



## NORTHERN PERIPHERY PROGRAMME

### **Private Sector Participation in the Northern Periphery Programme**

#### **Guidance Note**

#### **Background**

The Interreg IIB Northern Periphery Programme recognises the valuable contribution that the private sector can make to a project. The programme actively encourages and prioritises private sector involvement in projects, as partnerships between both the public and private sector are recognised as providing the most efficient means of addressing the themes of the programme and securing innovative solutions to common challenges.

#### **Guidelines**

##### **A priority for project selection**

During the selection and assessment process of project applications, the Northern Periphery Programme awards a higher priority to projects that involve a wide range of partners. In transnational projects, success is to a large extent dependent on close and lasting co-operation between partners of very different capacities and backgrounds. The programme therefore encourages public authorities to work closely together with private actors and bodies in the development and running of their services. Co-operative actions and partnerships between representatives from industry, university and government are considered vital to securing innovative solutions to many of the issues facing the northern periphery area. This three-strand approach is sometimes referred to as the 'Triple Helix' approach. These partnerships involving the private sector are especially encouraged and prioritised. Projects that attract private sector contributions or generate indirect private sector leverage (money) are also awarded higher priority. However, only small and medium sized enterprises (SMEs) can be project partners.

#### **Funding**

An NPP project can include partners from all sectors of society, including the private sector, although a private partner cannot act as a lead partner (project manager). The private sector can be involved as a project partner if their contribution to the project represents a wider public interest and the public sector is involved. This means that a private sector partner cannot generate profits from their participation.

However, in Finland and Sweden there are specific rules regarding the involvement of the private sector in projects; in both these countries private sector contributions cannot generate ERDF funding as a result of national policy in relation to European Structural Funds. In Finland and Sweden, the private sector can be involved as a partner, but they have to finance their own participation. These funds will be part of the project budget, but will not be eligible for, or generate ERDF co-financing. In all other countries, the private sector can receive NPP funding.

#### **Transnational Co-operation**

The Northern Periphery Programme actively encourages diverse project partnerships involving small and medium sized enterprises. These varied partnerships offer many advantages to both the SMEs involved and the lead partner. A brief overview of some of these can be found below.

## **Advantages for SMEs**

- Involvement in the Northern Periphery Programme provides a unique opportunity to learn from and network with colleagues in other countries.
- It allows the development of new working relationships and business contacts in other countries, increasing knowledge and awareness of your company abroad and opening up new markets.
- It can offer access to project outputs before they become public, offering a market insight.
- Participation can provide access to specialists and expert knowledge from the research, academic and public sector that would otherwise be difficult to obtain.

## **Advantages for Lead Partner**

- Small companies are normally very motivated and committed to the project, as it offers a unique experience for them to be involved in transnational co-operation.
- Owners of SMEs often have excellent and wide-ranging work experience, which is superb for networking and the exchange of knowledge.
- The involvement of the private sector in a project brings a new competence and dynamic to the partnership. They can offer a different perspective to issues and it makes meetings and exchange of experience more varied and interesting.
- SMEs tend to be more output driven, as their resources are more limited. This can increase the momentum in a project to adhere to project targets and time schedules, thereby creating a more successful project.
- Inclusion of private sector partners can give more credibility to project results due to the varied opinions and contributions incorporated.

## **Possible Disadvantages**

- SMEs have scarce resources and may not be able to commit as much time and/or money to the project as other partners. Sometimes it may be more appropriate to invite them to some meetings or events rather than inviting them to be full project partners.
- It can take longer to develop and establish a varied and diverse project partnership due to differences in working methods, financing, etc. It is worth considering this when designing work plans and time schedules.
- It can be more difficult to manage a complex project partnership due to increased administration, reporting and the specific rules that apply to private sector partners in some countries.

For further information and advice on private sector participation in the programme, please contact the Joint Programme Secretariat or your Regional Contact Point.