integrated into the overall objectives of the organisation.

#### **4.4.3. Key concept: triple helix partnerships**

Triple Helix is a model for explaining the relations between business, university and governmental institutions and organisations. The Northern Periphery Programme recognises the benefits of adopting this concept and encourages triple helix arrangements and project partnerships where appropriate. Triple helix partnerships were an important and valuable feature of the INTERREG IIB Northern Periphery Programme, which contributed significantly to the achievement of innovative project results and outputs. Building on the experience from previous cooperation, the INTERREG IV Northern Periphery Programme will further develop and promote triple-helix arrangements through a refined approach. Triple helix partnerships are defined as:

*The three different spheres of business, university and public institutions working together on new tasks and in new fields. These three spheres together, and not only by themselves, make it possible to obtain an enhanced outcome from the cooperation and invested capital, in the form of innovative new products and solutions.*

Additionally, the Programme promotes and acknowledges the community aspects of triple helix partnerships and will place a special emphasis on ensuring that end beneficiaries are located within the communities of the Northern Periphery.

#### **4.5. Horizontal principles: equal opportunities & sustainable development**

Equal opportunities and sustainable development have been identified as horizontal principles in the Northern Periphery Programme. This means that they must be integrated into every project, as detailed below.

##### **Equal opportunities**

Equal opportunities is one of the horizontal principles of the Northern Periphery Programme. It should therefore be implemented and mainstreamed into every project and on every level. In this regard, equal opportunities is taken in a broader context to incorporate:

*the prevention and elimination of discrimination between people on grounds of gender, marital status, cultural and social background, disabilities, age, sexual orientation, language or other personal attributes, such as religious beliefs or political opinions.*

## **Sustainable development**

The Northern Periphery Programme considers sustainable development as one of its horizontal principles, which means that each project within the programme has to be sustainable. Projects have to be aware of their economic, social and ecological impacts and should contribute to the Gothenburg agenda. In a broader context, the Northern Periphery Programme defines sustainable development as:

*development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*

### **4.6. National Strategic Reference Frameworks**

In accordance with Article 27 of the General Regulation, each of the Member States co-operating in the territorial cooperation programme has produced a National Strategic Reference Framework, which outlines the Member States' strategy for delivering Structural Funds and the contribution that this will make to Community objectives. These provide summary descriptions of the Member States' strategies and offer reference instruments for preparation of the programme. Each of the National Strategic Reference Frameworks has been consulted, and co-ordination and complementarity between the priorities of the programme and the frameworks has been ensured through a comprehensive appraisal of priorities to ensure synergy. Annex (to be completed) compares the priorities in each of the NSRFs and also incorporates the priorities for development for the Non Member States.

The proposed priorities of the INTERREG IV Northern Periphery Programme have thus been formulated in compliance with, and are complementary to, the NSRFs of the participating Member States.

[Further analysis of NSRF comparison table.](#)

### **4.7. Synergy with other programmes and policies**

The INTERREG IV Northern Periphery Programme will seek to ensure that assistance provided complements national actions and that it is consistent with the activities, policies and priorities of the Community, in accordance with Article 9 of the General Regulation. It has been a clear intention to ensure complementarity with other programmes, both in the programming phase and in the period of implementation. The concept of additionality will be ensured and contributions from the Structural Funds shall not replace public or equivalent structural expenditure by a Member State.

As in the past, there will be geographical overlap between the INTERREG IV Northern Periphery Programme and cross-border cooperation programmes, particularly in the Finnish, Swedish and Norwegian northern regions, and between the UK and Ireland. There will also be some geographical overlap between the INTERREG IV NPP and the INTERREG IV Transnational Programmes for the Baltic Sea Region, North Sea and Atlantic Area.

There are, however, considerable differences between the objectives and foci of these co-operative initiatives. Each of them has been developed and will in the future be implemented in a distinctive context. The Northern Periphery Programme has been developed to meet the specific challenges of the programme territory and focuses on

issues related to peripherality, rurality, sparsity of population and harsh climate. Through joint transnational collaboration it addresses the means available to effectively overcome the challenges deriving from these conditions, while enabling partners from the Northern Periphery of Western Europe to co-operate and exchange experience on strategic and innovative topics of importance.

By its transnational nature, the Programme demonstrates unique features which distinguish it from regional development and cross-border initiatives. The Northern Periphery Programme 2007 – 2013 will respond to the identified challenges and opportunities of the programme area and will concentrate on those issues which require intervention at the transnational level. This will allow strategic issues to be tackled across regional and national administrative boundaries and will enhance the sustainable and balanced development of the Northern Periphery territory. Significant added value can thus be secured from transnational cooperation and the integration of territories across a larger geographical area.

The INTERREG IV Northern Periphery Programme will also play a vital role in the advancement of transnational networks and development of innovative actions, which could subsequently be taken forward in complementary convergence and competitiveness programmes. This relationship between programmes would achieve optimum benefit and contribute to achieving complementary Community goals.

Additionally, strategic linkages to other initiatives and instruments are encouraged, such as the European Framework Programmes supporting Research and Technological Development.

A number of co-operative initiatives or programmes, such as the Council of the Baltic Sea States, Nordic Council of Ministers, NORA, Northern Forum, Arctic Council and Barents Euro Arctic Council (BEAC) also cover the Northern Periphery. These are primarily arenas for political cooperation at a national level and are based on diplomatic agreements between countries. No overlaps are therefore envisaged.

Further analysis to be added on synergy with other programmes and community policies, including TEN-T, environmental acquis, SME policies, Integrated Guidelines for Growth and Jobs, etc.

#### **4.8. Results of Ex Ante Evaluation**

To be completed

## 5. PRIORITIES

### 5.1. Description of chosen priorities (Priority Axes)

The Northern Periphery Programme covers an area of great diversity and with considerable natural, cultural and human resources. Regions across the programme area also share opportunities and barriers to development, and to achieving common European goals. With these in mind, the Northern Periphery Programme has developed two thematic priority axes for the period of 2007 – 2013.

1. Promoting innovation and competitiveness in remote and peripheral areas
2. Sustainable development of natural and community resources

Additionally, the horizontal principles - equal opportunities and sustainable development - will be applied to all relevant actions in the programme.

Technical Assistance (TA) will be a third priority axis.

The indicative split of project funds between the priorities is 60% to Priority One and 40% to Priority Two. 6% of the total allocated funds will be used for Priority Three (Technical Assistance).

#### ***5.1.1. Priority 1: Promoting innovation and competitiveness in remote and peripheral areas***

##### **Rationale**

Promoting competitiveness is vital, as communities that are competitive are also most likely to attract investment, enterprises, skilled workers and young people. The competitiveness of the Northern Periphery is an aggregate of several factors that need to be nurtured and enhanced in the future. The Northern Periphery Programme aims to address this issue by focussing on two key aspects to secure a balanced and sustainable development of the area: innovation and accessibility.

##### i. Innovation, networks and competitiveness

Innovation and strengthening competitiveness are key European, national and regional concerns. In the Northern Periphery these issues are addressed by:

- a clear understanding of the business structures in the programme area;
- experience from previous programmes;
- the specific conditions in the programme area that influence both how enterprises and programmes can operate;
- a strong conviction that innovation and renewal of the rural economy is the best way of creating new jobs, attracting young people and increasing the area's contribution to transnational growth; and
- networking as a means for capacity building at an institutional level and in companies to nurture the opportunities for positive economic development.

Establishing lasting and fruitful relationships between SMEs and R&D institutions is a great challenge and yet an absolute pre-condition for sustaining and developing the economic vitality and social capital of the area. Such relationships are often necessary to

increase the innovative capacity in established companies and to develop ideas into new enterprises.

### **Objective**

A principal objective of the Northern Periphery Programme is to promote competitiveness by increasing and developing the capacity for innovation and networking in its rural and peripheral areas. This will be achieved by promoting these broad themes:

- exchange of best practise and establishment of cooperation networks between R&D institutions and SMEs to increase the capacity for innovation, facilitate the design of innovation systems and strengthen competitiveness
- transnational cooperation networks and knowledge transfer to develop existing and new innovative products
- cooperation and exchange of best practice between SMEs on how to address and reach markets with existing and new products

The non-exhaustive list of broad themes is focused on the objectives of the programme and will play a central role in the programme's implementation.

