



**Northern
Periphery
Programme**

2007–2013

Operational Programme

European Territorial Cooperation Objective



CCI 2007 CB 163 PO 027

FINLAND, IRELAND, NORTHERN IRELAND, SCOTLAND, SWEDEN

in cooperation with

FAROE ISLANDS, GREENLAND, ICELAND, NORWAY



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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, but the area also faces threats from the growing internationalisation of economic activity and from environmental degradation. In response, this Programme 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 seeks to 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.

This document has been developed through an open drafting process and outlines the context and rationale 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.

The Northern Periphery Programme 2007 - 2013 builds on the enhanced social capital and cooperation capacities gained through previous successful collaboration in the Article 10 (1998-1999) and INTERREG IIIB Northern Periphery Programme (2000-2006), and capitalises on the increased opportunities provided by enlargement of the programme area. The programme involves the Member States of Finland, Ireland, Sweden and the 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. The additional resources available through this enlargement strengthen and increase the opportunities for transnational cooperation and exchange of knowledge across the programme area to address the shared challenges and contribute to common goals.

The Programme focuses on the specific features of the Northern Periphery in the context of the framework laid down by the Council Regulations and the European Territorial Cooperation objective, as defined in Article 6 of Regulation (EC) No 1080/2006 on the European Regional Development Fund. 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. Additionally, the Programme aims to complement and contribute to 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.

The analysis of the Northern Periphery Programme area highlights the common features in the NP area, such as sparseness of population, rurality, insularity, harsh climate and peripherality. In response, the joint transnational strategy addresses the identified strengths and weaknesses of the 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 policy and programme framework.

This strategy has been agreed by all participating partner countries and the programme partners shall sign a Memorandum of Understanding on the joint implementation of the Programme, thus defining the structural arrangements for joint implementation and financial responsibilities.

In co-ordination with the programme planning process, an Ex Ante Evaluation and Strategic Environmental Assessment have been carried out. The evaluation process has been highly valuable in the programme planning process and has positively influenced the development of the programme.

1.2. Joint programme planning process

The partnership principle has been a central component throughout the development of this Operational Programme and an emphasis has been placed on ensuring both national and regional level participation in the drafting process. The encompassment of an open public consultation process involving the participating regions has also been key to the development 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 Programme 2007 – 2013 was initiated by the partners of the INTERREG IIIB Northern Periphery Programme through the members of the Programme Monitoring Committee and representatives from the new programme area in Northern Ireland and Ireland at their meeting in Copenhagen on 14th December 2005. A structure for the programme planning process was presented at the meeting, which proposed four programming bodies, as shown in Table 1.

Table 1: Programming bodies

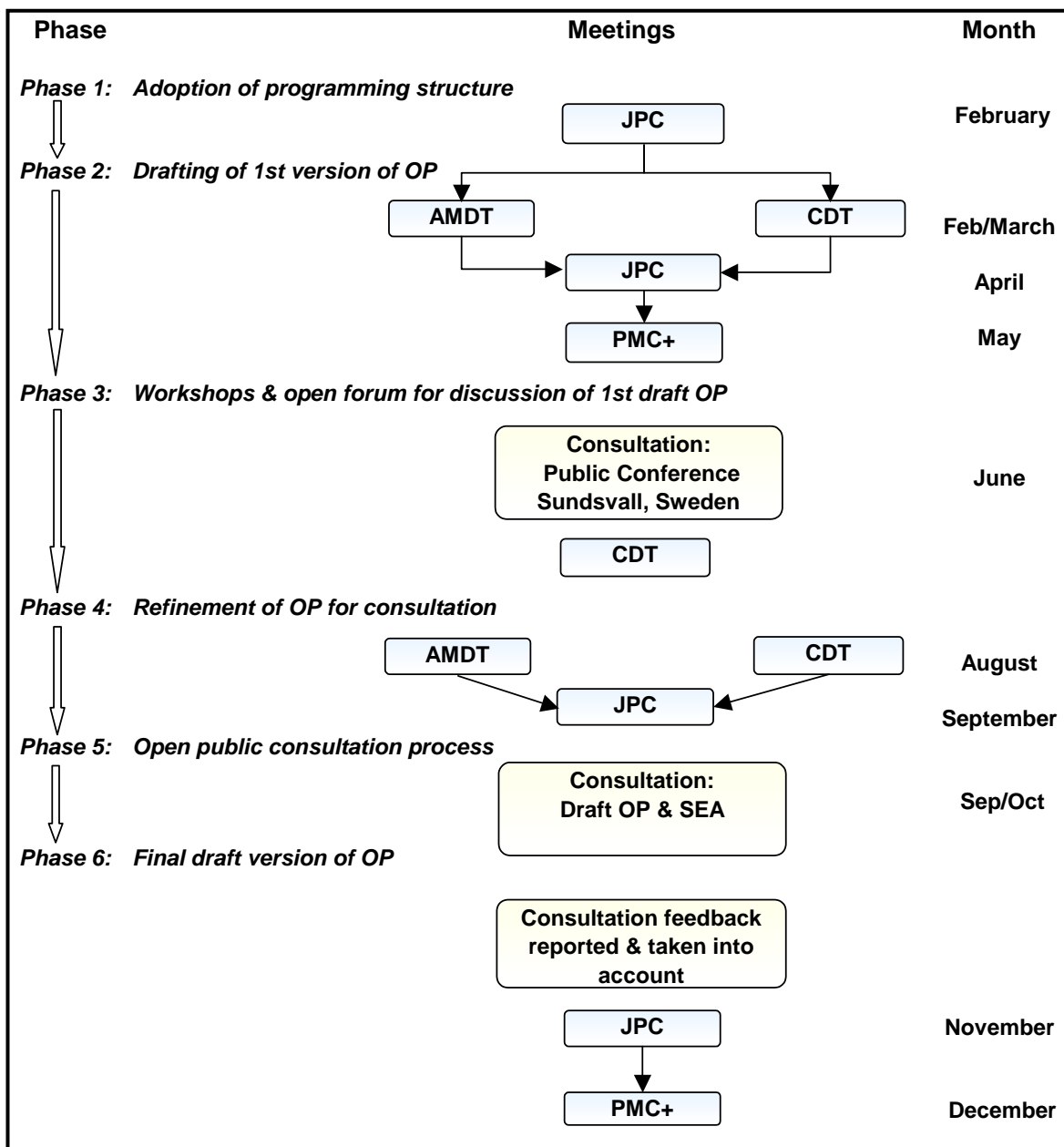
Body		Composition & Role
Programme Monitoring Committee Plus	PMC+	Umbrella body consisting of INTERREG IIIB NPP PMC members and new members from Ireland and Northern Ireland to provide the basis for local, regional and national level participation and to make strategic overall decisions.
Joint Programming Committee	JPC	Main forum for reaching agreement between partner countries at the national level 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 primarily of representatives from the regional level that can provide 'bottom up' regional and local perspectives with particular reference to developing priorities for cooperation based on analysis of the cooperating regions.
Secretariat		Responsible for co-ordinating the programme bodies and drafting of the Operational Programme. Responsibility delegated to the INTERREG IIIB Northern Periphery Programme Secretariat.

A timeline of the programme drafting process and the various meetings held can be found in Figure 1. This shows the main milestones in the programming process and highlights that the partnership principle has been key to the drafting process with the opportunity to gain regional and local perspectives through open consultation procedures. The consultation forum in Sundsvall, Sweden in June 2006 attracted delegates from a wide range of backgrounds at both the European, national, regional and local level, and the workshops provided an excellent arena for valuable contributions.

Additionally, an open public consultation process was held from mid-September until mid-October, with a longer consultation period for the draft Strategic Environmental Assessment (SEA) report until 27 October. The consultation documents were distributed to a wide range of stakeholders and were made freely available on the NPP website. A concerted effort has been made to take into account the relevant consultation responses and comments in the final version of the Operational Programme. On the whole, responses to the consultation document were very positive and the comments mainly focussed on the analysis section and the difficulties in reflecting the specific regional circumstances found throughout such a large programme area. Nevertheless, it was recognised that the area does share many similarities and that these provide a solid foundation for future cooperation. The SEA consultation responses covered minor editing issues rather than substantive feedback on the content.

The programme planning process has also been carried out in close co-ordination with the Ex Ante Evaluation and SEA. This has allowed the evaluators to play an active and constructive role during the design and drafting of the Operational Programme.

Figure 1: Programme drafting process

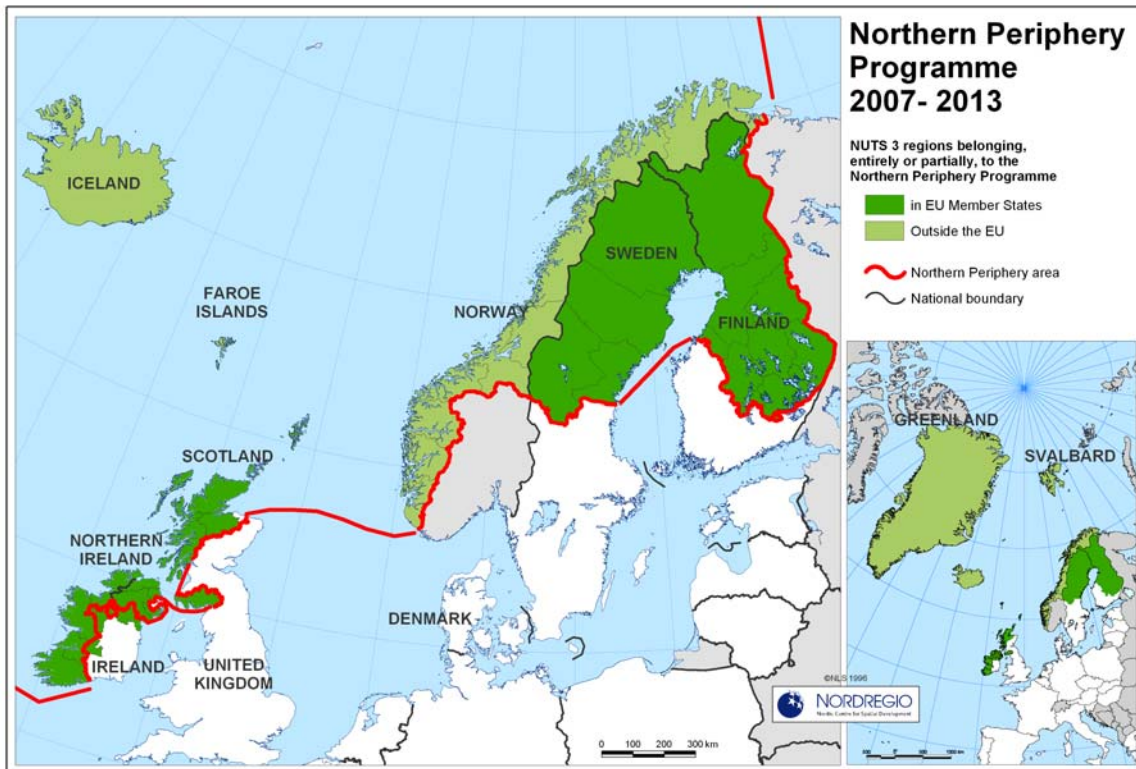


2. PROGRAMME AREA

2.1. Eligible area

The Northern Periphery Programme 2007 - 2013 involves the European Union Member States of Finland, Ireland, Sweden, and the United Kingdom (Northern Ireland and Scotland), see Figure 2.

Figure 2: Map of programme area



The Northern Periphery Programme eligible area within the European Union comprises the regions outlined below.

Table 2: Eligible area within EU

Finland	NUTS II NUTS III	Itä-Suomi, Pohjois-Suomi 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 NUTS III NUTS IV	Highlands & Islands Dumfries & Galloway 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. Bordering non-member countries were invited to participate in the joint programming initiative. Greenland, Iceland, the Faroe Islands and Norway will also participate fully in the programme, 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:

Table 3: Eligible area outside the EU

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

Based on experience from the INTERREG IIIB Northern Periphery Programme, participation of partners from the adjacent areas of North Western Russia and Eastern Canada has proven beneficial to a number of projects. Accordingly, these areas have shown considerable interest in participating in the Northern Periphery Programme 2007-2013 and partners from North West Russia and Eastern Canada may be included on a project-by-project basis.

2.2. Principles for use of geographical flexibility

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 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). The same rule will be applied to the use of Norwegian and Icelandic funds outside their territories. 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 adjacent northern/peripheral regions in North West Russia and Canada, and in exceptional circumstances may support other regions relevant to the programme 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. POLICY & PROGRAMME CONTEXT

3.1. Introduction

The Northern Periphery Programme has been developed with reference to a range of regulatory and policy frameworks and experience. By taking into account new EU and domestic policy frameworks and regulations, experience of transnational cooperation in the programme area and the findings of the ex-ante evaluation, the programme can maximise its contribution to: Community goals and, in particular, the 'growth and jobs' agenda; development within the programme area; and expanding and intensifying cohesion and cooperation.

3.2. EU policy frameworks and programmes

The European Commission's regulations governing Transnational Cooperation for 2007-2013 outline four main areas of intervention, which are set out in Article 6.2 of the ERDF Regulation, as follows: innovation; environment; accessibility; and sustainable urban development. In addition, all interventions are expected to contribute to the sustainable economic development of the transnational area and have a clear transnational dimension and impact. These requirements establish clear parameters for the programme, but it is also important to place these themes within the wider context of the EU's overall development objectives, set out in the Lisbon and Gothenburg Agendas and the Community Strategic Guidelines.