### ii. Accessibility

Competitiveness in peripheral areas is a complex factor which is strongly influenced by accessibility. Accessibility is a key development issue for the NPP area and requires innovative responses to overcome the specific challenges presented. For example, within the Northern Periphery the arctic regions' features of long winters and harsh climate make accessibility a more costly challenge than in other parts of Europe. Natural handicaps of the NPP such as mountainous areas, sparseness of population and island settlements present additional accessibility challenges. In the Northern Periphery Programme these issues are addressed by:

- taking advantage of ICT as a means to develop the Northern Periphery to become a larger and more viable market; consequently enhancing economic growth;
- building on past experiences and networks to further enhance the development of road transportation and other forms of public and private transportation;
- taking into account the area's large number of maritime or coastal regions with expected increases in vessel traffic, which will allow the focus on short sea shipping and intermodality to become a comparative advantage of the Northern Periphery; and
- building the capacity to respond and prepare for emergencies and natural disasters to which the Northern Periphery is exposed.

Seizing the opportunities presented by new technologies and combining them with existing knowledge is a pre-condition for prosperous economic development and growth of the area.

### **Objective**

One of the key objectives of the Programme is to facilitate development by the use of advanced information and communication technologies and transport in the programme area. This provides an excellent opportunity to capitalise and build on extensive

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experiences from previous programmes. Promotion of the following broad themes will be given particular attention:

- increased use of ICT to overcome distance
- implementation of ICT to modernise and to innovate traditional industries
- developing innovative product and service solutions for developing and maintaining transport infrastructure with regards to roads, railways, airports and ports under harsh climatic conditions
- development of transport schemes that benefit rural communities, such as new maritime routes
- maritime safety in relation to remote areas with artic, harsh conditions
- building the capacity to respond to and prepare for emergencies and natural disasters to which the Northern Periphery is exposed.

This non-exhaustive list of broad themes is focused on the objectives of the programme and will play a central role in the programme's implementation.

### Priority Level Indicators

Under development

## **5.1.2. Priority 2: Sustainable development of natural and community resources**

### **Rationale**

An unspoiled natural environment is one of the major assets of the Northern Periphery and maintenance of high environmental standards is a matter of global importance. The Northern Periphery also benefits from a distinct cultural heritage that can be viewed as a significant advantage in helping to sustain communities and industries, such as tourism. This needs to be developed carefully to ensure long-term sustainability.

The Northern Periphery is characterised as predominantly rural and peripheral, although there is recognition that cooperation and the development of relations with urban centres (primarily small towns and villages) can be of benefit and provide innovative solutions for rural areas. A sustainable model for urban-rural development is therefore encouraged.

The Northern Periphery Programme aims to address these issues by focussing on sustainable development in two key areas: by management of the environment as an asset, and urban-rural development and promotion of heritage.

#### i. Environment as an asset in the periphery

The unspoiled environment is a great asset and a common feature throughout the programme area. Nevertheless, the environment of the Northern Periphery is not without threats. Sea and airborne pollution tends to accumulate in northern regions, although the emissions originate mainly in the other parts of Europe and beyond. Global warming and climate change are of special concern and their continuation will have serious impacts on the natural environment and daily life of people across the Northern Periphery. Conversely, climate change could present new opportunities and lead to the development of industries in regions that have previously been excluded from certain economic activities.

Major industries in the Northern Periphery are based on natural resources, such as fishing, forestry, tourism and mining, and these must be developed sustainably in order for the communities dependent on them to survive and prosper.

This priority is based on:

- the belief that a high quality natural environment has an intrinsic value and that it is imperative to maintain the highest standards in the natural environment. It is also a basis for new enterprises and jobs dependent on the high quality environment are often attractive and can be high value. Opportunities exist in combining traditional knowledge with modern skills offered by ICT and other technical solutions;
- aiming towards a balance between utilisation and conservation of the area's natural resources to secure its long-term sustainability; and
- exploiting the sustainable opportunities presented by innovative developments in bio-fuels and other alternative renewable energy resources to develop small-scale sustainable solutions as well as energy saving initiatives for rural and remote communities, companies and even households. This presents excellent opportunities for innovative business development.

### **Objective**

One of the key objectives of the Northern Periphery Programme is to strengthen the synergies between environmental protection and growth in remote and peripheral regions. This will be achieved by promoting these broad themes:

- Developing new approaches to efficient and sustainable management and utilisation of resources, e.g. by increasing efficiency in established industries by focusing on sustainable management
- Impact and possible implications of climate change at a community level
- Development of small scale renewable energy solutions

This non-exhaustive list of broad themes is focused on the objectives of the programme and will play a central role in the programme's implementation.

#### ii. Urban-rural development and promotion of heritage

Urban centres cover a very modest part of the programme area and are mostly significantly smaller than urban centres elsewhere in Europe. However, they are important and influential drivers throughout the region. The Northern Periphery Programme will strengthen the relationship between such urban centres and rural areas, primarily for the benefit of the latter. Urban-rural development in the Northern Periphery must be more of village or small town-based rural development than the orthodox development model based solely on cities or the more significant towns.

The unique environmental diversity of the programme area has created a rich cultural heritage that is of historic and cultural interest. The area is home to several indigenous groups and many different minority languages that are of vital importance to the cultural traditions of Europe.

This priority is based on:

- building urban-rural partnerships to facilitate innovative service solutions and help make the services provided by urban centres available to rural areas, in order to break the current trend of migration of people, enterprises and services to the urban centres;
- a belief that fostering the area's cultural heritage will provide social and economic benefit which can be further developed through the creative industries of music, film, literature and also through tourism. The rich cultural heritage and active cultural scene can act as a vehicle for sustaining the quality of life in northern communities and has excellent potential to be further developed through innovation and ICT; and
- the benefits of knowledge transfer and transnational cooperation to develop remote areas through close collaboration between the private, public and voluntary sectors.

### **Objective**

It is the objective of the Northern Periphery Programme to improve sustainable development in peripheral regions by strengthening urban-rural relations and enhancing regional heritage. This will be achieved by supporting actions based on transnational cooperation within fields such as:

- urban-rural partnerships for new service solutions
- innovative provision of existing and new services in the periphery
- private, public and voluntary sectors cooperation and networks to develop new and innovative service solutions for remote and peripheral regions
- promotion of natural and cultural heritage that supports the development of sustainable industries

This list is not exhaustive and the themes mentioned may cover a wide range of different actions.

### Priority Level Indicators

Under development

### **5.1.3. Priority 3: Technical Assistance**

Technical Assistance (TA) is used to finance the preparatory, management, monitoring, evaluation, and information and control activities of the Operational Programme, as well as financing activities to reinforce the administrative capacity for implementing the funds. This includes activities such as meetings of the Programme Monitoring Committee and activities of the Managing Authority, Certifying Authority, Audit Authority and Joint Programme Secretariat with links to the Regional Contact Points. It will also cover other costs such as seminars, information actions, evaluation and installation of computerised systems for management, monitoring and evaluation.

The vastness of the cooperation area leads to relatively high travel costs for those involved in the joint implementation structure and is one of the reasons behind establishing Regional Contact Points. The large programme area also requires increased pro-activity at a regional level to ensure programme implementation. This combination of

factors along with the relatively small programme budget will lead to a limitation on the allocated funds for Technical Assistance.

In accordance with Article 46 of Council Regulation (EC) No 1083/ 2006, the limit for Technical Assistance is set at 6% of the total amount allocated under the European Territorial Cooperation objective.

## **5.2. Indicators & targets**

In accordance with Article 12 (5) of the ERDF Regulation, specific targets have been established for each of the priority axes. These targets have been quantified using a limited number of indicators for output and results, with an emphasis on proportionality and simplification. The indicators have been developed to measure the progress of the programme in relation to the baseline situation and to monitor the achievement of the targets for the priority axes.

A distinction is made between project indicators, which will be reported in the reports from the projects, and programme indicators, that will be aggregated from the various project indicators. These form the basis for evaluating the achievement of the programme's objectives. The project indicators related to activities and results are described under each priority axis above.

Indicators are currently being developed by a task force

## **5.3. Categories**

Indicative breakdown by category of the programmed use of the contribution from the Funds to the operational programme - to be confirmed.

## **6. FINANCING**

### **6.1. Introduction**

Financing for the programme/projects will consist of ERDF funding, ERDF equivalent funding from the Non-Member States and national co-financing.

The budget available for the INTERREG IV Northern Periphery Programme has not yet been confirmed. The Member States participating in the programme will announce their ERDF allocations by the end of September 2006. The INTERREG IIIB Northern Periphery Programme had a budget of 22.6 MEUR ERDF and 7.9 MEUR ERDF equivalent from the Non-Member States. Indicative allocations suggest that the INTERREG IV Programme will have a slightly larger ERDF budget and also an increased ERDF equivalent budget from the Non Member States.

6% of the total amount allocated will be used to cover Technical Assistance (Priority 3). The indicative split between the Priority axes is 60% to Priority One and 40% to Priority Two.

The Euro will be used for all transactions in the programme, in accordance with Article 81 of Council Regulation (EC) No 1083/2006.

### **6.2. Member State financing**

The Member State financing will consist of European Regional Development Funds and national co-financing.

Further information on ERDF + national co-financing will be detailed when the allocations have been confirmed.

### **6.3. Non-Member State financing**

The Non- Member State financing will consist of ERDF equivalent funds and national co-financing.

Further information on ERDF equivalent + national co-financing will be detailed when the allocations have been confirmed.

### **6.4. Intervention rate**

The co-financing rate for partners in Member States is in general up to 60% of eligible costs. However, the Programme Monitoring Committee will apply the possibility to go up to 75% in exceptional cases. The precise arrangements for a 75% co-financing rate will be outlined in the Applicants Package.

The co-financing rate for partners in Non Member States is in general 50% of eligible costs.

The co-financing rate for Technical Assistance is 50% of total eligible costs.

## **6.5. Eligibility of expenditure**

The INTERREG IV Northern Periphery Programme shall comply with Article 13 of the ERDF Regulation concerning rules on eligibility of expenditure. More precise rules on eligibility of expenditure will be outlined in the implementing regulations following their adoption.

## **6.6. Match funding**

Match funding from the national partners involved is a pre-requisite for receiving Northern Periphery funding. A national match funding source consists of state funding at the central, regional or local level. Certain other organisations can also be considered match funders. In the 2007-2013 programming period, private sector funding cannot be used to provide ERDF match funding, although the inclusion of private sector partners and funding in a project is welcome.

Examples of match funding sources include national ministries, local and national authorities, universities and higher education institutions, regional and local development institutes, etc. This list is not exhaustive and further examples of possible match funders will be provided in the Applicants Package.

## **6.7. Financial plan**

The financial plan will consist of two tables: allocation of funds by programme year; and allocation of total funds by priority & year.

## **7. IMPLEMENTATION**

### **7.1. Introduction**

The INTERREG IV Northern Periphery Programme builds on the effective administrative structures and procedures established in the INTERREG IIIB Northern Periphery Programme and reflects the valuable experiences of the programming authorities, the consequences of the expanded territory of the new programme and the results and recommendations of the various evaluations undertaken on the Programme.

Building on the experiences of the INTERREG IIIB Northern Periphery Programme, the EU Member States of Finland, Ireland, Sweden and the United Kingdom (Scotland and Northern Ireland), in cooperation with non EU Member States of the Faroe Islands, Greenland, Iceland and Norway, have established a common structure for the management, co-ordination and supervision of the Programme. The provisions for implementation of the Programme have been agreed in accordance with Article 12(8) of Regulation (EC) No 1080/2006 of the European Parliament and of the Council of 5 July 2006 on the European Regional Development Fund.

### **7.2. Designation of competent authorities and legal basis**

Transnational cooperation will be continued under the European Territorial Cooperation Objective in the 2007-2013 programming period. The framework for the administration of INTERREG IV programmes has been set by Council Regulation (EC) 1083/2006 laying down general provisions on the ERDF, ESF and Cohesion Fund (henceforth referred to as "General Regulation") and Regulation (EC) No 1080/2006 of the European Parliament and of the Council on the European Regional Development Fund (henceforth referred to as "ERDF Regulation").

In accordance with Article 14 of the ERDF Regulation, the Member States participating in the Programme shall appoint a single Managing Authority, a single Certifying Authority, and a single Audit Authority, the latter being situated in the Member State of the Managing Authority.

The partner EU Member States shall sign a Memorandum of Understanding on the joint implementation of the Programme, thus defining the structural arrangements for joint implementation and the financial responsibilities.

The programme partners have agreed that Sweden shall be responsible for hosting the Managing Authority of the programme.

### **7.3. Programme management structure**

The principles for the management and control systems, as well as the designation of authorities, have been established in accordance with Articles 58 and 59 of the General Regulation and Articles 14 to 18 of the ERDF Regulation. The Member States participating in the programme shall designate common structures for cooperation which take into account national legislation, and they shall be responsible for the following functions:

- a Managing Authority within the meaning of Articles 59 and 60 of the General Regulation
- a Certifying Authority within the meaning of Articles 59 and 61 of the General Regulation
- an Audit Authority within the meaning of Articles 59 and 62 of the General Regulation

### 7.3.1. Managing Authority

The partner countries participating in the INTERREG IV Northern Periphery Programme have decided to re-designate Västerbotten County Administration (Västerbotten CA) in Sweden as Managing Authority for the programme. The County Administration is a regional authority led by the County Governor and it is directly subordinate to the Swedish government.

#### Contact information for Managing Authority at Västerbotten County Administration

**Postal address:**

Förvaltningsmyndigheten  
Länsstyrelsen i Västerbottens län  
SE-90186 UMEÅ  
Sweden

**Street address:**

Storgatan 71B, Umeå

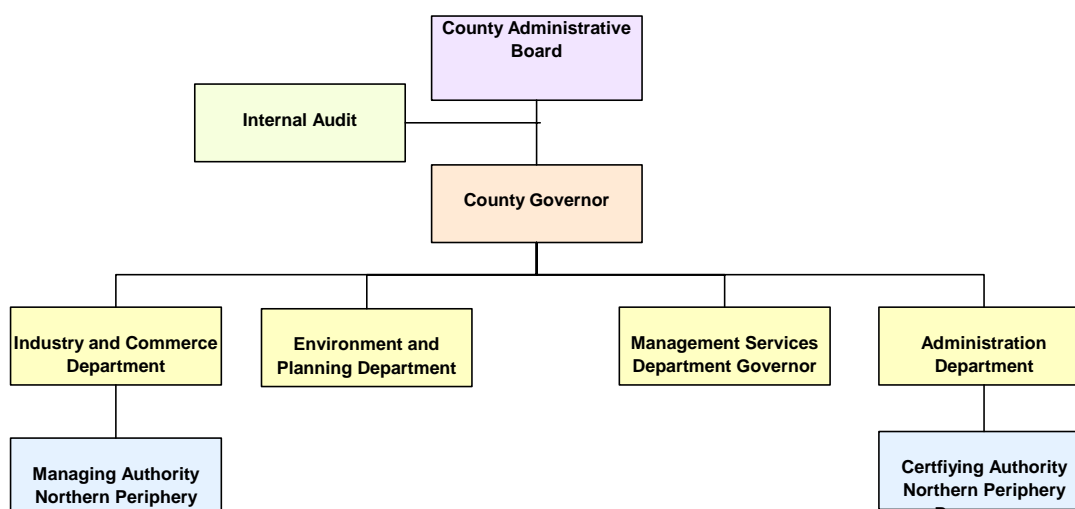
**Phone:** +46 (0) 90 107000

**Fax:** +46(0) 90 121767

**Web:** www.ac.lst.se

The function of the Managing Authority shall be organised directly under the Department for Industry and Commerce within the Västerbotten CA, as illustrated in Figure 12. The Managing Authority shall be responsible for managing and implementing the programme in accordance with the principles outlined in Article 60 of the General Regulation and Articles 14 to 18 of the ERDF regulation.