3.2.1. Lisbon and Gothenburg Strategies

In February 2005 the European Commission relaunched its Lisbon agenda with a focus on "delivering stronger, lasting growth and creating more and better jobs"¹. 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"². Six issues 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 Northern Periphery Programme demonstrates a clear compatibility with the EU environmental policy framework and the priorities of the NPP correspond with the objectives of the Gothenburg Agenda.

¹ 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

² 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

3.2.2. Community Strategic Guidelines

The Community Strategic Guidelines (CSGs)³ identify Community priorities for support under Cohesion policy with a view to strengthening synergies with, and helping to deliver, the Lisbon and Gothenburg Strategies. In accordance with the CSG on Cohesion, 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 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.

The Northern Periphery Programme 2007 - 2013 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.

In addition, the programme will strengthen the synergies between environmental protection and growth by addressing 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.

The application of the core concepts of added value and transnationality, as detailed in Chapter 5.5, 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. Innovation, knowledge transfer and the development of organisational learning will facilitate this. Triple helix partnerships⁴ 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, the CSG and national policy frameworks.

³ Council Decision of 6 October 2006 on Community Strategic Guidelines on Cohesion (2006/702/EC)
Ref: OJ L 291/11 21.10.2006

⁴ Explanation of triple-helix partnerships can be found in Chapter 5.5.3

3.2.3. National policy frameworks

As well as taking into account EU strategic priorities, it is also important that the Northern Periphery Programme complements national framework and policy documents. In the EU Member States, National Strategic Reference Frameworks (NSRFs) and new Operational Programmes (OPs) are being developed for the 2007-2013 programming period. These documents, reflecting the Community Strategic Guidelines and the Structural Funds Regulations, are strongly oriented towards competitiveness, growth and jobs. Similarly, the efficiency orientation of policy is increasing in all the partner countries. Greater emphasis is being placed on promoting economic growth and competitiveness, enhancing and developing human resources, highlighting the importance of infrastructure development, and stimulating innovation and RTDI-related activities.

The NSRFs provide summary descriptions of the Member States' strategies and offer reference instruments for preparation of the resulting Operational Programmes. The NSRFs of the NPP partner countries strongly reflect the policy framework provided by the Community Strategic Guidelines and the Structural Funds Regulations. They have also been developed in alignment with relevant domestic strategies, ensuring complementarity between national and European objectives. As shown in Chapter 5.3.2, the Northern Periphery Programme complements and has close synergies to the National Strategic Reference Frameworks and Operational Programmes being developed in the participating Member States.

3.3. Transnational cooperation in the NPP area

Within the Northern Periphery Programme area there is a long tradition of transnational cooperation, which strengthens the basis for cooperation. By building on the experiences of successful collaboration and taking into account the perspectives outlined in complementary initiatives, the Northern Periphery Programme can ensure that added value is gained.

3.3.1. Northern Dimension

The Northern Dimension (ND) is an instrument for cooperation involving the European Union and its Member States, and the partner countries of Russia, Iceland and Norway. It is also a framework for intensified cooperation with partners in matters concerning the northern regions of the world through the observer status of the USA and Canada.

The Northern Dimension Policy Framework⁵ increasingly focuses on North West Russia and its specific challenges and opportunities for the whole Northern Dimension region. In this context it is intended to be a regional expression of the Common Spaces EU/Russia and will, where appropriate, be a tool for the implementation of the road maps for the Common Spaces with full participation of Iceland and Norway. The Northern Dimension shall support sub-national and governmental cross-border and trans-boundary cooperation as one of the instruments for promoting regional development, and a key aim is to improve the conditions for border crossing of people and goods.

In addition, the Northern Dimension policy will continue to address objectives of specific relevance in the North, i.e. its fragile environment, indigenous peoples' issues, cultural diversity, health and social well-being, etc. Several key priority themes for dialogue and

⁵ Northern Dimension Policy Framework Document, 24 November 2006

cooperation under the Northern Dimension have been agreed: economic cooperation; freedom, security and justice; external security; research, education and culture; environment, nuclear safety and natural resources; social welfare and health care.

Many of the priority themes of the Northern Dimension are complimentary to the priorities of the Northern Periphery Programme and the EC policy framework for territorial co-operation. There are, however, also distinct differences in policy focus and implementing provisions, and it is clear that the Northern Dimension has a specific emphasis on increasing cross-border and transnational cooperation with Russia, as well as issues surrounding security and safety.

Northern Dimension activities are implemented by various actors and financed from different sources, including the existing and future European Union financing instruments and programmes, national budgets, international regional organisations, international financial institutions, regional and local public organisations and other public bodies. 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 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.

The views and perspectives underlined in the concept of the Northern Dimension have been taken into account in the Northern Periphery Programme 2007 - 2013, 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. The Northern Periphery Programme 2007 - 2013 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. This is particularly relevant for the priority themes of the Northern Dimension where there is some correlation with those of the Northern Periphery Programme.

3.3.2. INTERREG: prior experience

The Northern Periphery Programme 2007 - 2013 has evolved following a number of successful co-operative initiatives that have provided a wealth of experience from which to build on and which have positively influenced the development of the programme. As illustrated in Table 4, there is a tradition of cooperation among the partners that predates involvement in EU programmes.

Table 4: Building on past experience

Cooperation Programme	Strengths and Lessons
Nordic Cooperation 1979: Formal agreement	<ul style="list-style-type: none"> • Long tradition of cross-border cooperation • Cooperation in the fields of agriculture, environment, medical care, transport, tourism • NORA cooperation involving R&D and economic cooperation, fishery resources
Nordic-Scottish Cooperation 1994: Formal cooperation commenced	<ul style="list-style-type: none"> • Cooperation in key areas: such as IT, university networking SME development, forestry • Strengths: contact and communication; developing shared policy interests; learning and exchange of experience; research and training initiatives; information dissemination • Need for strategic goals that can be translated into practice
Ireland, Northern Ireland, Scotland History of cooperation	<ul style="list-style-type: none"> • Strong historical, cultural and economic ties • 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
INTERREG IIIB Northern Periphery Programme 2000 - 2006	<ul style="list-style-type: none"> • 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 • Good commitment rates • Need for a clear, common understanding of what the Programme is for and what it should achieve

Source: EPRC, McMaster I et al (2006) *Ex-Ante Evaluation of the NPP 2007-2013 – Evaluation Paper 1*
EPRC Report to the Content Drafting Team

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)⁶ 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 has been built upon in the Northern Periphery Programme 2007 - 2013 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.

⁶ Aalbu, H & Bachtler, J *The Action Plan for Nordic-Scottish Cooperation on Regional Policy & Sustainable Economic Development (2001-2005)* Nordic Centre for Spatial Development, Stockholm & EPRC, University of Strathclyde, Glasgow, 27 July 2001.

The Update of the Mid Term Evaluation⁷ 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 Northern Periphery Programme 2007 - 2013 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 an approach to the Lisbon and Gothenburg agendas that furthers the role of peripheral and remote regions in delivering these strategies.

Identifying the added value of transnational projects was highlighted as a common difficulty for INTERREG IIB 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 Northern Periphery Programme 2007-2013 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 therefore 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 through 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. Based on previous experience, this concept has also been refined in the 2007-2013 Northern Periphery Programme 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 2003:3⁸ on Nordic-Scottish Cooperation, which makes several key recommendations, many of which have been implemented in the INTERREG IIB Northern Periphery Programme. There is, however, scope for further incorporation during the implementation of the Northern Periphery Programme 2007 - 2013, particularly with regard to project generation, management and optimal partnership issues.

⁷ Bachtler, J et al. (2005) *INTERREG IIB Northern Periphery Programme, Update of the Mid-term Evaluation*, EPRC Final Report to the NPP Managing Authority, Glasgow: EPRC, 19 December 2005.

⁸ Böhme, K. et al. (2003) *Transnational Nordic-Scottish Cooperation: Lessons for Policy and Practice*, Nordregio Working Paper 2003:3.

The additional programme partners 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 positive experiences from the INTERREG IIIB programme have, however, made it possible to maintain the same structural base for the Northern Periphery Programme 2007 - 2013 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 Programme⁹, 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.

3.3.3. Ex Ante Evaluation and Strategic Environmental Assessment

As well as drawing lessons from past experience, it is also important for the programme to look forward and fully exploit new opportunities. The recommendations from the Ex Ante Evaluation and Strategic Environmental Assessment (SEA) have been a valuable means of achieving this. The evaluators have positively influenced the design of the programme through an interactive and iterative dialogue with the drafting teams and committees. A brief summary of the evaluators' main findings can be found in Chapter 9, with further details available in the Ex Ante and SEA reports on exactly how the evaluations have been carried out and contributed to programme development.

Details of the main comments and suggestions from the evaluators are outlined in Table 8, which provides a synthesis of key ex ante recommendations and implemented actions as a result of these. The close cooperation between the ex ante evaluators and the drafting teams has enabled the Operational Programme to be modified and refined to take account of all of these recommendations during the programme drafting process. This has ensured that the recommendations have been reflected in the final version of the Operational Programme. The Ex Ante Report therefore concludes that “the programme is in line with Community guidelines and priorities; addresses particular development needs in the NPP area; is in a position to offer Community ‘added-value’; and promotes cohesion in the programme area”¹⁰.

A concerted effort has also been made to integrate recommendations from the Strategic Environmental Assessment, which has proven an important tool in the development of the programme's strategy. In particular, as shown in Table 9, the SEA highlights four strategic environmental issues to be tackled in the programme area: climate change, tourism, waste, and marine pollution. These topics have informed the environmental and SWOT analyses contained in the Operational Programme, as well as influencing the strategic development of the programme's priority axes.

⁹ Taylor, et al. *Mid-term Evaluation of the Interact 2002-2006 Community Initiative*, Final Report to the Austrian Federal Chancellery, November 2004

¹⁰ McMaster I, et al. (2006) *The Ex Ante Evaluation of the Northern Periphery Programme, 2007-2013*, Final Report, November 2006, p63

In addition, the SEA demonstrates a clear compatibility between EU environmental policy frameworks and the vision, priorities and objectives of the Northern Periphery Programme 2007-2013; a synthesis of which can be found in Table 10. It is recognised that the NPP has considerable scope for environmentally favourable outcomes, particularly due to the programme's focus on small-scale developments and high-quality solutions. Nevertheless, it is important to mitigate against any possible negative environmental aspects. The integration of sustainable development as a horizontal principle is crucial to the programme's strategy and, in accordance with SEA recommendations, a clear message will also be conveyed that positive environmental impacts are a key element of the programme's implementation. High environmental standards and requirements will therefore be integrated into future project guidance and monitoring.

4. THE NORTHERN PERIPHERY

4.1. Introduction

The Northern Periphery Programme 2007 - 2013 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 Regions¹¹. There is a general lack of harmonised statistics across the programme area, which is reflected in occasional data gaps. Although some differences can be found in the specific regions, considerable efforts have been made to outline the general trends and to present a coherent, strategic analysis of relevant aspects across the programme area as a whole. This chapter concentrates on the main outcomes from the above sources with additional detail provided in the annexes.

The main issues discussed in the following sections include:

- Geography, population and accessibility
- Economy and labour market
- Environment
- Cultural heritage and cultural assets

The programme area in the Northern Periphery Programme 2007-2013 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.

¹¹ 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 NPP 2007 - 2013 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 aims to outline the main trends of the participating regions, who 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 predominantly peripheral and the permanent natural and geographical handicaps of the area represent a common development challenge.

4.2. Geography, population and accessibility

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

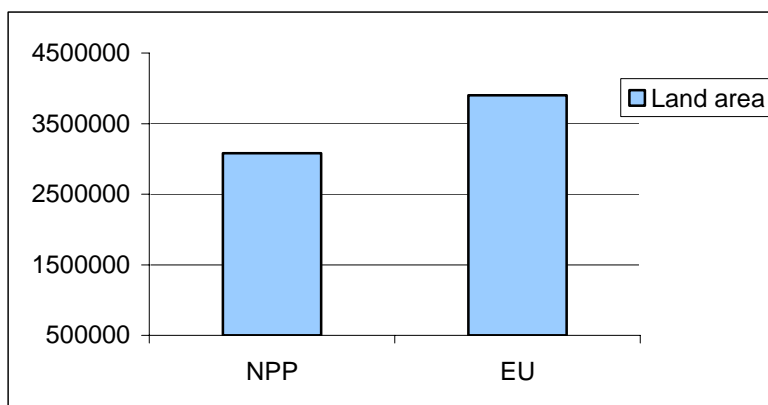
- large internal and external distances are common to all participating regions;
- difficult terrain and harsh climate influence the conditions for economic activity;
- the area is characterised as sparsely populated;
- accessibility is low;
- the age structure of the population is problematic;
- the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

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.

4.2.1. 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 2 . As Figure 3 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 7.9 million or 2% of the total EU population.

Figure 3: Land area of NPP compared to EU (km²)



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

The entire area features characteristics common to Northern Europe, such as relative remoteness and the arctic dimension with cold, harsh climatic conditions and a fragile environment. 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 an extensive coastline and a very high number of populated islands, particularly in Norway and Scotland. In addition, insularity is a common feature across much of the programme area.

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 parts of the programme area.

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.