**Figure 12: Organisational structure of Västerbotten County Administration**



The Managing Authority shall be supported by a Joint Programme Secretariat (JPS), which will be located outside the programme area in Copenhagen. The programme partners and the Managing Authority have agreed, based on experiences from the INTERREG IIIB programme, that the location in the Öresund region is the most practical, as it provides the best access to the JPS from the programme partners and the great distance between the MA and the JPS has not caused any serious disadvantages in the daily cooperation between the units.

The Joint Programme Secretariat will be hosted by the Faroe Islands Representation in Copenhagen. The role of the representation office as host organisation for the JPS shall be defined in an agreement with the MA.

#### **Contact information for Joint Programme Secretariat**

**Postal address:**

Northern Periphery Programme Secretariat  
Strandgade 91, 4 sal  
Copenhagen  
DK-1401  
Denmark

**Phone:** +45 3283 3784

**Fax:** +45 3283 3775

#### **Functions of the Managing Authority**

The role of the managing authority shall be to manage and implement the operational programme, in accordance with the principle of sound financial management, on behalf of the programme partners. Some of the tasks will be delegated to the JPS. The functions of the managing authority are as follows:

- a. to ensure that projects (operations) are selected for funding in accordance with the criteria applicable to the operational programme and that they comply, for their whole implementation period, with applicable Community and national rules.
- b. to ensure that there is a system for recording and storing accounting records in computerised form for each project in the operational programme and that the necessary data is collected on implementation for financial management, monitoring, verifications, audits and evaluation.
- c. to ensure that beneficiaries and other bodies involved in the implementation of projects maintain either a separate accounting system or an adequate accounting code for all transactions relating to the project without prejudice to national accounting rules.
- d. to ensure that the evaluations of operational programmes referred to in Article 48(3) are carried out in accordance with Article 47 of the General Regulation.
- e. to set up procedures to ensure that all documents regarding expenditure and audits required to ensure an adequate audit trail are held in accordance with the requirements of Article 90 of the General Regulation.

- f. to ensure that the certifying authority will receive all the necessary information on the procedures and verifications carried out in relation to expenditure for the purpose of certification.
- g. to guide the work of the monitoring committee and provide it with the documents required to permit the quality of the implementation of the operational programme to be monitored in light of its specific goals.
- h. to draw up and, after approval by the monitoring committee, submit to the European Commission the annual and final report on implementation. The formal submission of the documents will be executed by the Managing Authority.
- i. to ensure compliance with the information and publicity requirements laid down in Article 69 of the General Regulation.
- j. to provide the Commission with information to allow it to appraise major projects .
- k. the MA will also be designated by the EU Member States and EU Non Member States participating in the programme to perform the control operations stated in Article 16 of the ERDF regulation concerning the verification of the products and services co-financed, the soundness of the expenditure declared and the compliance of such expenditure and of related operations with Community rules and relevant national rules.

### **7.3.2. Joint Programme Secretariat**

In accordance with Article 14 of the ERDF Regulation and the provisions outlined above, the Managing Authority shall set up a Joint Programme Secretariat (JPS). The JPS shall have an appropriately staffed international secretariat that will assist the Managing Authority, Programme Monitoring Committee, and where appropriate the Audit Authority, in carrying out their respective duties. It shall also work in close connection with the Regional Contact Points.

The main tasks of the JPS are:

- a. to support the MA in its tasks;
- b. to carry out the general tasks of a secretariat i.e. organisation of meetings, drafting of minutes, etc;
- c. to manage the project application process including information and advice to applicants, checking and technical assessment of applications and advising partners of decisions;
- d. to prepare draft decisions and other documents for consideration by the PMC;
- e. to support and follow up the implementation of PMC decisions, including of the programme's progress and meeting of the N+2 targets;
- f. to distribute information and implement publicity measures on the programme and its projects;
- g. to organise and assist activities to support the pro-active approach;
- h. to link/liaise with advisory groups;
- i. to perform general coordination of the work of the Regional Contact Points, to issue guidelines for the Regional Contact Points and support them in their tasks.

The Managing Authority and the Joint Programme Secretariat shall be funded from the Technical Assistance budget within the limits pursuant to Article 46 in the General Regulation and Article 13 in the ERDF Regulation.

### **7.3.3. Certifying Authority**

The programme partners participating in the INTERREG IV Northern Periphery Programme have decided to designate Västerbotten County Administration (Västerbotten CA) in Sweden as Certifying Authority for the programme.

#### **Contact information for the Certifying Authority at County Administration of Västerbotten**

**Postal address:**

Betalningsmyndigheten  
Länsstyrelsen i Västerbottens län  
SE-90186 UMEÅ  
Sweden

**Street address:**

Storgatan 71B, Umeå

**Phone:** +46 (0) 90 107000

**Fax:** +46(0) 90 136270

**Web:** [www.ac.lst.se](http://www.ac.lst.se)

In compliance with the principle of the separation of functions (Article 58(b) of the General Regulation) between the Managing Authority and Certifying Authority, the Certifying Authority shall be organised under the Department for Administration in the County Administration. The Certifying Authority shall bear responsibilities and adhere to the principles laid down in Article 61 of the General Regulation and Articles 14 and 17 of the ERDF Regulation. The Certifying Authority shall, in particular, be responsible for:

- a. drawing up and submitting to the commission certified statements of expenditure and applications for payment;
- b. certifying that :
  - i. the statement of expenditure is accurate, results from reliable accounting systems and is based on verifiable supporting documents;
  - ii. the expenditure declared complies with applicable Community and national rules and has been incurred in respect of operations selected for funding in accordance with the criteria applicable to the programme and complying with Community and national rules;
- c. ensuring for the purposes of certification that it has received adequate information from the managing authority on the procedures and verifications carried out in relation to expenditure included in statements of expenditure;
- d. taking account for certification purposes of the results of all audits carried out by or under the responsibility of the audit authority;
- e. maintaining accounting records of expenditure in computerised form for declaration to the Commission;
- f. keeping an account of amounts recoverable and of amounts withdrawn following cancellation of all or part of the contribution for an operation. Amounts recovered shall be repaid to the general budget of the European Union prior to the closure of the operational programme by deducting them from the next statement of expenditure.

The Certifying Authority shall be funded from the Technical Assistance budget within the limits pursuant to Article 46 in the General Regulation and Article 13 in the ERDF Regulation.

#### **7.3.4. Audit Authority**

The Swedish Government has delegated to the Swedish National Financial Management Authority (ESV) to designate the organisation of the Audit Authorities for structural funds programmes administrated by Swedish authorities. The Internal Audit Unit of the County Administration of Gävleborg shall carry out the tasks of controlling the INTERREG IV Northern Periphery Programme, in accordance with the principles of Article 62 of the General Regulation.

The Audit Authority shall in particular be responsible for:

- a. ensuring that audits are carried out to verify the effective functioning of the management and control system of the operational programme;
- b. ensuring that audits are carried out on operations on the basis of appropriate samples to verify expenditure declared;
- c. presenting to the Commission, within nine months of the approval of the operational programme, an audit strategy covering the bodies which will perform the audits referred to under points (a) and (b), the methods to be used, the sampling method for audits on operations and the indicative planning of audits to ensure that the main bodies are audited and that the audits are spread evenly throughout the programming period. Where a common system applies to several operational programmes, a single audit strategy may be submitted;
- g. by 31 December each year from 2008 to 2015:
  - i. submitting to the Commission an annual control report setting out the findings of the audits carried out during the previous 12 month-period ending on 30 June of the year concerned, in accordance with the audit strategy of the operational programme, and reporting any shortcomings found in the systems for the management and control of the programme. The first report to be submitted by 31 December 2008 shall cover the period from 1 January 2007 to 30 June 2008. The information concerning the audits carried out after 1 July 2015 shall be included in the final control report supporting the closure declaration referred to in point (e).
  - ii. issuing an opinion , on the basis of the controls and audits that have been carried out under its responsibility, as to whether the management and control systems functions effectively, so as to provide a reasonable assurance that statements of expenditure presented to the Commission are correct and as a consequence reasonable assurance that the underlying transactions are legal and regular;
  - iii. submitting, where applicable under Article 88, a declaration for partial closure assessing the legality and regularity of the expenditure concerned.