4.2.2. Population

The Northern Periphery area is sparsely populated, as Table 5 illustrates. The population density is significantly lower than the EU average and is well below the EU criteria for very sparsely populated areas of 8 inhabitants per square kilometre¹². The settlement structure also highlights that the programme area is not urbanised and is peripheral from the core urban territories in Europe, particularly following the eastward expansion of the EU, as shown in Annex 2: Figure 1. This represents a considerable challenge 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. Linked to this, depopulation is of concern in several parts of the programme area, especially the most remote and island communities where youth out-migration is most acute.

Table 5: Area and population density of the Northern Periphery

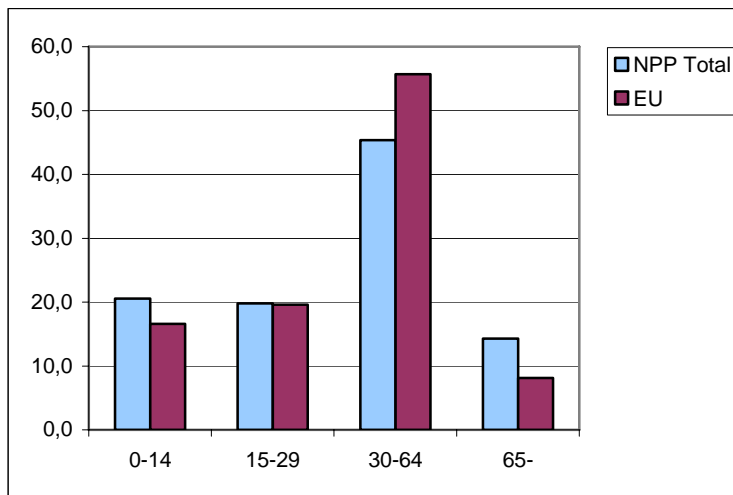
Partner Country	Area km ²	Population	Inhabitants/ km ²
Faroe Islands	1 399	48 379	34,6
Finland (NP)	219 946	1 566 600	7,1
Greenland	2 166 086	56 969	(ice-free) 0,1
Iceland	103 000	300 000	2,9
Ireland (NP)	38 470	1 407 034	36,6
Northern Ireland (NP)	13 175	1 082 942	82,0
Norway (NP)	269 229	2 059 296	7,6
Scotland (NP)	45 446	514 900	11,3
Sweden (NP)	225 434	880 156	3,9
NP total	3 082 185	7 914 276	2,6
EU	3 900 000	459 488 400	118,0

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

¹² 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

In terms of development capacities, it is important to consider key demographic trends in the programme area. As Figure 4 and Annex 2: Table 1 show, the programme area has considerable potential due to the relatively high percentage of very young people. Nevertheless, the area is lagging behind in the 30-64 working age group and has a high proportion of elderly people. The pattern of youth out-migration, low percentages in the working age category and an ageing population is generally the same across all regions, although 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 and costly.

Figure 4: Age structure in the NPP area % (2005) compared to EU (2003)



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

4.2.3. Accessibility

Accessible is often regarded as the opposite of peripheral; consequently it is expected that a programme area characterised as peripheral will suffer from low accessibility. This is the overall conclusion presented in several studies and is exemplified by the Finnish region of Lappi (Lapland), which is termed by ESPON¹³ 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, populated islands, dispersed settlements and long distances typical of the area result in severe constraints and deficiencies in the provision of public transportation, which can lead to the social exclusion of certain sectors of society who experience reduced mobility. This is reinforced by ESPON studies¹⁴, which designate a significant proportion of the programme area as “ultra peripheral” when assessing accessibility to major European cities by car. This means that the area has a higher dependence on air transport than in the rest of Europe.

¹³ ESPON report 2.1.1(2004) *Territorial Impact of EU Transport and TEN Policies*

¹⁴ ESPON report 1.1.1 (2004 - Revised March 2005) *Potentials for Polycentric Development in Europe*

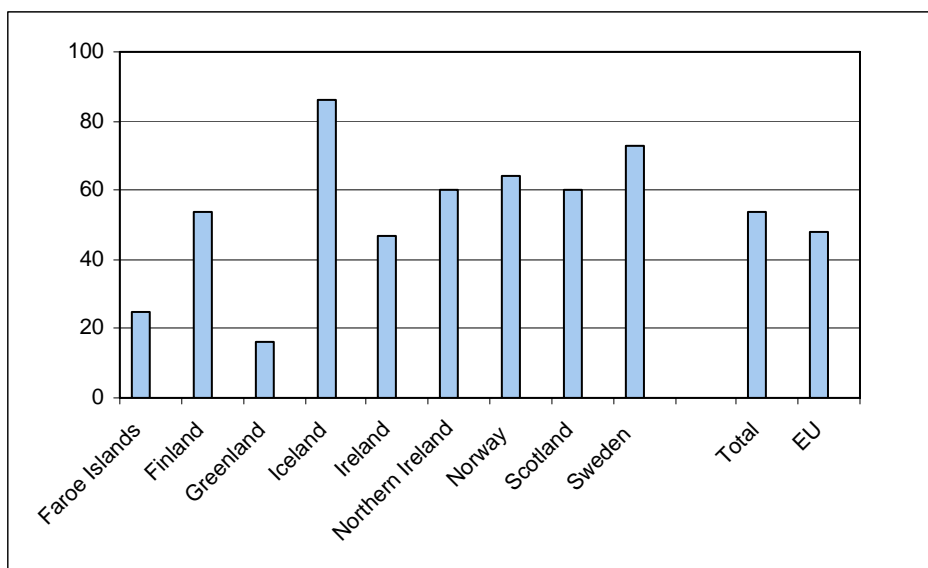
Substantial parts of the programme area have access to the sea and it is expected that the importance of maritime transport and maritime issues, such as safety, pollution, etc., will increase in the near future.

Road transportation is also complicated by climatic conditions, which result in higher road construction and winter maintenance costs. In 2001/2002, these road maintenance costs alone amounted to over 0.70% of the GDP in Finnmark, Norway¹⁵, which represents a significant additional financial burden for the public authorities concerned.

The effects of this level of peripherality are complex and reduce both the internal and external movement of passengers and freight. 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, as well as contributing to social exclusion. Externally, accessibility increases travel costs and the transport of goods to central markets. However, this also creates a competitive advantage for local supply of goods and services.

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 countries than in the EU. Figure 5 shows that there is some variation between the participating countries and highlights that most of the participating NPP countries are above the EU average on this dimension. However, it is worth noting that NPP regions are often not treated to the same level of service as the rest of the country. 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 2.

Figure 5: Connection to internet at home: % of national population (2005)



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

¹⁵ Gløersen, E. et al (2005) *Northern Peripheral, Sparsely Populated Regions in the European Union* Nordregio report 2005: 4, p 147.

4.3. Economy and labour market

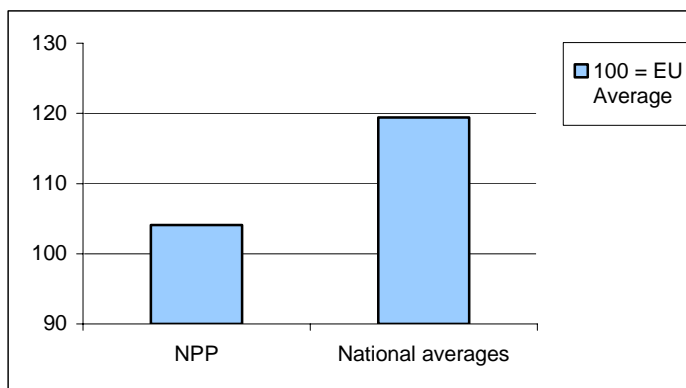
The following analysis highlights a number of key similarities and common development issues across the programme area:

- 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.

4.3.1. 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 6 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. This issue is compounded by the higher costs of living in many parts of the programme area caused by insularity, and distance and isolation from main markets. The lack of critical mass and extra costs due to a low population density present development challenges, hampering the competitiveness of the region. Furthermore, the harsh climate brings additional costs (for heating, transport, infrastructure investments) and constraints for inhabitants and entrepreneurs.

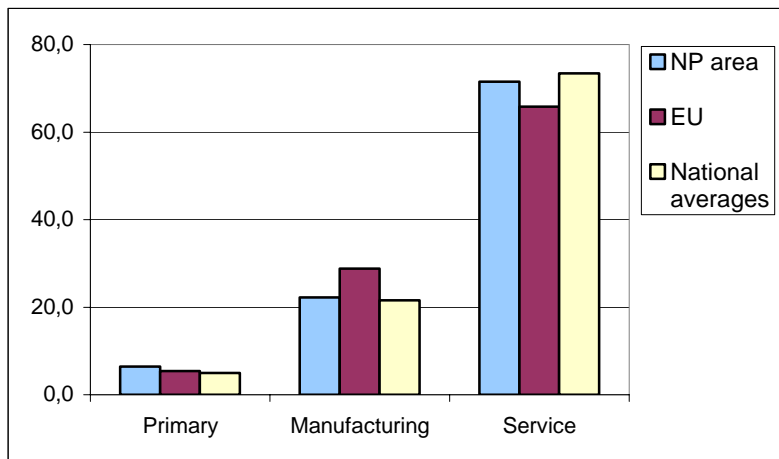
Figure 6: GDP per capita (PPP) 2003



Source: Eurostat

4.3.2. Industry and employment

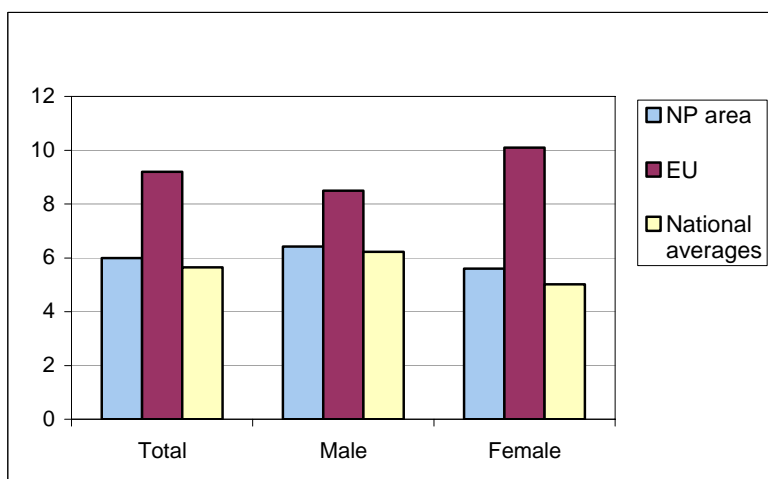
In terms of employment, the percentage of people employed in primary industries in the Northern Periphery area is higher than both the national and European averages, which confirms the economic dependency on natural resources that was previously highlighted, see Figure 7 and Annex 2: Table 5. This is 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 7: Employment by industry (%)

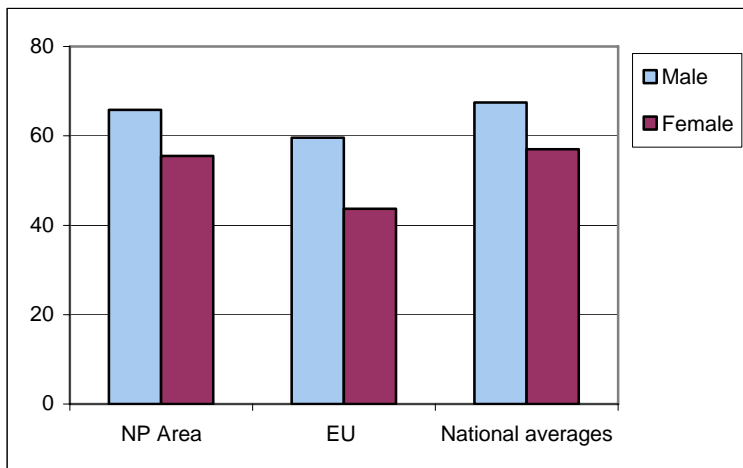
Source: Eurostat, Greenland; Statgreen, Faroe Islands; Hagstova Foroya

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 8. However, within the Northern Periphery there is structural unemployment and low employment in some key sectors and age groups. There is a striking difference between the programme area and the European Union average with regard to female unemployment, which is confirmed by Figure 9. This shows significantly higher female employment in the programme area compared to the rest of the EU.

Figure 8: Unemployment in the NP region (%)

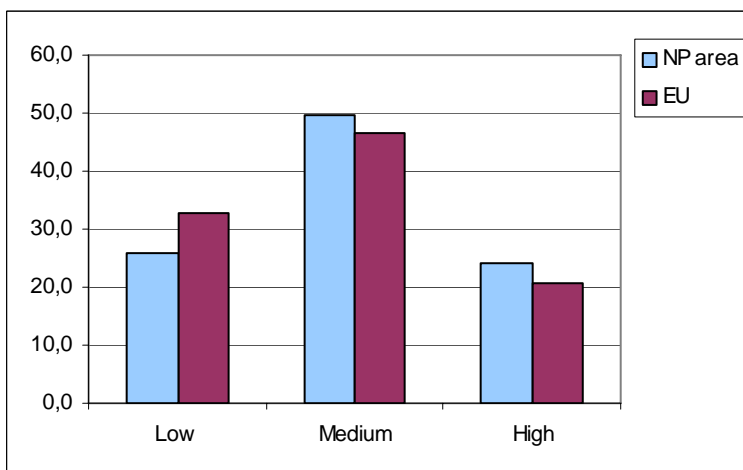
Source: Eurostat, Greenland; Statgreen, Faroe Islands; Hagstova Foroya

Figure 9: Employment by gender (%)

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

4.3.3. 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) and youth out-migration and shortages of skilled labour are of concern in some areas. This 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 10: Level of education

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

4.4. Environment

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

- There is an abundance of natural resources and environmental qualities that hold great potential, although environmental pollution poses a significant threat;
- The climatic conditions and geographical handicaps of the area result in additional costs for individuals, economic actors and public authorities.
- Climate change is expected to have extensive impacts in the NPP area, increasing temperatures and risks of coastal flooding, as well as abrupt changes to ecosystems;
- The dependence on fossil fuels presents challenges, but there is excellent potential for further developing renewable energy solutions;
- The heavy reliance on private transport in the Northern Periphery has negative consequences on the environment.

4.4.1. Natural environment, biodiversity and pollution

As already stated, the territory of the Northern Periphery is geographically diverse and contains extensive mountain terrain, a high coverage of forests and lakes and numerous inhabited islands. The area has a rich natural heritage and possesses a wide variety of high quality landscapes, which is demonstrated by the high proportion of designations for natural beauty, scientific interest, conservation, nature reserves and habitats. In this regard, the programme area as a whole has a high percentage of land covered by natural heritage sites.

The Northern Periphery environment is characterised by harsh and often extreme climatic conditions which lead to a range of additional costs for individuals, economic actors and public authorities. These conditions induce additional expenses in the sparsely populated areas with regards to the construction and operation of transport infrastructure, energy and water supply, and for heating and lighting.

The combination of harsh climatic conditions and geographical handicaps, such as mountainous areas, significantly affects the natural land coverage and limits the possibilities for agriculture, farming and forestry. Opportunities for agriculture are low in much of the programme area, which is characterised by a reduced proportion of arable land. Conflicts in terms of land use and land ownership arise, especially in relation to the rights of the Sami population and particularly in respect of reindeer grazing.

The tourism industry in the Northern Periphery is heavily reliant on nature and natural beauty. The diversity of natural and cultural environments, and biological diversity forms the basis for expanding tourism and recreational services. There is considerable potential for nature based and eco-tourism, but it is vital to safeguard landscape values and to provide high-quality tourist services appropriate for the carrying capacity of the environment. As demand for tourism and recreation continues to increase, the pressures of traffic congestion and the generation of greenhouse gases and other pollutants associated with travel are expected to increase. This seasonal aspect of tourism, coupled with the concentration of tourists in certain regions, is adding pressures on the environment in relation to energy and water supply, wastewater treatment, waste generation, traffic congestion and air emissions. Tourism can also challenge the preservation of biological diversity and valuable landscapes.

The unspoiled environment is a common feature across the programme area, but there are threats. Sea and airborne pollution tend to accumulate in northern regions, even though emissions originate mainly in other parts of Europe and beyond. From an EU environmental perspective, the marine environment is a target for conservation, restoration and sustainable use. Maritime issues are important for most of the NPP area and international marine and air pollution problems are of specific concern to Northern environments. Eutrophication, acid deposition, the dispersion and effects of toxic substances, have long been recognised as real threats to the unique Northern environment. Similarities in exposure and effects, as well as joint responsibility for common marine resources, make this a particularly interesting area for cooperation. The main regional marine and air pollution problems of concern for Northern regions include:

- Acidification of soils, streams and lakes; this is a very severe problem with negative effects on large areas in the North;
- Eutrophication of terrestrial ecosystems;
- Eutrophication of marine ecosystems;
- Particles and eco-toxic health impacts; the impacts are caused by two or more compounds (e.g. sulphur dioxide, nitrogen dioxide, volatile organic compounds, heavy metals, persistent organic pollutants or POPs) emitted by sectors such as energy, agriculture, industry and transport.

At present it is difficult to obtain reliable data on trends on input to the marine areas in the programme area, but most of the results indicate that concentrations are decreasing for certain particles and overall, emissions across the programme area are expected to decrease further in the next 5-10 years. For heavy metals, investigations indicate a continuously decreasing atmospheric deposition and decreasing occurrence in terrestrial ecosystems. POPs are of increasing concern for large parts of the programme area, especially with respect to their occurrence in the Arctic and their effects on children.

4.4.2. Energy, climate change and waste management

Pollution and climate change are a significant threat to the Northern Periphery area, especially as environment factors show the vulnerability of the area caused by the inter-relatedness of the area's environment and the dependencies on natural resources.

Increasing renewable energy resources and reducing energy consumption are key priorities across the Northern Periphery and each participating country has ambitious targets for generating renewable energy. Greater use of renewable energy resources would give indigenous, clean sources of energy providing investment opportunities and employment, often in rural areas. As a proportion of energy consumption, NPP countries use amongst the highest proportions of renewable energy in the industrialised world and regions in the Northern Periphery have great potential to be world leaders in this field. For example, Sweden is currently discussing how to become the first country in the world to break the dependence on fossil fuels and to potentially cease using oil by 2020. Other NPP countries, particularly Iceland, Norway and Finland, also have considerable expertise in this sector and there is excellent potential for transnational collaboration.

The Northern Periphery area is characterised by a heavy reliance on private transportation due to sparse population and dispersed settlements. Public transportation can be difficult to sustain in sparsely populated areas and the dominance of private transportation results in larger volumes of traffic and increased road usage; raising greenhouse gas emissions and contributions to climate change.

For many areas, recent studies into climate change show an increased risk of flooding, higher sea levels, warmer temperatures, higher winter rainfall and an increased frequency of storms. The impacts of climate change on the NPP area are considerable and could impact on habitats, species, water resources, agriculture, tourism and the risk of flooding. Continued climate change will have significant impacts on the natural environment and daily life of people across the Northern Periphery. Action is needed both to stave off climate change and to prepare for it. Taken together, climate change and rising oil prices will require better energy performance, ecological efficiency, and a well-developed capacity for risk management. 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. For instance, climate change in central Europe is likely to lead to the growth of winter and snow based tourism in Northern Scandinavia and Greenland.

Waste management and recycling is a key issue across Europe, but the long distances and sparse population bring challenges for waste handling and also for the economy of collection and disposal of waste across the Northern Periphery. In this context, it is important to consider waste generation and resource use together, particularly when raw materials have been imported, as the environmental impact in the country of origin may not always be recognised. These circumstances create a need to explore waste minimisation techniques, including alternative procedures and processes.

4.4.3. Cultural heritage and cultural assets

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 assets. The rural traditions and culture, which are often rooted in close connection to the use of natural resources such as fisheries or forestry, form a key part of the cultural heritage of the programme area. 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 distinct cultures and languages in the Faroes Islands and Iceland have produced rich cultural heritages with unique features such as Viking, saga and story telling traditions. The programme area is also home to several minority languages, as shown in Annex 2: Figure 2. Meänkieli (Tornionlaaksonsuomi or Tornedalian language) and Finnish are spoken as minority languages in Northern Sweden, while Swedish-speaking Finns (traditionally also called Finland Swedes and Finnish Swedes) constitute a linguistic minority in Finland. The Highlands and Islands and the Northern and Western seaboard of Ireland also 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. Reversing the decline in number of people speaking minority languages is a continuing challenge, as highlighted by Scottish Gaelic which witnessed an 11% drop in the number of speakers between 1991 and 2001¹⁶.

¹⁶ Comunn na Gaidhlig, *Location of Gaelic speakers 1881-2001*, based on GROS Census Reports 1881-2003

The rich mosaic of cultures in rural Northern Ireland has often been a source of tension and conflict, with culture frequently 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 peoples 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 principal 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), around 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.

4.5. Conclusions

The Northern Periphery Programme covers a diverse area that is characterised by long distances between settlements and markets, low accessibility, and geographic and natural handicaps caused by low population density, mountains and numerous inhabited islands. 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 work force is well educated and the area potentially has better access to the information society than other parts of Europe, while access to R&D institutions is also good in many parts of the programme area.

The natural environment is viewed as an asset in the Northern Periphery and the area possesses an abundance of natural resources and environmental qualities that hold great potential for sustainable development. The rich cultural and natural heritages are also central features of the local communities in the NPP that can serve as platforms for business innovation in tourism and creative industries. Nevertheless, it is vital that environmental threats, such as climate change, waste and pollution are managed effectively.

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 to address the challenges of the periphery.

4.6. Strengths, weaknesses, opportunities & threats¹⁷

Strengths	Weaknesses
<p>Presence of strong 'clusters' of dynamic, innovative and knowledge-based industries and R&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 that provide basis for raw materials and energy</p> <p>High-quality environment that offers unique opportunities for outdoor recreation & tourism</p> <p>Strong local cultures and identity</p> <p>Rich cultural heritage</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 & infrastructural shortcomings</p> <p>Fragile local economies & 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&D, innovation and entrepreneurship, linked to sparse population, dependence on SMEs, access to R&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 & 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&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 and their sustainable management, renewable energy and 'green' products and services</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 & 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 & environmental pollution</p> <p>Increases in fuel and energy costs and dependence on fossil fuels</p> <p>Lack of access to R&D and innovation-related activities</p> <p>Globalisation and increasing competition</p> <p>Depopulation and youth out-migration resulting in 'brain drain' and demographic ageing</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>

¹⁷ The SWOT analysis outlines main trends, but some specific regions have varying profiles depending on their individual development status and challenges.

5. JOINT TRANSNATIONAL STRATEGY

5.1. 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.

5.2. Programme vision & objectives

The overall vision for the programme is of:

Regions working innovatively together to help communities to develop the potential of Europe's Northern Periphery, and to achieve a sustainable and high quality future, and so make a distinctive contribution 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.

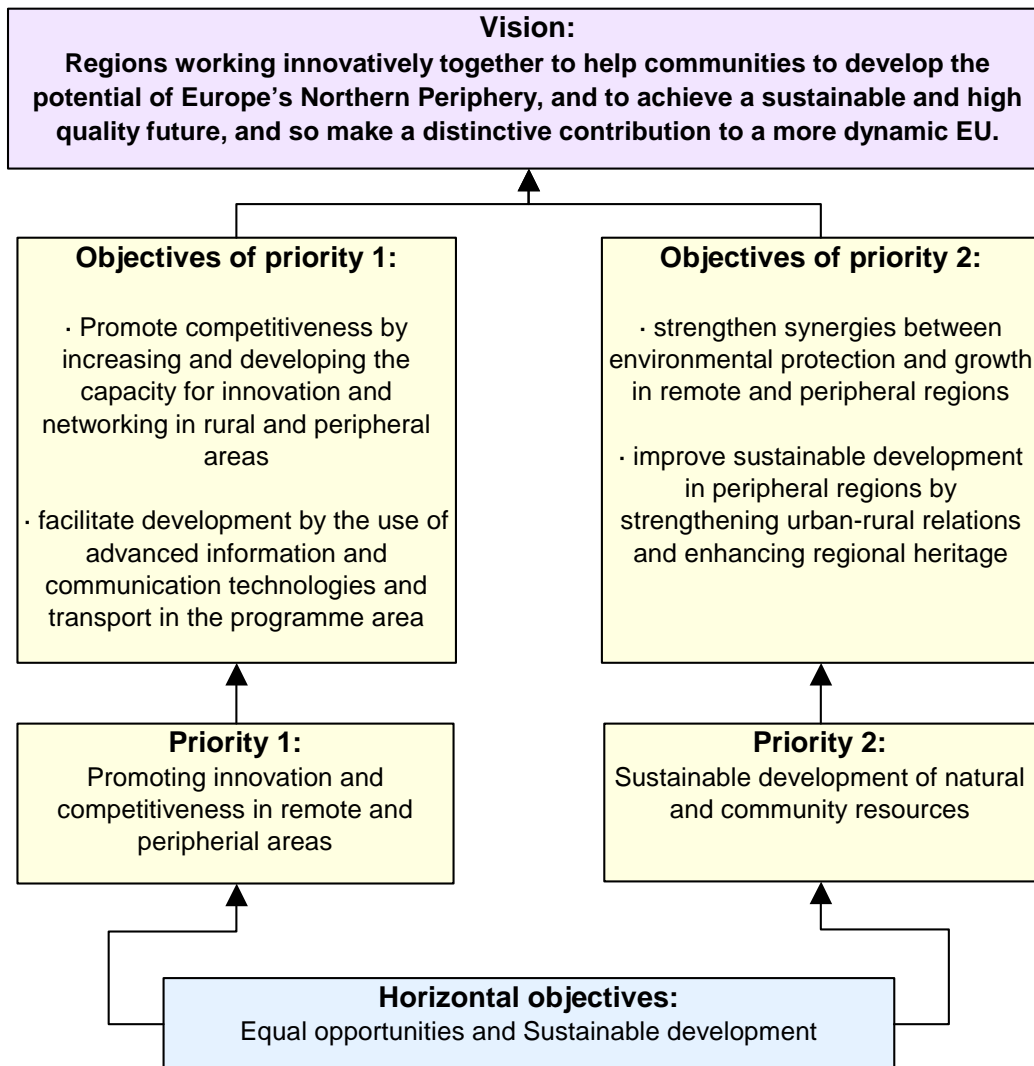
In order to reach this potential and contribute to the territorial cohesion of the Northern Periphery area, the following objectives have been developed:

- 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.