When a common system applies to several operational programmes, the information referred to in point (i) may be grouped in a single report, and the

opinion and declaration issued under points (ii) and (iii) may cover all the operational programmes concerned;

- d. submitting to the Commission, at the latest by 31 March 2017, a closure declaration assessing the validity of the application for payment of the final balance and the legality and regularity of the underlying transactions covered by the final statement of expenditure, which shall be supported by a final control report.

The Audit Authority shall be funded from the Technical Assistance budget within the limits pursuant to Article 46 in the General Regulation and Article 13 in the ERDF Regulation.

## **7.4. Supporting structures**

### ***7.4.1. Programme Monitoring Committee***

A Programme Monitoring Committee shall be set up to supervise the programme, in accordance with Article 63 of the General Regulation. The overall task of the PMC is to ensure the quality and effectiveness of the implementation and accountability of the programme's operations. Rules governing the composition, organisation and the main tasks of the PMC are included in Articles 63 to 66 of the General Regulation.

The PMC shall have a limited number of representatives from both national and regional level of all partner states to ensure efficiency and broad representation. More specifically, the PMC shall be composed of:

- One - two representatives from each programme partner (including, as a minimum requirement, one representative of the national authority responsible for the implementation of the Programme)

One representative of the NORA secretariat shall have permanent observer status. The chairman of the PMC can also invite others to attend the meetings as observers. Particular attention will be paid to inviting representatives of environmental authorities, as appropriate. Representatives of the European Commission, Managing and Certifying Authorities, and the Joint Programme Secretariat shall take part in the PMC meetings in an advisory capacity.

Members of the PMC shall be appointed by their respective governments within 30 days of the approval of the INTERREG IV Programme. The PMC shall have a chairman and a co-chairman, representing the national authorities responsible for the administration of the Programme in the Member States. The chairman and co-chairman shall be nominated for a specified period and in an order to be defined in the Rules of Procedure for the PMC (see below).

The PMC shall normally meet at least once a year and the Joint Programme Secretariat will be responsible for preparation of documents relating to the meetings. At its first meeting the PMC shall establish its own Rules of Procedure, including any appropriate organisational arrangements and rules on decision-making.

Costs for the PMC meetings shall be covered by the Technical Assistance budget.

## **Functions of the Programme Monitoring Committee**

The monitoring committee shall satisfy itself as to the effectiveness and quality of the implementation of the operational programme, in accordance with the following provisions:

- a. it will consider and approve the criteria for selecting the operations financed within six months of the approval of the operational programme and approve any revision of those criteria in accordance with programming needs;
- b. it will periodically review progress made towards achieving the specific targets of the operational programme on the basis of documents submitted by the JPS on behalf of the Managing Authority;
- c. it will examine the results of implementation, particularly achievement of the targets set for each priority axes and the evaluations referred to in Article 46 (3) of the General Regulation;
- d. it will consider and approve the annual and final reports on implementation referred to in Article 66 of the General Regulation;
- e. it will be informed of the annual audit report and any relevant comments the Commission may make after examining that report;
- f. it may propose that the Managing Authority draft proposals to amend the Operational Programme to facilitate the attainment of the Funds' objectives (referred to in Article 3 of the General Regulation) or to improve its management, including its financial management;
- g. it will consider and approve any proposal to amend the content of the European Commission decision on the contribution of the Funds;
- h. it will consider and approve the joint administrative and financial arrangements to implement the programme.

### ***7.4.2. Programme Management Group***

To support and assist the Programme Monitoring Committee, the Managing and Certifying Authorities and the Joint Programme Secretariat in carrying out their tasks, especially those relating to the administration of ERDF funds. It will also facilitate contacts and the flow of information between programme partners, a Programme Management Group (PMG) will be set up. It will consist of one representative of each national authority responsible for the implementation of the programme. The travel costs for the PMG will be covered by the respective national authorities.

### ***7.4.3. Regional Contact Points***

Due to the large programme area, Regional Contact Points (RCPs) will be established to assist the JPS with its information, promotion and advisory tasks. The RCPs will be located in the programme area. They will form a network that will work in close cooperation with the JPS and the JPS shall be responsible for issuing guidelines and terms for the work of the RCPs. The RCPs shall also provide technical support to the

Regional Advisory Groups in assessing project applications within the framework established by the Programme Monitoring Committee. The RCPs will be partially funded from the Technical Assistance budget.

#### **7.4.4. Other advisory groups/arrangements**

Regional Advisory Groups (RAGs) shall be established to assist the Programme Monitoring Committee in assessing project applications. The composition and tasks of the RAGs shall be determined by the Programme Monitoring Committee.

The PMC may establish other advisory groups/arrangements to assist in its duties. These may include:

- *thematic working groups or workshops*, to support the development and assessment of projects in selected key areas.
- *network of project leaders*, to exchange experiences regarding organisational and other practical problems that may occur during the programme period, and thus increase the efficiency of the programme implementation.

### **7.5. Project implementation:**

#### **Financial responsibilities**

A Lead Partner shall be nominated for each project, in accordance with the principles outlined in Article 20 of the ERDF Regulation. The Lead Partner is the final beneficiary of the ERDF funding and ERDF equivalent funding and will act as a link between the project partners and the Programme. The role of Lead Partner can be held by a partner located in an EU Member State. The Member States will individually have overall liability for the Programme funds granted to the Lead Partner in their individual country.

The Lead Partner principle is the central principle behind the control system of the Northern Periphery Programme. The Managing Authority will issue Grant Offer Letters, which serve as legally binding contracts, on behalf of the Member States and Norway, Iceland, the Faroe Islands and Greenland. The Lead Partner is responsible for the submission of the joint application form and ensuring that the co-financing commitments (letters of intent) are in place, as these provide evidence of match-funding. The Lead Partner is also responsible for:

- Deliverance of project reports and documentation;
- The appointment of a project auditor;
- Delivering project outputs;
- Production of documents required for audits and payments;
- Overall project management;
- Arranging an agreement for its relations with the other project partners to guarantee sound financial management of the funds allocated, including the arrangements for recovering amounts unduly paid.

### **7.5.1. Project selection & decision making procedures**

Project selection shall be carried out by the Programme Monitoring Committee following open calls for applications. Calls for applications shall be launched regularly and as a general rule there will be up to 2 calls per year from 2007 until 2013. In line with its proactive approach, the Programme Monitoring Committee may decide on a special focus or specific requirements for individual calls. The end dates for main project applications will be published on the programme website and will also be widely publicised as part of the information and publicity requirements of the JPS and RCPs. Before the first call for applications is launched, the JPS shall prepare and the PMC shall adopt an information and application package for applicants.

#### **Selection procedure**

Applications for funding shall be submitted by the Lead Partner of the project to the Joint Programme Secretariat. The application will be registered and checked for technical eligibility by the JPS. Applications will then be assessed according to specified selection criteria. The JPS will prepare proposals for decision based on a regional assessment procedure involving Regional Advisory Groups. The proposals will be presented to the PMC who shall make the final decision on the selection of the project to be financed. The selection criteria to be used, as well as the precise details of the selection and decision making process, will be defined by the Programme Monitoring Committee.

The Managing Authority shall prepare and issue the Grant Offer Letter to the Lead Partner, who shall sign and return it to the MA. The Lead Partner, as the final beneficiary, shall be legally responsible to their own national authority for the entire implementation of the project, including its operation in other participating countries. In case of any financial irregularities, the Member States shall assist the Lead Partner's national authority in recovering the funds.