These objectives translate into two programme priorities, which have been developed in response to the distinct characteristics of the programme area and take into account the Lisbon and Gothenburg agendas:

Priority 1: Promoting innovation and competitiveness in remote and peripheral areas

Priority 2: Sustainable development of natural and community resources

Figure 11: Joint transnational strategy

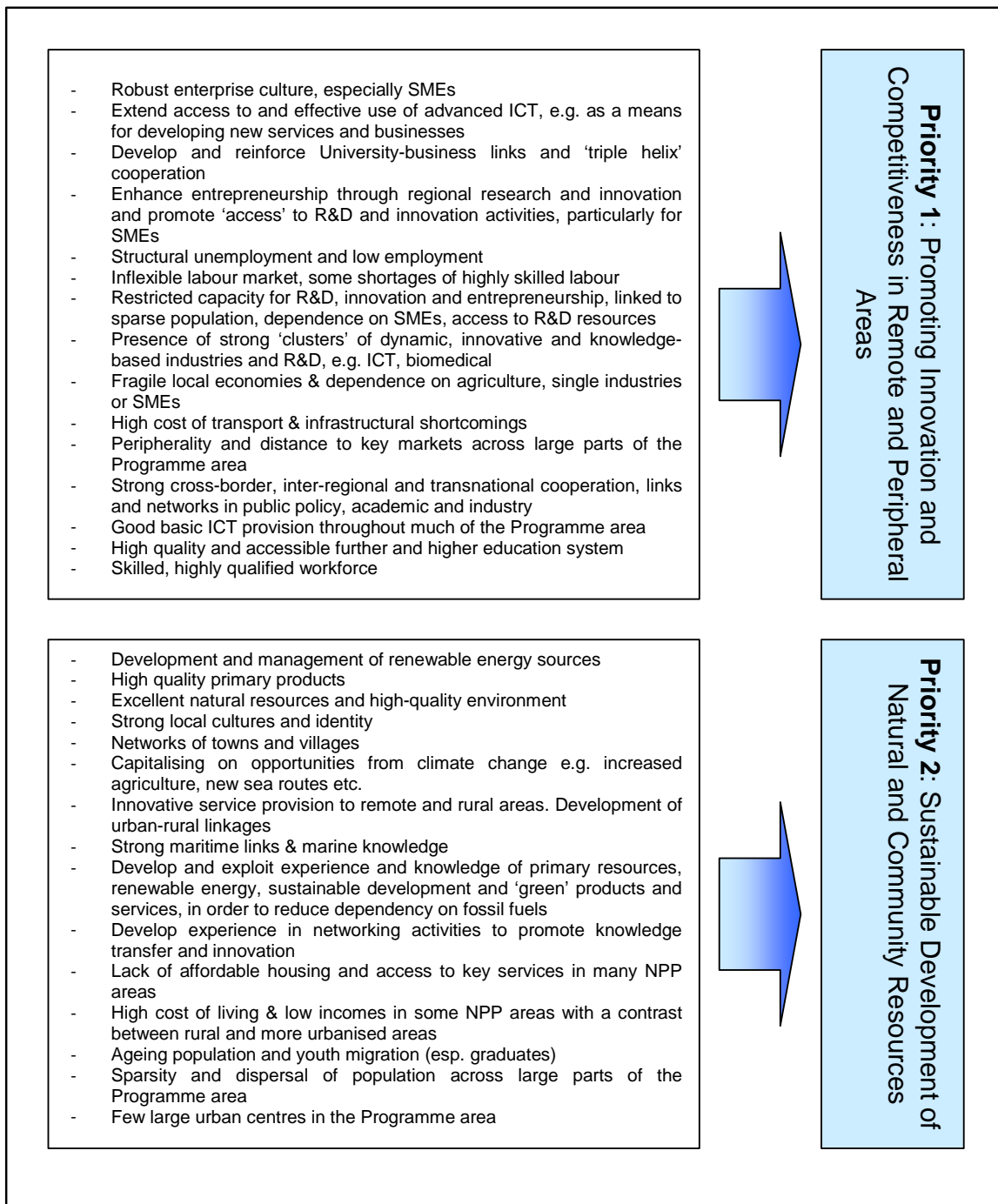
5.3. Rationale

Figure 11 illustrates the joint transnational strategy for the programme. The overall rationale for this approach is that the Northern Periphery is an area of considerable and diverse natural, cultural and human resources, which provides excellent opportunities for development, but the area also faces 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 priorities of the Northern Periphery Programme 2007 – 2013 respond to the challenges and opportunities identified in the SWOT analysis, as illustrated in Figure 12. The Programme will, however, concentrate on those issues requiring 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. 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. Significant added value can thus be secured from transnational cooperation and the integration of territories across a larger geographical area.

Figure 12: Selected SWOT and Priority Links



5.3.1. Justification of programme priorities

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. 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.

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. Priority two, therefore, addresses actions that support sustainable environmental development and protection in line with the Gothenburg agenda.

The 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 into 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.

5.3.2. National Strategic Reference Frameworks and OPs

As highlighted in Chapter 3.2.3, the National Strategic Reference Frameworks (NSRFs) of each of the participating Member States have been developed to offer reference instruments for preparation of the resulting Operational Programmes. These strongly reflect the Community Strategic Guidelines and the Structural Funds Regulations, and have also been drafted in line with domestic strategies and policies.

Each of the National Strategic Reference Frameworks for the NPP partner countries has been reviewed to ensure compatibility between its strategy, objectives and priorities, and those of the NPP. As shown in Annex 3, the priorities of the NPP are consistent with and complementary to the strategies outlined in the NSRFs of the participating Member States. The proposed priorities of the Northern Periphery Programme 2007 - 2013 have thus been formulated in compliance with, and are complementary to, the NSRFs of the participating Member States.

The Northern Periphery Programme area is also likely to cover approximately 25 Operational Programmes (OPs) through the Convergence Objective and the Regional Competitiveness and Employment Objective of the Structural Funds. The strategies of the OPs should also be consistent with the National Strategic Reference Frameworks, Community Strategic Guidelines and the Lisbon Reform Programmes. Analysis has also been made of the priorities in these draft OPs, to determine synergies between the NPP priorities and those detailed in the draft OPs. This reveals many complementarities, but there are still distinct differences that create added value in the Northern Periphery through the transnational and transboundary character of its actions and its distinct focus on peripherality and remoteness.

Correspondingly, it is envisaged that the Northern Periphery Programme 2007 - 2013 will 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.

5.3.3. Synergy with other programmes

The Northern Periphery Programme 2007 - 2013 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 Northern Periphery Programme 2007 - 2013 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 NPP 2007 - 2013 and the Transnational Cooperation Programmes for the Baltic Sea Region, North Sea and Atlantic Area. The priorities of these draft programmes have been compared, see Annex 4, to determine the potential for synergies. This highlights that there are shared programme elements between the programmes (e.g. innovation, sustainable development, etc), but they have the potential to be complementary.

The new European Neighbourhood and Partnership Instrument Cross-Border (ENPI CBC) programmes that will be implemented on the EU external border regions will also have some geographical overlap with the new NPP. This concerns the new Kolarctic, Karelia and South-East Finland – Russia ENPI CBC Programmes

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.

Special attention shall be given to the services provided by the INTERACT II programme. This EU-wide programme focuses on the good governance of territorial cooperation and provides needs-based support to stakeholders involved in implementing programmes under the European Territorial Co-operation objective. The target groups for INTERACT are primarily the authorities to be established according to Council Regulations 1083/2006 and 1080/2006, as well as other bodies involved in programme implementation. In order to ensure maximum benefit from the INTERACT programme for the implementing bodies of this programme, the use of INTERACT services and documentation as well as the participation in INTERACT seminars will be encouraged. Related costs are eligible under Technical Assistance.

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, Barents Euro Arctic Council (BEAC) and Ireland-New Foundland Partnership Programme also cover the Northern Periphery Programme area and neighbouring areas of Russia and Eastern Canada. Many of these are primarily arenas for political cooperation at a national level and are based on diplomatic agreements between countries. No overlaps are envisaged, but rather synergies and complementary benefits can be achieved through mutual strengthening and deepening of cooperation between programmes covering similar themes.

5.3.4. Coherence with other Community policies

The Northern Periphery Programme has been developed in line with the ERDF provisions on transnational cooperation and will support activities in accordance with this framework. Additionally, the NPP will seek to encourage strategic linkages to other complementary Community initiatives and instruments. Synergies between Community policies are expected, but the transnational dimension of the Northern Periphery Programme and its specific focus on peripheral, remote and sparsely populated areas ensure that the NPP is able to add value and further the objectives of these policies.

EAFRD and EFF

The NPP potentially shares some close links with Member States' Rural Development Strategies and the European Agriculture Fund for Rural Development (EAFRD). A number of synergies have been identified between these programmes and the priorities of the Northern Periphery Programme; such as complementary goals of improving competitiveness for farming and forestry (EAFRD Priority 1), and improving quality of life and diversification of the rural economy (EAFRD Priority 3). However, rather than overlapping, there are distinct differences and potential exists to add value by creating synergies. For example, although the NPP is considered rural, the focus of the NPP is specifically on the needs of remote and peripheral regions which face additional development challenges. The NPP also has a broader economic development focus than the EAFRD and the transnational dimension of the NPP ensures a broader development profile than the more locally rooted EAFRD actions. It is also clear that the Northern Periphery Programme will differ from the EAFRD due to the EAFRD's focus on agriculture and farming, which is a topic that the NPP will not support.

The new regulation for the European Fisheries Fund¹⁸ (EFF) will replace the current Financial Instrument for Fisheries Guidance (FIFG) from 1 January 2007. The EFF is designed to secure a sustainable European fishing and aquaculture industry and it shall both support the industry as it adapts its fleet to make it more competitive, and promote measures to protect and enhance the environment. The EFF complements the aims of the NPP in seeking to promote a sustainable environment and to help communities diversify their economic base. However, no overlaps are envisaged due to the transnational nature of the NPP and the specific fisheries focus of the EFF.

ESF and European Employment Strategy

The Community Strategic Guidelines outline the framework of the European Social Fund. There is potential for the establishment of links between the ESF and the NPP in some areas, such as the complementary goals of increasing employment and combating discrimination. Transnational cooperation is dealt with through the ESF, but in this context concerns co-operation between Member State partners without any geographic limit, whereas transnational co-operation in the context of the European Territorial Cooperation objective refers to the wider, strategic co-operation supported by ERDF. These policies are therefore complementary.

¹⁸ Council Regulation (EC) No 1198/2006 of 27 July 2006 on the European Fisheries Fund

Other Community Policies

The Northern Periphery Programme also has the potential to complement other community policies, such as SME policy, the Trans-European Transport Network (TEN-T), the 7th Framework Programme and Culture Policy. Additionally, the European Commission's i2010 strategy on a European information society for growth and jobs, with a focus on encouraging the development of the digital economy, has some synergies with the NPP. The i2010 initiative outlines three main policy priorities and the promotion and development of broadband networks is a key concern.

All of these policies have been recognised for their importance in contributing to the Lisbon strategy. As stated above, the NPP seeks to add value to these policies through its transnational approach and focus on the specific conditions and characteristics of the programme area. The TEN-T projects do not cover the NPP area and hence the TEN-T strategy has more of an implicit influence on the NPP.

5.4. 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, defined as:

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

Pursuing this aim in the NPP means bringing about cultural change on the part of a wide range of stakeholders by increasing awareness of sustainable development issues in programme activities. Approved projects will create a foundation for long-term sustainability in the NPP region, be aware of their economic, social and ecological impacts, and should contribute to the objectives of EU Sustainable Development Strategy, as revised in 2006.

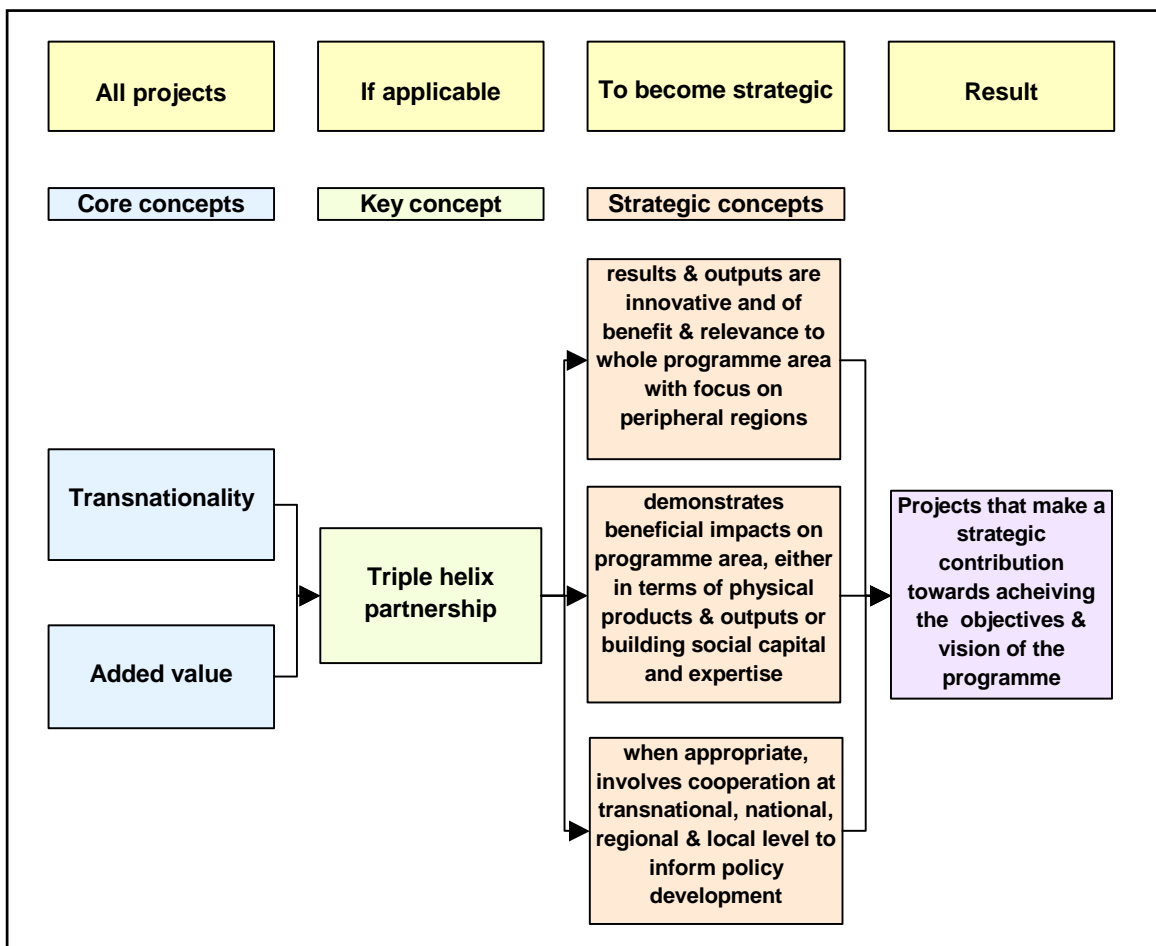
To promote this outcome, NPP guidelines will be developed to assist applicants in project design, addressing the wise stewardship of financial, human and natural resources, and supporting projects that maximise and sustain economic, social and environmental benefit.

5.5. 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 Northern Periphery Programme 2007 - 2013. 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 13 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 13: NPP concepts



5.5.1. 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.

5.5.2. Core concepts: transnationality & added value

Transnationality

In accordance with the principles of transnationality, the Northern Periphery Programme 2007 - 2013 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 scope to make a distinctive contribution and add value through the requirement for every project to develop concrete, tangible results through the development of a transboundary product:

- **by working together to produce a new product that has a transnational or transregional character.**
- **by working together to produce a new service that has a transnational or transregional character.**

The development of transboundary products will be achieved by:

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.

5.5.3. Key concept: triple helix partnerships

Triple Helix is a model for explaining the relations between business, higher education and public/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 IIIB Northern Periphery Programme, which contributed significantly to the achievement of innovative project results and outputs. Building on the experience from previous cooperation, the Northern Periphery Programme 2007 - 2013 will further develop and promote triple-helix arrangements through a refined approach. Triple helix partnerships are defined as:

The three different spheres of business, higher education 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.

6. PRIORITIES

6.1. 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 share similar opportunities and barriers to development, and to achieving common European goals. In response, the Northern Periphery Programme has developed two thematic priority axes for the period of 2007 – 2013, in addition to Technical Assistance (TA) which forms a third priority axis.

1. Promoting innovation and competitiveness in remote and peripheral areas

2. Sustainable development of natural and community resources

Each of the thematic priority axes contains two main areas of intervention comprising a specific objective, a list of broad themes and potential project ideas. The suggested broad themes and potential project ideas are based on the objectives of the programme and represent a non-exhaustive list that can be further developed during the programme's implementation.

The horizontal principles of equal opportunities and sustainable development shall be applied to all relevant actions in the programme.

56.4% of programme funds will be allocated to Priority One, 37.6% to Priority Two and 6% to Priority Three (Technical Assistance).

6.1.1. Priority 1: Promoting innovation and competitiveness in remote and peripheral areas

Rationale

Promoting competitiveness is vital, as communities that are competitive are also more likely to attract investment, enterprises, skilled labour 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. Establishing lasting and fruitful relationships between businesses and R&D institutions is a great challenge and is yet crucial 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. 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

Strengthening competitiveness and promoting innovation 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
- recognition of the importance of networking in capacity building at an institutional level and in companies to develop opportunities for positive economic development.

Objective

To promote competitiveness by increasing and developing the capacity for innovation and networking in 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

Potential project ideas

The following is a non-exhaustive list of potential ideas that have emerged for further development:

- Benchmarking of innovation and SME support networks in remote and rural areas, and promotion of successful systems for the development of new support methods, models and transboundary products.
- Collaboration between the research, public and private sectors to support the development of cold climate facilities and techniques, in order to produce innovative products and services in a high tech environment.
- Transnational collaboration and knowledge exchange between SMEs in the periphery to develop marketing strategies and target new export markets by clustering to increase their products' export and market potential.
- Improvement to the provision of incentivised supports to micro and small firms to engage more with research centres and to develop stronger linkages with the public sector.
- Knowledge exchange between research institutes and the private sector to develop innovative 'green' transboundary products in forestry and aquaculture, for example.
- Knowledge transfer across sectors to develop innovative solutions for adding value at source to indigenous products and methods, particularly natural resources and construction.

- Networking between enterprise centres and business incubation centres in rural and peripheral areas to design systems that increase technology transfer and the development of innovative products and services.
- Promotion of an innovative and entrepreneurial culture across the Northern Periphery by preparing and adapting educational and training systems.

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

Objective

To facilitate development by the use of advanced information and communication technologies and transport in the programme area. 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 industries and businesses in the Northern Periphery
- developing innovative product and service solutions for developing and maintaining transport infrastructure with regard 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 arctic, harsh conditions
- building the capacity to respond to and prepare for emergencies and natural disasters to which the Northern Periphery is exposed.

Potential project ideas

The following is a non-exhaustive list of potential ideas that have emerged for further development:

- Increasing educational opportunities through outreach accessibility and other innovative distance learning tools that sustain rural communities and reduce the need to travel.
- Benchmarking of advanced ICT in peripheral regions and the development of new models of provision that seek to ensure equal access to all.
- Enhancing implementation of advanced ICT in businesses and promoting the competitiveness of rural and peripheral areas in IT through out-sourcing, home based working etc.
- Sharing of management information systems in sparsely populated areas through greater use of ICT, such as a database of specialist healthcare services throughout the NPP area, for example cardiology, oncology, orthopaedics etc.
- Development of new methods and concrete initiatives to improve maritime safety and risk prevention in northern waters exposed to harsh climatic conditions, particularly in relation to the opening up of new sea routes in the periphery.
- Knowledge transfer to develop marine tourism and products and services in fields such as: planning and restructuring of ports (transition from commercial to leisure ports); water sports co-operation; marina management, development of new routes, etc.
- Joint collaboration between public and private stakeholders to prepare new inter-modal transportation links for peripheral and sparsely populated areas, including small-scale infrastructure management and linking together of airports/rail links and bus routes.
- Development of innovative and sustainable public transportation schemes and services for sparsely populated areas that reduce social exclusion and help overcome the area's dependence on private transportation.
- Testing and dissemination of new concepts and models for short sea shipping in the Northern Periphery and the development of new logistical models for freight movement in sparsely populated areas.

6.1.2. 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, but this needs to be developed carefully to ensure long-term sustainability.

The programme area 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 fragile and is not without threats from pollution and climate change, which 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. In response, 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;
- securing a better balance between production and consumption 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

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
- Impact and possible implications of climate change and means to reduce it at a community level
- Development of small scale renewable energy solutions

Potential project ideas

The following is a non-exhaustive list of potential ideas that have emerged for further development:

- Transnational collaboration to develop and increase use of renewable energy solutions, such as heat loss minimisation and small-scale energy conservation measures, for example innovative wood chip pellet technologies/solar panelling/insulation etc.
- Development of links between triple helix actors to test, promote and stimulate energy efficiency through low carbon household programmes.
- Knowledge exchange to develop new transnational models and joint solutions for coastal zone management, particularly in relation to minimising the risks associated with climate change.

- Development of expertise to prepare for climate change and ensure that people, natural environments, spatial structures and associated functions suffer minimal disturbance.
- Development and testing of new initiatives that ensure that the potential favourable impacts of climate change are used to advantage in the NPP area, for example in agriculture, sustainable tourism etc.
- Cross-sector policy coordination in transport, energy, environment, regional planning and trade, to ensure increased tourism across the periphery does not negatively impact on the fragile environment.
- Initiatives to increase efficiency in established industries, such as forestry, fisheries and mining, by focusing on sustainable management of natural resources.
- Development of innovative strategies and service models for waste management and recycling in sparsely populated and peripheral areas, such as recycling, increased re-use and decomposition, and energy recovery from waste.
- Development of new models for maximising community socio-economic benefits from proximity to large-scale industries and projects, and securing local sustainable development in industries such as mining and oil exploration.

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 shall therefore 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:

- recognition that building urban-rural partnerships can 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 the rich cultural heritage and active cultural scene can act as a vehicle for sustaining the quality of life in northern communities. Fostering the area's cultural heritage will provide social and economic benefits which can be further developed through the creative industries of music, film, literature and also through tourism; and
- the benefits of knowledge transfer and transnational cooperation to develop remote areas through close collaboration between the private, public and voluntary sectors.

Objective

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 these broad themes:

- 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

Potential project ideas

The following is a non-exhaustive list of potential ideas that have emerged for further development:

- Development of combined or “bundled” mobile rural services through transnational networks that involve the private, public and voluntary sectors in developing new service solutions for peripheral and sparsely populated areas.
- Triple helix collaboration - bringing together of national health service executives, private medical firms and medical research staff - to take advantage of potential economies of scale and to implement measures aimed at increasing efficiency of health care delivery to rural and peripheral regions.
- Establishment of urban-rural partnerships to develop new service solutions for the benefit of peripheral areas, for example through the use of innovative technologies that facilitate the participation of specialists and experts from urban areas remotely.
- Development and testing of new public-private service models that address the demographic challenges of the programme area, particularly the high proportion of elderly people in sparsely populated and rural areas.
- Pilot projects to develop joint new approaches and innovative actions to facilitate the promotion of indigenous languages and cultures amongst young people.
- Promotion of sustainable tourism actions that enable tourism to help maintain, or even revive the unique cultural and natural heritage of the area.
- Development of cultural heritage in the area through innovative actions to stimulate the creative industries of film, music etc, especially through the use of advanced ICT.

6.1.3. 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. It shall also finance 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 shall 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 effective 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 ERDF allocated under the European Territorial Cooperation objective.

6.2. Target groups

A wide range of actors from the public, public-like and voluntary (third) sectors are able to participate in Northern Periphery Programme projects as partners and receive direct financial support, including:

- National, regional and local authorities
- Regional and local development agencies, chambers of commerce
- Universities, higher education institutions, research centres, colleges
- Non-governmental organisations/public-like organisations
- Voluntary sector organisations
- Other relevant public-like organisations contributing to the development of the programme area

In addition, the participation of the private sector, especially SMEs, is encouraged although private sector match funding is not able to generate ERDF financial support. See Chapter 5.5.3 for further details on how to involve the private sector in triple-helix partnerships, which involve the public, private and research sectors.

All partners should be located in the programme area unless the flexibility rules are applied, as outlined in Chapter 2.2.

6.3. Indicator system

In accordance with Article 12 (4) of Regulation 1080/2006 regarding the European Regional Development Fund, a system of measurable and achievable indicators has been developed. These have been designed to measure the programme's progress in relation to the baseline situation and the achievements of the priority axes. The principle of proportionality has been key to the design of the indicator system, which has drawn on experience from the implementation of the INTERREG IIIB Northern Periphery Programme and the various evaluations carried out, European Commission guidance and recommendations from the Ex Ante Evaluators. A particular effort has been made to incorporate recommendations from the INTERREG IIIB NPP Update of the Mid Term Evaluation, especially with regard to the development of transboundary products and services.

The joint transnational strategy for the programme outlines a number of concepts and principles that each project must adhere to. As outlined in Chapter 5.5.2, every project is expected to contribute to the core concepts of added value and transnationality, and the indicator system is designed to capture these contributions. Output and result indicators have been developed based on the objectives of the programme, as shown in Table 6 and Table 7. Targets have been set at a programme level for the number of main projects developing transboundary products within each of the priorities, with a proportion of these being classified as strategic projects. The targets for output and result indicators take into account the programme level targets and are based on the priority objectives and the division of financing between the priorities. The baseline indicators have been set at zero. The specific methodology for calculating these targets can be found in Annex 5. The annual baselines and targets (covering the period 2007-2015, and defined for each single year) will be provided in the first annual report, by June 2008 at the latest, and will be included in the following reports.

Each project is also expected to respect and contribute to the horizontal principles, as detailed in Chapter 5.4. A limited set of indicators has been defined for equal opportunities to gather information on gender and age participation. However, a qualitative indicator system will be used to assess and monitor information on the horizontal principles, which will draw on recommendations and potential indicators from the Strategic Environmental Assessment. Further project guidance and a model for capturing this information will be included in the Applicants Package.