#### **Financing**

The recommended minimum size for a project's total budget is 250 000 EUR and the recommended maximum size for a project's total budget is 1.5 million EUR. In exceptional cases, the Programme Monitoring Committee can approve projects with a larger budget of up to 3 million EUR.

The co-financing rate will be 60% for Member States and 50% for Non Member States, but the Programme Monitoring Committee may approve a co-financing rate of up to 75% in specific circumstances.

#### **Match Funding**

Evidence of match funding should be demonstrated in the project application through a Letter of Intent. The Letters of Intent from the project partners shall state the amount they will allocate to the project. A Letter of Intent is binding for the individual partner and cannot be withdrawn without previous acceptance from the Lead Partner and the Joint Programme Secretariat. The withdrawal of match funding from one of the partners suspends the whole project and requires a new funding plan to be submitted to the Joint Programme Secretariat in order to secure ERDF funding.

The Lead Partner is required to appoint a project auditor and the Grant Offer Letter shall not be considered valid before an auditor has been appointed. The auditor shall declare their authorisation to be a project auditor, in accordance with the national regulations for

the audit of ERDF funds, and be familiar with the contents of the project application and the Grant Offer Letter.

### **Conflict of interest**

When members of the PMC have an interest in a project application, they must declare this interest and restrict their participation in assessment and decision-making of projects to providing information in response to requests from other members.

#### ***7.5.2. Preparatory projects***

In the previous Northern Periphery Programme, preparatory projects proved successful in the generation of main projects. They helped increase the number of main project applications, facilitated the establishment of suitable partnerships and improved the quality of applications submitted. The use of preparatory projects shall, therefore, be retained in the INTERREG IV Northern Periphery Programme.

The main purpose of preparatory projects is to generate high-quality main project applications. They should mobilise broad and well-balanced partnerships and facilitate the development of joint project plans on themes that correspond to the objectives of the programme. The minimum requirement to apply for preparatory project funding is to have 2 contributing partners from 2 countries and eligible national match funding in place. The application and reporting procedures for preparatory projects shall be simplified.

### **Budget**

The maximum budget for a preparatory project will initially be 30 000 EUR, with a grant of up to 60% of eligible costs. The Programme Monitoring Committee may modify this budget in light of experience during the programming period.

### **Selection and reporting procedure**

There will be an open call system for preparatory applications with no specific end dates, but with the possibility for restrictions to be set by the Programme Monitoring Committee. The Joint Programme Secretariat (JPS) shall have the authority to make funding decisions concerning preparatory project applications.

Applications will be sent to the JPS who will carry out an appraisal based on an eligibility and admissibility assessment and feedback from the Regional Contact Points; the JPS will then make a decision of funding to the Lead Partner. The Programme Monitoring Committee will be informed of all funding decisions at their regular meetings. The application, assessment and selection procedure for a preparatory project is expected to take no more than one month in total.

## **7.6. Programme implementation**

### ***7.6.1. Financial management***

Payments to projects shall take the form of interim payments or payments of the final balance. These payments shall be related to expenditure actually paid out, corresponding to payments made by the project partners.

Payment claims shall be sent to the Managing Authority in conjunction with a periodic or final activity report. The Managing Authority shall check the project reports and claims against the financial regulations and requirements laid down for the INTERREG IV Programme. The checks shall be complemented by “on-the-spot” checks to verify that the products and services declared by the partners actually are delivered.

The Managing Authority shall inform the Certifying Authority of the procedures and verifications carried out before payment of the ERDF funding to the Lead Partner of the project. The Lead Partner shall then allocate funds to the other partners of the project and the payment shall be registered in the data base system for management and monitoring.

When all checks have been carried out and costs are found to be eligible for funding, the Certifying Authority shall make a payment from the ERDF to the Lead Partner of the project. The payment shall be registered in the programme’s database system for managing and monitoring. The Lead Partner then allocates the money to the other partners of the project.

The Certifying Authority of Västerbotten County Administration shall process the requests for ERDF funding from the European Commission. The Västerbotten County Administration shall open a joint currency account in a Swedish bank, which will be chosen on the basis of a tendering procedure. The European Commission shall transfer the ERDF funding directly to this account. The account will generate interest which will be added to the account.

After receiving an initial advance ERDF payment on account, the Certifying Authority has to submit requests for specific payments to the European Commission. The Västerbotten County Administration, as Certifying Authority, shall certify the interim payment claims and sign the relevant certificates of expenditure.

### **Technical assistance budget**

The national/regional authorities shall contribute annually with co-funding to the Technical Assistance (TA) budget. The host organisation for TA (County Administration of Västerbotten) will claim the co-funding. The ERDF funding will be reimbursed following certification from the Certifying Authority. The Technical Assistance shall cover costs for monitoring, information actions and the managing organisation, in connection with the use of ERDF funds. The PMC shall be responsible for the TA budget.

### **Systems control and audit of the Programme**

The systems control and audit of the programme shall be undertaken by the Audit Authority (AA). The AA shall ensure that audits are carried out to verify the effective functioning of the management and control system of the operational programme. The AA shall also ensure that audits are carried out on operations on the basis of appropriate

samples to verify expenditure declared. The Audit Authority shall present an audit strategy pursuant to Article 62 c) of the General Regulation.

### **Irregularities**

The Member States shall, in accordance with Article 98 of the General Regulation, detect and correct irregularities, notify these to the Commission and keep the Commission informed of the progress concerning administrative and legal proceedings. The Member State in which the expenditure was paid carries the responsibility to report irregularities to the Commission and the Managing, Certifying and Audit Authorities. The MA shall assist the Member States' authorities in the countries participating in the programme to investigate and treat the reported irregularities.

### **Winding-up of assistance**

In order to receive final payment, the Member state shall send a payment application to the European Commission by 31 March 2017. The application shall be followed with information in accordance with Article 89 of the General Regulation.

The declaration of closure shall be drawn up by a body independent of the managing organisation. Sweden, as responsible nation for the management organisation, has appointed the Audit Authority for the programme to issue the closure declaration referred to in Article 62 (e).

### **Financial responsibility and right of recourse**

Pursuant to Article 98 of the General Regulation the Member States shall, in the first instance, be responsible for recovering any amounts lost as a result of irregularities detected. The sum to be recovered shall be paid back to the European Commission by the responsible Member State. Sweden is the responsible Member State for the INTERREG IV Northern Periphery Programme.

If it should turn out that the lead partner does not succeed in securing repayment from a beneficiary, the member state on whose territory the beneficiary concerned is located shall reimburse the Certifying Authority for the amount unduly paid to that beneficiary.

#### ***7.6.2. Monitoring & evaluation***

The project activity reports and financial reports submitted regularly by the Lead Partners will be the central method of allowing the Managing Authority to monitor project implementation.

- The Joint Programme Secretariat will support the MA in providing relevant information to the Member States and Norway, Iceland the Faroe Islands and Greenland to ensure correct implementation of the programme;
- The Joint Programme Secretariat will provide a project progress report to the PMC on a regular basis to permit monitoring of progress;
- The Joint Programme Secretariat will support the MA in drafting the annual report to be submitted to the European Commission by the Managing Authority (Article 60 (i) of the General Regulation). The annual report is to be drawn up in compliance with the requirements set by the EC;
- The JPS will present a work programme to the PMC twice a year for approval;

## **Provisions for data exchange**

The programme shall be interconnected to the computer system for data exchange developed by the European Commission, in cooperation with the Member States and in accordance with Article 66 of the General Regulation. The programme will develop and maintain its own database system for monitoring and evaluation of the programme.

## **Evaluations**

The participating Member States shall arrange for evaluations to be carried out on the programme, in accordance with Article 47 and 48 of the General Regulation. The first of these has already been carried out through the Ex ante evaluation that was undertaken during the planning phase of the programme. Further evaluations shall be organised by the Managing Authority and carried out by independent evaluators following an open public procurement procedure.