The NPP shall also make a significant contribution to the core indicators set by the European Commission for transnational cooperation programmes and the following information shall be collected at a programme level:

- Number of projects respecting three of the following criteria: joint development; joint implementation; joint staffing; joint financing.
- Number of projects respecting all of the following criteria: joint development; joint implementation; joint staffing; joint financing.
- Number of projects on: water management; improving accessibility; risk prevention; developing RTD and innovation networks

In addition, it is recognised that projects will make other additional contributions that are not listed in the indicator system. Activity indicators shall therefore be included in the Applicants Package and scope has also been allowed for projects to develop a limited number of their own indicators in line with the objectives of the relevant priority. The approval of these indicators shall be regarded as an additional contribution to the programme.

Monitoring of indicators

The collection of indicators shall be carried out using a range of different methods depending on the type of indicator being reported. A system for the collection of all relevant information to monitor and evaluate achievements towards targets will be developed. This system shall contain all information regarding a project's expected contribution towards indicators and their progress in achieving these. This system shall make it possible to aggregate these indicators on a programme level.

Projects shall submit regular reports outlining progress towards achieving result and output indicators, but information on impact indicators shall be collected through various programme evaluations. These evaluations may also capture additional information on output and result indicators.

Progress by projects in implementing the programme's horizontal principles shall also be collected from progress reports and through qualitative methods if applicable. Programme evaluations shall take into account the horizontal principles and monitor horizontal indicators. Information on NPP targets for main projects and EC core indicators shall be collected at a programme level on an annual basis.

Other methods may be used to capture both qualitative and quantitative information on indicators, such as surveys of supported partners/firms, surveys of project partners, national statistics, etc. These will be reported to the European Commission when relevant.

All information on indicators shall be aggregated at a programme level annually and reported to the European Commission in the annual report submitted by the Managing Authority. Information on impacts and qualitative information on indicators shall be included in the annual report when available.

Table 6: Overview of priority one indicators**Priority one:** Promoting innovation and competitiveness in remote and peripheral areas**Target:** 24 main projects developing a transboundary product or service of which up to 5 could be “Strategic projects”

Programme Vision	Priority objective	Output indicator	Output Baseline	Output Target	Result indicators	Result Baseline	Result Target	Horizontal principles
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	<ul style="list-style-type: none"> 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. 	No. of transnational networks supporting new products and services	0	24	No. of transboundary products	0	12	Equal opportunities and Sustainable development No. of male < 25 No. of male > 25 No. of female < 25 No. of female > 25
		No. of transnational networks involving local, regional and national actors to inform policy development	0	5	No. of transboundary services	0	12	
			0	5	No. of new or improved solutions/systems to promote innovation & competitiveness in remote and peripheral areas	0	16	
		No. of triple helix partnerships	0	5	No. of new or improved transportation schemes / services developed	0	4	
					No. of new or improved ICT services / ICT solutions developed	0	4	

Table 7: Overview of priority two indicators**Priority two:** Sustainable development of natural and community resources**Target:** 16 main projects developing a transboundary product or service of which up to 3 could be “Strategic projects”

Programme Vision	Priority objective	Output indicator	Output Baseline	Output Target	Result indicators	Result Baseline	Result Target	Horizontal principles
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	<ul style="list-style-type: none"> To strengthen the 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. 	No. of transnational networks supporting new products and services	0	16	No. of transboundary products	0	8	Equal opportunities and Sustainable development No. of male < 25 No. of male > 25 No. of female < 25 No. of female > 25
		No. of transnational networks involving local, regional and national actors to inform policy development	0	3	No. of transboundary services	0	8	
		No. of triple helix partnerships	0	3	No. of new or improved solutions for sustainable management of natural or community resources	0	12	
		No. of urban-rural links	0	4	No. of new or improved solutions for sustainable management of cultural heritage	0	4	

7. FINANCING

7.1. Programme financing

Financing for the programme will consist of ERDF funding, ERDF equivalent funding from the Non Member States and national match funding.

The Member State financing consists of 35.115 MEUR from the European Regional Development Fund (ERDF) and 24.112 MEUR of national match funding. The national match funding is calculated to be 40% for Priorities One and Two, and 50% for Priority Three (Technical Assistance).

The Non-Member State financing consists of 10.155 MEUR ERDF equivalent funds from Norway, Iceland, Greenland and the Faroe Islands.

The ERDF equivalent funds allocated to the Programme shall be used to fund participating Non-Member State partners in their respective country and shall contribute to the Technical Assistance. ERDF funds shall not be committed to partners in Non-Member States.

Further detail on programme financing can be found in the Financial Plan, as shown in Annex 6. The Financial plan consists of two tables: allocation of funds by programme year, and allocation of total funds by priority and year.

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

7.2. Intervention rate

The ERDF co-financing rate for partners in Member States is in general up to 60% of eligible costs. However, the Programme Monitoring Committee may apply the possibility to go up to a 75% ERDF co-financing rate 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 shall in general be 50% of eligible costs.

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

7.3. Eligibility of expenditure

In accordance with Article 56 (1) of the General Regulation, expenditure shall be eligible if it has actually been paid between the date of submission of the Operational Programme to the Commission or from 1 January 2007, whichever is earlier, and 31 December 2015. Projects must not have been completed before the starting date for eligibility.

In accordance with Article 56 (3) of the General Regulation, expenditure shall be eligible for funding only when incurred for projects selected by the Programme Monitoring Committee based on selection criteria agreed by the PMC.

Detailed rules on the eligibility of expenditure financed by this programme will be provided in the Applicants Package. These eligibility rules will be applicable in the entire programme area. Eligibility rules relevant to the programme are based on the provisions laid down in Article 56 of the General Regulation, Articles 7 and 13 of the ERDF Regulation and Articles 48-52 of the Implementation Regulation. The programme may apply stricter rules than foreseen by the EU regulations or national legislation.

7.4. Match funding

Match funding from the national partners involved is a pre-requisite for receiving Northern Periphery funding. National match-funding consists of public funding at the central, regional or local level. In the 2007-2013 programming period, private sector funding cannot be used to generate 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.

7.5. Categories

An indicative breakdown by category at programme level of the programmed use of funds is provided in Annex 7, in accordance with Article 11.2 and Annex II of the Implementation Regulation.

8. IMPLEMENTATION

8.1. Introduction

The Northern Periphery Programme 2007 - 2013 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. The partnership principle shall be applied in all aspects of implementation.

8.2. Designation of competent authorities and legal basis

Transnational cooperation shall be continued under the European Territorial Cooperation Objective in the 2007-2013 programming period. The framework for the administration of European Territorial Cooperation Objective 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”). Commission Regulation (EC) No 1828/2006 (referred to as the “Implementation Regulation”) sets out rules for the implementation of the ERDF and General Regulations.

In accordance with Article 14 of the ERDF Regulation, the Member States participating in the Programme have appointed 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 programme partners 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.

In accordance with Article 59 (3) of the General Regulation, the Member States participating in the programme shall lay down rules governing their relations with the Managing Authority and its relations with the European Commission. For this purpose each Member State programme partner shall conclude a separate agreement of identical type and wording with the Kingdom of Sweden.

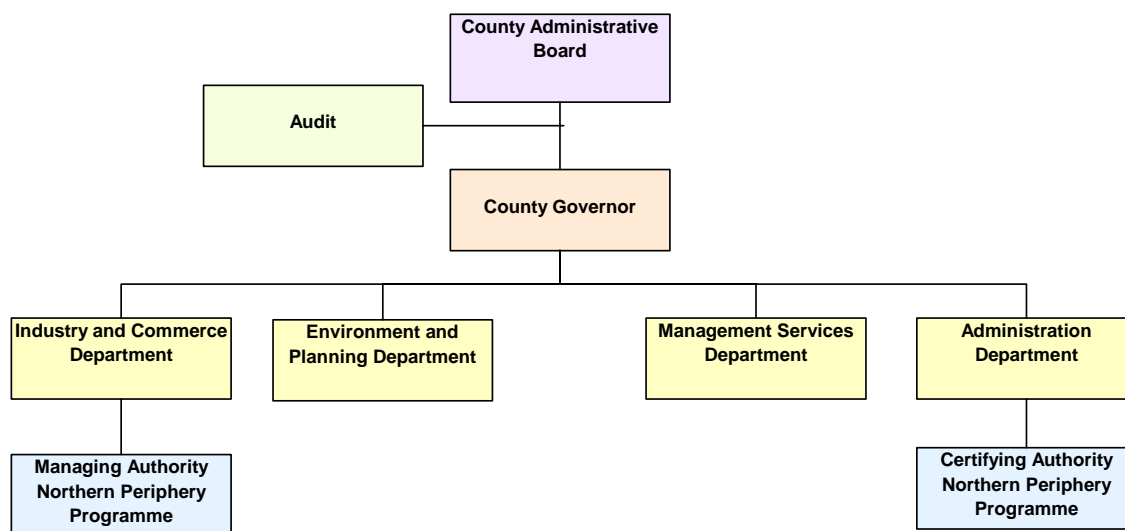
With regard to the participation of the Non-Member State programme partners, the Faroe Islands, Greenland, Iceland and Norway participating in the programme with their own funding, separate agreements of identical type and wording shall be concluded between each of them and the Kingdom of Sweden to regulate their relations with the Managing Authority.

8.3. 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 have designated common structures for cooperation which take into account national legislation, and they shall be responsible for the following functions:

- a Managing Authority in accordance with Articles 59 and 60 of the General Regulation
- a Certifying Authority in accordance with Articles 59 and 61 of the General Regulation
- an Audit Authority in accordance with Articles 59 and 62 of the General Regulation
- a Joint Programme Secretariat in accordance with Article 14 of the ERDF Regulation

Figure 14: Organisational structure of Västerbotten County Administration



8.3.1. Managing Authority

The programme partners participating in the Northern Periphery Programme 2007 - 2013 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:

Förvaltande myndighet
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 14. 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.

The Managing Authority shall be supported by a Joint Programme Secretariat (JPS), which will be located 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 outside the programme area 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.

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 satisfy itself that the expenditure of each beneficiary participating in an operation has been validated by the controller referred to in Article 16(1) of the ERDF Regulation.

8.3.2. Certifying Authority

The programme partners participating in the Northern Periphery Programme 2007 - 2013 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:

Attesterande myndighet
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

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 Västerbotten 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.

8.3.3. Audit Authority

In accordance with Article 14 of the ERDF regulation, an Audit Authority shall be appointed for the programme. The Audit Authority shall be situated in the Member State of the Managing Authority, which in this programme is located in Sweden. Sweden has designated the Swedish National Financial Management Authority Sw. Ekonomistyrningsverket (ESV) to perform the role of Audit Authority for the Northern Periphery Programme.

Contact information for the Audit Authority

Postal address:

Ekonomistyrningsverket (ESV)
Drottninggatan 89
Box 45 316
104 30 Stockholm

Phone: + 46 8 690 4300 **Fax:** + 46 8 690 4350

Mail : registrator@esv.se

The Audit Authority shall perform its tasks in accordance with Article 62 of the General Regulation. With regard to the Faroe Islands, Greenland, Iceland and Norway, a special agreement shall be set up.

Group of Auditors

The Audit Authority shall be assisted by a Group of Auditors with representatives from each Member State participating in the programme, in accordance with Article 14(2) of the ERDF Regulation. The Group of Auditors shall establish its own Rules of Procedure.

Tasks of the Audit Authority

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. compiling a description of the management and control systems, as well as an assessment of systems, in a report to the Commission in line with Article 71 of the General Regulation. This will be based on a description of the management and control systems in force submitted by each member state within 9 months of approval of the Operational Programme, in line with Article 62 of the General Regulation.

- d. 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;

- e. 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.

8.3.4. 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 Joint Programme Secretariat shall 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 Managing Authority.

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

The JPS shall have an appropriately staffed international secretariat. The JPS shall be the central contact point both for the public interested in the programme, potential beneficiaries and selected/running operations. The JPS shall assist the Managing Authority, the Certifying Authority, the Monitoring Committee and the Audit Authority in carrying out their respective duties. It shall be responsible for the following tasks:

- a. to distribute information and implement publicity measures on the programme to support generation, development and implementation of projects;
- b. to advise (potential) beneficiaries and lead beneficiaries on the programme;
- 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 act as secretariat to the Monitoring Committee, i.e. organise its meetings, draft the minutes, prepare, implement and follow up its decisions, etc.; the same shall apply with regard to the Programme Management Groups and any other Groups or task forces set up by the Monitoring Committee;
- e. to monitor progress, including financial progress, made by selected projects by checking reports;
- f. 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;
- g. to establish close links with the chairmen/secretaries of the Regional Advisory Groups and support them in their tasks;
- h. to co-operate with organisations, institutions and networks relevant to the objectives of the programme. In doing so, the JPS should focus on the Northern Periphery Programme area.

The tasks of the JPS shall be carried out under the responsibility of the Managing Authority. 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.

8.4. Other bodies

8.4.1. 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 designated by 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 may also invite others to attend the meetings as observers. Particular attention shall be paid to inviting representatives of authorities responsible for environmental and equal opportunities issues, 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 Operational 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 vice 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 give recommendations and select projects prepared by applicants and submitted to the Committee by the Joint Programme Secretariat;
- c. 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;

- d. 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;
- e. it will consider and approve the annual and final reports on implementation referred to in Article 66 of the General Regulation;
- f. it will be informed of the annual audit report and any relevant comments the Commission may make after examining that report;
- g. 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;
- h. it will consider and approve any proposal to amend the content of the European Commission decision on the contribution of the Funds;
- i. it will consider and approve the joint administrative and financial arrangements to implement the programme.