### ***7.6.3. Information & publicity***

In line with Article 69 of the General Regulation, the programme shall inform the public of the Community role in the actions funded by the programme, in order to ensure transparency. A Communication Plan shall be drawn up for approval by the PMC and shall be submitted to the European Commission within four months of the date of adoption of the Operational Programme. It shall aim to provide different kinds of stakeholders, beneficiaries and citizens with adequate and high-quality information about the programme. An effective Communication Plan will form an integral part of programme implementation and will seek to increase public awareness and transparency for potential and final beneficiaries concerning the programme and its planned and implemented actions.

The communication plan shall include the following:

- the aims and target groups;
- the strategy and content of the information and publicity measures to be taken, stating the measures to be taken having regard to the value added by Community assistance at national, regional and local level;
- the indicative budget for implementation of the plan;
- the administrative bodies responsible for implementation of information and publicity measures;
- how the information and publicity measures are to be evaluated in terms of transparency, awareness of operational programmes and of the role played by the Community.

A range of practical measures will be utilised to deliver the Communication Plan. The means and methods will vary according to the nature of the audience and information publicised. These methods will be reviewed and monitored to ensure they are appropriate and, if necessary, new ones explored. Monitoring will also be carried out by the Programme Monitoring Committee and details of information and publicity measures will be included in the annual report. It is intended that initial activities will focus on promotion of the programme and project development (partenariats, strategic workshops etc), followed by increased coverage of project outcomes and results.

Information about the programme will be spread via a variety of different channels, in order to reach different kinds of stakeholders. At a minimum, the publicity actions to be undertaken to ensure the above actions are met will include:

- Guidance to applicants detailing information and publicity requirements;
- Development and maintenance of the NPP website providing an extensive range of information and guidance;
- Promotional literature including brochures, newsletters and guidance notes;
- Good practice Case Studies;
- Press Releases.

The programme website will be the primary means of providing information on the programme, with several supplementary guidance and promotion documents also being available. Continuous evaluation and follow-up of measures and methods chosen will be carried out, to achieve a broad coverage concerning information flow to interested parties. The Programme Monitoring Committee will review the Communication Plan on an annual basis to ensure effective implementation and that maximum benefit is being achieved.

### **Projects' compliance**

All project sponsors shall be required to adhere to the compliance procedures governing publicity and recognition of ERDF assistance. Each applicant shall specify the methods they shall use to acknowledge receipt of assistance in the application form and the programme shall require that evidence of this be provided through the claim and monitoring process. All projects shall also be required to carry out promotional activities in line with the guidance to be developed.

## **8. EX ANTE EVALUATION & SEA**

### **8.1. Summary**

An ex-ante evaluation and strategic environmental assessment have been carried out. Following an open call for proposals, the European Policies Research Centre at Strathclyde University in Glasgow, Scotland was selected to carry out the evaluation.

### **8.2. Ex Ante Evaluation**

The aim of the ex ante evaluation of the Northern Periphery Programme 2007-2013 is to provide an external perspective on the preparation of the new programme with a view to improving and strengthening the final quality of the programme and optimising the allocation of resources. The objectives of the evaluation are:

- (a) to appraise the socio-economic analysis and the relevance of the strategy to the needs identified;
- (b) to evaluate the rationale of the strategy and its consistency;
- (c) to appraise the internal and external coherence of the strategy;
- (d) to evaluate the expected results and impacts; and
- (e) to appraise the proposed implementation system.

The approach to each of these elements is guided by the DG Regio guidance, adapted to meet the specific needs of the NPP, and takes into account other relevant information.

To be completed

### **8.3. Strategic Environmental Assessment**

The role of the Strategic Environmental Assessment is to highlight environmental considerations during the preparation and adoption of the programme, ensuring that significant effects on the environment are identified, described and assessed, and taken into account in that process. It subsequently forms the basis for monitoring the environmental impacts of the programme. Preparation of the environmental report and integration of environmental factors form an iterative process that contributes to sustainable solutions in decision-making. The findings of the SEA are not binding on the NPP Managing Authority, but they do allow scope to create targeted environmental impact.

This report has been prepared in accordance with Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment. In content, it includes a review of the environmental performance of the current INTERREG IIB Northern Periphery Programme, the environmental policy context, the environmental baseline and trends, strategic environmental issues, and an environmental impact assessment for the draft programme.

To be completed

## **9. ANNEXES**

### **Annex 1: Eligible area**

### **Annex 2 : Supporting analysis**

Table 1: Age Structure in the NPP area % of population 2005

Table 2: Connection to internet at home (% of total population)

Table 3: GDP per capita (PPP) 2003

Table 4: Income of households, primary income euro/capita (2002)

Table 5: Employment by industry

Table 6: Unemployment % (2004)

Table 7: Employment by sex (total pop 2004)

Table 8: Educational attainment of persons aged 25-64 (% of total), 2002

Table 9: Students and higher education institutions (HIE) or Universities 2004

### **Annex 3: Ex Ante Evaluation (to be added)**

### **Annex 4 : Strategic Environmental Assessment (to be added)**

## Annex 1: Eligible Area at NUTS Level

Only regions highlighted in bold are considered eligible.

### MEMBER STATES

Code	Country	NUTS II	NUTS III
<b>FI</b>	<b>FINLAND</b>		
F113		Itä-Suomi	
F1131			<b>Etelä-Savo</b>
F1132			<b>Pohjois-Savo</b>
F1133			<b>Pohjois-Karjala</b>
F1134			<b>Kainuu</b>
F11A		Pohjois-Suomi	
F11A1			<b>Keski-Pohjanmaa</b>
F11A2			<b>Pohjois-Pohjanmaa</b>
F11A3			<b>Lappi</b>
F119		Länsi-Suomi	
F1193			<b>Keski-Suomi</b>

IE	IRELAND	NUTS II	NUTS III	NUTS IV
IE0				
IE01		Border, Midland and Western		
IE011			Border	
IE01102				<b>Donegal</b>
IE01103				<b>Lietrim</b>
IE01104				<b>Sligo</b>
IE013			West	
IE01302				<b>Galway</b>
IE01303				<b>Mayo</b>
IE02		Southern and Eastern		

IE023			Mid-West	
IE02301				<b>Clare</b>
IE02303				<b>Limerick</b>
IE025			South-West	
IE02502				<b>Cork</b>
IE02503				<b>Kerry</b>

<b>SE</b>	<b>SWEDEN</b>			
SE07		Mellersta Norrland		
SE071			<b>Västernorrlands län</b>	
SE072			<b>Jämtlands län</b>	
SE08		Övre Norrland		
SE081			<b>Västerbottens län</b>	
SE082			<b>Norrbottens län</b>	

<b>UK</b>	<b>SCOTLAND</b>			
UKM1		North Eastern Scotland		
UKM1103				<b>North East Moray</b>
UKM4		Highlands and Islands		
UKM41			<b>Caithness and Sutherland and Ross and Cromarty Inverness and Nairn and West Moray, Badenoch and Strathspey</b>	
UKM42			<b>Lochaber, Skye and Lochalsh and Argyll and the Islands</b>	
UKM43			<b>Eilean Siar (Western Isles)</b>	
UKM44			<b>Orkney Islands</b>	
UKM45			<b>Shetland Islands</b>	
UKM46				
UKM3		South Western Scotland		
UKM32			<b>Dumfries and Galloway</b>	

<b>UK</b>	<b>NORTHERN IRELAND</b>		
UKN0		Northern Ireland	
UKN03			<b>East of Northern Ireland</b>
UKN04			<b>North of Northern Ireland</b>
UKN05			<b>West and South of Northern Ireland</b>

## NON MEMBER STATES

Faeroe Islands	<b>Entire territory</b>
Iceland	<b>Entire territory</b>
Greenland	<b>Entire territory</b>
Norway	<b>Finnmark, Troms, Nordland, Nord-Trøndelag, Sør-Trøndelag, Møre og Romsdal, Sogn og Fjordane, Hordaland, Rogaland, Spitsbergen</b>

## Annex 2: Supporting analysis

**Please note:** the eligible programme area in Northern Ireland was revised shortly before the consultation process opened. A concerted effort has been made to update the statistics in Annex 2, but some revisions are required to the Northern Ireland data in Tables 3, 4 and 9.

**Table 1: Age Structure in the NPP area % of population 2005**

Age	0-14	15-29	30-64	65-
<b>Programme Partner</b>				
<b>Faroe Islands</b>	22,8	19,4	45,9	11,9
<b>Finland</b>	17,5	18,8	38,9	24,8
<b>Greenland</b>	25,1	20,8	48,6	5,5
<b>Iceland</b>	21,7	21,9	44,7	11,7
<b>Ireland</b>	21,2	22,8	43,8	12,2
<b>Northern Ireland</b>	21,4	20,8	44,9	12,9
<b>Norway</b>	20,2	18,8	47,6	13,4
<b>Scotland</b>	18,6	16,6	47,6	17,2
<b>Sweden</b>	16,3	18,3	46,3	19,1
<b>NPP Combined Average</b>	20,5	19,8	45,4	14,3
<b>EU (2003)</b>	16,6	19,6	55,7	8,1

Source: Eurostat, Greenland; Statgreen, Faroe Islands; Hagstova Foroya

**Table 2: Connection to internet at home (% of total population)**

Programme Partner	%
<b>Faroe Islands</b>	25
<b>Finland</b>	54
<b>Greenland</b>	16
<b>Iceland</b>	86
<b>Ireland</b>	47
<b>Northern Ireland</b>	60
<b>Norway</b>	64
<b>Scotland</b>	60
<b>Sweden</b>	73
<b>NPP Combined Average</b>	54
<b>EU</b>	48

Source: Eurostat; Greenland, Statgreen.gl; Faroe Islands, Hagstova Foroya

**Table 3: GDP per capita (PPP) 2003**

	<b>NPP area</b>	<b>Country</b>
<b>Faroe Islands</b>	NA	NA
<b>Finland</b>	89,7	112,9
<b>Greenland</b>	NA	NA
<b>Iceland</b>	145,3	145,3
<b>Ireland</b>	92	134,1
<b>Northern Ireland</b>	92,8	92,8
<b>Norway</b>	120,4	123
<b>Scotland</b>	105,7	111,7
<b>Sweden</b>	105	115,9
<b>NPP Combined Average</b>	107,3	119,4
<b>EU</b>	100	

Source: Eurostat

**Table 4: Income of households, primary income euro/capita (2002)**

	<b>NPP</b>	<b>Country</b>
<b>Faroe Islands</b>	NA	NA
<b>Finland</b>	13341	16250
<b>Greenland</b>	NA	NA
<b>Iceland</b>	NA	NA
<b>Ireland</b>	15342	17489
<b>Northern Ireland</b>	15565	15565
<b>Norway</b>	21519	22474
<b>Scotland</b>	16322	18507
<b>Sweden</b>	16357	19258
<b>Combined National Average</b>	<b>16408</b>	<b>18257</b>

**Table 5: Employment by industry**

<b>Region</b>	<b>Primary</b>		<b>Manufacturing</b>		<b>Service</b>	
	<b>NP area</b>	<b>Country</b>	<b>NP area</b>	<b>Country</b>	<b>NP area</b>	<b>Country</b>
<b>Norway 2004</b>	5,2	3,5	22,2	20,9	72,7	75,6
<b>Faroe Islands 2005</b>	11,3	11,3	23,1	23,1	65,6	65,6
<b>Iceland 2004</b>	6,4	6,4	22,4	22,4	71,2	71,2
<b>Finland 2004</b>	6,8	4,9	24,9	19,4	68,3	75,7
<b>Greenland</b>	NA	NA	NA	NA	NA	NA
<b>Sweden 2004</b>	2,8	1,9	15,6	17,6	81,6	80,5
<b>Scotland 2003</b>	4,2	1,9	19,8	23,5	76	74,6
<b>Northern Ireland 2004</b>	8,1	3,0	17,5	18	74,4	79
<b>Ireland 2003</b>	11,4	7,0	31,4	28	57,3	65
<b>TOTAL</b>	7,0	5	22,1	21,6	71,5	73,4
<b>EU</b>	5,4		28,8		65,8	

**Table 6: Unemployment % (2004)**

	NPP area			Country		
	Total	Male	Female	Total	Male	Female
<b>Faroe Islands</b>	3,4	3,1	3,8	3,4	3,1	3,8
<b>Finland</b>	11,9	11,6	12,2	8,8	8,7	8,9
<b>Greenland</b>	9,6	11,4	7,9	9,6	11,4	7,9
<b>Iceland</b>	3,1	3,2	2,9	3,1	3,2	2,9
<b>Ireland</b>	4,7	4,9	4,4	4,5	4,9	4,1
<b>Northern Ireland</b>	5,1	5,6	4,4	5,0	6,5	3,1
<b>Norway</b>	4,1	4,3	3,9	4,2	4,6	3,8
<b>Scotland</b>	4,8	5,7	4,5	5,7	6,7	4,5
<b>Sweden</b>	7,2	8,0	6,4	6,5	6,9	6,1
<b>Total</b>	6,0	6,4	5,6	5,6	6,2	5,0
<b>EU</b>	9,2	8,5	10,1			

Source: Eurostat, Greenland; Statgreen, Faroe Islands; Hagstova Foroya

**Table 7: Employment by sex % (total pop 2004)**

	NPP area			Country		
	Total	Male	Female	Total	Male	Female
<b>Faroe Islands</b>	60,4	64,2	53,1	60,4	64,2	53,1
<b>Finland</b>	49,8	53,5	46,2	55,2	59,4	51,2
<b>Greenland</b>	44,4	NA	NA	44,4	NA	NA
<b>Iceland</b>	77,8	82,0	73,5	77,8	82,0	73,5
<b>Ireland</b>	56,5	67,2	45,8	58,0	68,2	48,2
<b>Northern Ireland</b>	50,0	57,7	42,3	54,7	62,2	53,6
<b>Norway</b>	69,0	71,8	66,1	69,2	72,4	66,0
<b>Scotland</b>	57,3	65,7	49,8	58,8	64,6	47,6
<b>Sweden</b>	57,6	59,5	55,5	65,0	67,1	62,8
<b>Total</b>	58,1	65,2	54,0	60,4	67,5	57,0
<b>EU</b>	51,4	59,6	43,7			

Source: Eurostat, Greenland; Statgreen, Faroe Islands; Hagstova Foroya

**Table 8: Educational attainment of persons aged 25-64 (% of total), 2002**

<b>NPP area</b>	<b>Low</b>	<b>Medium</b>	<b>High</b>
<b>Faroe Islands</b>	NA	NA	NA
<b>Finland</b>	25,7	47,0	27,3
<b>Greenland</b>	NA	NA	NA
<b>Iceland</b>	27,9	43,7	28,4
<b>Ireland</b>	46,8	33,5	19,6
<b>Northern Ireland</b>	27,2	47,8	25,0
<b>Norway (2004)</b>	20,9	57,9	21,1
<b>Scotland</b>	17,0	51,9	31,1
<b>Sweden</b>	17,0	60,1	23,0
<b>Total</b>	26,0	49,7	24,3
<b>EU</b>	32,6	46,7	20,6

Source: Eurostat; Norway, Statistics Norway; Iceland, Statistics Iceland

**Table 9: Higher education in the Northern Periphery**

	Students			HIE or Universities		
	NPP	Country	% of country	NPP	Country	% of country
<b>Faroe Islands</b>	142	142	100	1	1	100
<b>Finland</b>	37800	299900	12,6	5	22	22,7
<b>Greenland</b>	120	120	100	1	1	100
<b>Iceland</b>	16068	16068	100	13	13	100
<b>Ireland</b>	NA	188300	NA	NA	56	NA
<b>Northern Ireland</b>	67769	67769	100	4	4	100
<b>Norway</b>	101961	213800	47,7	4	6	66,6
<b>Scotland</b>	10060	216255	4,7	3	20	15
<b>Sweden</b>	59100	429600	13,8	4	35	11,4
<b>Total</b>	293020	1431954	23,6	35	158	34,3
<b>EU</b>	17318700					

Source: National statistics and Eurostat