8.4.2. 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, a Programme Management Group will be set up. It will also facilitate contacts and the flow of information between programme partners. 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.

8.4.3. Regional Contact Points

Due to the large programme area, Regional Contact Points (RCPs) shall be established to assist the JPS with its information, promotion and advisory tasks. 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 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 will be partially funded from the Technical Assistance budget depending on availability of resources.

8.4.4. Other advisory groups/arrangements

In line with the partnership principle, Regional Advisory Groups (RAGs) shall be established to assist the Programme Monitoring Committee in assessing project applications. The 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.

8.5. Project implementation:

Financial responsibilities

A Lead Beneficiary shall be nominated for each project, in accordance with the principles outlined in Article 20 of the ERDF Regulation. The Lead Beneficiary 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 Beneficiary is normally held by a partner located in an EU Member State. The Member States will individually have overall liability for the Programme funds granted to a Lead Beneficiary in their individual country.

In justified cases, the role of Lead Beneficiary may be held by a partner in Norway or Iceland. The complexity of projects (number of partners, requirement of certain competencies by the Lead Beneficiary) may be cause for an exception to the general rule. The justification for accepting a Lead Beneficiary from Norway or Iceland should be described in the project Grant Offer Letter. The pre-conditions for such a derogation, and the financial responsibilities and liabilities, shall be decided in an agreement between the partner countries of Norway and Iceland, and Sweden on behalf of the Managing Authority.

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

- Delivery of project reports and documentation;
- Ensuring the MA is aware of the choice of project controllers;
- Delivery of project outputs;
- Production of documents required for audits and payments;
- Overall project management;
- Concluding 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.

8.5.1. 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 the 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.

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.

8.5.2. 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 Northern Periphery Programme 2007 - 2013.

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 match funding in place.

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

The Programme Monitoring Committee shall agree on a simplified application and reporting procedure for preparatory applications. The Programme Monitoring Committee may delegate responsibility for preparatory project decisions to the Joint Programme Secretariat (JPS).

8.6. Programme implementation

8.6.1. Financial management

General provisions with regard to the Member States' responsibilities for the management and control of operational programme have been laid down in Articles 70-71 of the General Regulation and Articles 16 and 17(3) of the ERDF Regulation.

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 satisfy itself that the expenditure of each beneficiary participating in an operation has been validated by the controller referred to in Article 16 (1) of the ERDF Regulation.

The Managing Authority shall inform the Certifying Authority of the procedures and verifications carried out before payment of the ERDF funding to the Lead Beneficiary of the project. 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 Beneficiary of the project and the payment shall be registered in the programme's database system for managing and monitoring. The Lead Beneficiary shall then allocate funds to the other partners of the project.

The Certifying Authority of Västerbotten County Administration shall prepare the requests for ERDF funding from the European Commission. The Västerbotten County Administration shall open a joint Euro 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 submits 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.

A more detailed description of the management and control system shall be submitted to the European Commission following approval of the Operational Programme, in accordance with Article 71 of the General Regulation.

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 invoice for the co-funding. The ERDF funding for TA will be reimbursed following certification from the Certifying Authority. Technical Assistance shall cover costs for the managing organisation, monitoring and information actions, 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 Northern Periphery Programme 2007 - 2013.

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.

8.6.2. 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 Articles 47-48 of the General Regulation and Commission guidance. Evaluations shall aim to improve the quality, effectiveness and consistency of the assistance from the Funds and the strategy and implementation of the Programme. The first of these evaluation has already been carried out through the Ex ante evaluation that was undertaken during the planning phase of the programme.

On-going evaluations shall be carried out during the programme period and may be of a strategic or of an operational nature depending on the specific needs of the programme. In accordance with Article 48(3) of the General Regulation, evaluations will be linked to the monitoring of the programme, in particular where monitoring reveals a significant departure from the goals initially set or where proposals are made for the revision of the programme, as referred to in Article 33 of the General Regulation. An evaluation plan shall be drawn up and agreed by the participating Member States to provide an overall framework for the on-going evaluation. Evaluations shall be co-ordinated by the Managing Authority and carried out by independent evaluators following an open public procurement procedure.

8.6.3. Information & publicity

In line with Article 69 of the General Regulation, the programme shall ensure transparency and inform the public of the Community role in the actions funded by the programme. 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 shall form an integral part of programme implementation and shall 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 with regard to the value added of 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;
- the evaluation methods to be used to ensure transparency and awareness of the Operational Programme 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. 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.

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. The programme website will be the primary means of providing information on the programme, with several supplementary guidance and promotion documents also being available.

These methods will be regularly reviewed and monitored to ensure they are appropriate and, if necessary, new ones explored. The Programme Monitoring Committee will review the Communication Plan on an annual basis to ensure effective implementation and that maximum benefit is being achieved. Details of information and publicity measures will also be included in the annual report.

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.

9. EX ANTE EVALUATION & SEA

9.1. Summary

In accordance with EC guidance, 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.

9.2. Ex Ante Evaluation

The aim of the ex ante evaluation of the Northern Periphery Programme (NPP) 2007-2013 was 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 were:

- (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 has been guided by the European Commission's Directorate General for Regional Policy (DG Regio) guidance, adapted to meet the specific needs of the NPP, and has taken into account other relevant information. Translating these evaluation requirements into practice was undertaken, as recommended by DG Regio, through "an iterative and interactive process". This involved facilitating a constructive dialogue between the drafting teams and the evaluation experts, whereby the European Policies Research Centre (EPRC) evaluation team used judgement and provided recommendations on the content of the various elements of the Programme as they have been drafted.

In addition to providing critical feedback on completed sections of the programme, the evaluation team have provided syntheses of relevant information relating to the various elements of programming at a stage that is most useful to the drafting teams. These evaluation papers bring together lessons from previous programmes, research on regional development in the NPP area, contextual information on Community, national and regional policies, and European Commission formal requirements and informal guidance, as well as offering critical feedback and analysis of programme drafts. Key points and recommendations that were raised at the various stages in the evaluation are summarised in Table 8.

Table 8: Synthesis of key ex ante recommendations and comments made throughout the evaluation process

	Ex Ante Recommendations	Implemented Actions
Analysis	<ul style="list-style-type: none"> • Develop a comparative analysis, as opposed to country-by-country analysis. • Develop a 'strategic' analysis, focused on key EU development priorities and goals and reflecting the distinctive environment of the Programme area. • Develop a coherent analysis, e.g. points raised in the priorities section of the Programme should link to some aspect of the analysis and SWOT, and points raised in the SWOT should be rooted in the analysis. • Draw on existing reports, analyses and comparative databases of the Programme area as well as national accounts. • Where possible, standardise national and regional input. • Incorporate a section on lessons learned from past cooperation programmes and the scope to build on experience. • Refine elements of the analysis - some aspects of the analysis needed to be developed further and supporting data provided. 	<ul style="list-style-type: none"> • Initial country-by country approach replaced by comparative analysis. • Strategic analysis based round key themes in Programme and eligible areas of expenditure. • Links between SWOT and analysis reinforced in the text and a diagram included. • Comparative data sources, such as EUROSTAT, used where possible and complemented by national data. • Comparative data sources used and additional information gathered. Member States asked to provide standardised input for that could be used as a basis analysis. • Section included in another section of text. • Data gaps filled, where possible, and key themes developed.
Strategy	<ul style="list-style-type: none"> • Identify a robust and unifying strategic logic to the Programme. • Provide a clear, strong 'definition, 'identity' or purpose for Programme priorities. • Make explicit links to the Commission themes and objectives needed. There is scope to incorporate links to all four of the Commission's main areas of Objective 3 transnational support. • Focus on a limited number of core strategic horizontal priorities. • Consider how to mobilise meaningful projects under each priority. • Include examples of 'potential projects' under each priority and 'target groups' to help illustrate the types of 'concrete' interventions that the Programme could make. 	<ul style="list-style-type: none"> • Focus on remote and peripheral areas & community added-value. • Focus on remote and peripheral areas emphasised. • Some references included. • Number of horizontal priorities reduced. • Indicative projects included & consultation with RAGs on potential projects. • Indicative projects outlined in text.

Coherence	<ul style="list-style-type: none"> • Identify and highlight the positive links with key domestic and Community policies and maximise the potential for synergies between Programmes. • Highlight where the Programme ‘adds-value’ and makes a distinctive contribution to promoting development within the NPP area and territorial cohesion more generally. • Make the domestic/EU links explicit in the Programme document. 	<ul style="list-style-type: none"> • Programmers considered ‘added-value’ of the programme, relative to other policies. • Joint transnational strategy and policy context sections of the programme more clearly identify areas of potential ‘added-value’, such as focus on peripheral (as opposed to simply rural) areas. • Section on policy and programme context expanded, assessment of Coherence with community policies developed (drawing on detailed assessment in ex ante), some references to EU policy goals included in outline of priority axes in OP.
Results and Impact	<ul style="list-style-type: none"> • Justify the indicators on the basis of factors such as: rationality, measurability and achievability. • Emphasise the importance of linking indicators to a strong ‘intervention logic’, in line with the ‘strategic’ orientation of Programme. • Make particular efforts to strengthen result and impact indicators, which have been traditionally weak across the majority of INTERREG Programmes. • Ensure that the two horizontal priorities, sustainable development and equal opportunities are adequately taken into account. • Ensure that the indicators sets should be proportionate, as this is a comparatively small Programme • Take into account the list of core indicators set out in DG Regio’s working paper. • Consider the Programme’s ‘qualitative’, less tangible contributions to, for example, learning, networking and social capital. • Recognise the real practical difficulties that can be encountered in developing an indicator framework. • Ensure communication with the institutions involved in gathering and using the data is crucial and provide clearly defined indicators in order to maximise the ‘use’ and usefulness of the data. • Recognise that, relative to the Programme’s financial resources, the ‘breadth’ and scope of the Programme’s objectives and priorities could make it difficult to clearly demonstrate ‘concrete’ Programme results and impacts. 	<ul style="list-style-type: none"> • Number of indicators greatly reduced, ‘practicality’ of indicators considered, hierarchy of indicators more apparent, in earlier drafts of the indicator frameworks minimal targets were set. • Text to explain the logic of the indicator framework. Focus of indicators refined to focus on core programme themes and achievable aims, which are also in line with EU goals • Result indicators included, although impact indicators dropped in the latter stages of programme drafting • Horizontal themes included in main indicator tables, although specific indicators and targets limited • The number of indicators has been greatly reduced and improved during the drafting process, the result is a more ‘useful’ set of indicators • Core indicators are listed in the text on indicators in the programme document. • This was going to be a difficult aspect for the programme to incorporate fully. Efforts have been made to reflect this aspect in the choice of indicators, e.g. by taking into account opportunities for knowledge transfer. • Efforts to make the indicators as ‘measurable’ as possible, lead to substantial changes being made to initial drafts of the indicator frameworks • A working group involving a range of actors was set up to develop the indicator frameworks and relevant partners were consulted, this was planned in advance of any ex ante recommendations • Meaningful baseline indicators, as recommended in the European Commission’s working paper, are difficult to establish for the Programme area, given the small scale of the resources and large programme area.

Management & Implementation	<ul style="list-style-type: none"> • Build on effective administrative structures and procedures established in the INTERREG IIIB Northern Periphery Programme. • Take into account new regulatory requirements (setting out a structure that is in line with both the General and ERDF Regulations) and the needs of the expanded Programme area. • Ensure that partnership, as a cross-cutting theme, is reflected throughout the Programme and applied at all levels of implementation. • Maximise the effectiveness of the key institutions by ensuring adequate financial and human resources. • Address key operational issues. 	<ul style="list-style-type: none"> • The retention of the RAG and RCP structures was widely discussed. • New provisions put in place for NI and Ireland, based on existing approach. There was a high level of consensus about simply 'rolling out' the existing institutional approach to programme implementation and management (with minor changes being made in line with regulatory requirements). • RAG and RCP structures have been an important channel of partnership working. Partnership has become such an embedded element of the programme that it was important not to 'forget' to make a point of it in the Operational Programme. • Some decisions on funding were held up due to Member State delays in confirming final budget allocations. Resources for the Programme implementation bodies were discussed at length. • The allocation of responsibilities of the key institutional actors are outline in the OP. Detailed operational and implementation issues will be set out in an accompanying document to the OP, but many are not required to be included in the OP.
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Based on these comments and recommendations, as well as feedback from partners and from the public consultation process, the Northern Periphery Programme for the 2007-2013 period has been refined and modified. The evaluation team considers that the programme is now in line with Community guidelines and priorities, addresses particular development needs in the NPP area, and is in a position to offer Community 'added-value' and promotes cohesion in the programme area.

9.3. Strategic Environmental Assessment

The role of the Strategic Environmental Assessment (SEA) 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.

The SEA report was prepared in accordance with Directive 2001/42/EC on the assessment of the effects of certain plans and programmes on the environment. The report is divided into four parts:

- i) A review of the environmental context of the Northern Periphery Programme. This includes consideration of the environmental performance of the Interreg IIIB NPP 2000-2006, an overview of the priorities of the Northern Periphery Programme 2007-2013, and a review of the scope that exists for synergy with environmental strategies, programmes and policies.
- ii) Examination of the environmental baseline and trends, according to a range of themes. Commencing with a summary of regional environmental distinctiveness, it reviews natural resources and biodiversity, energy, waste, transport and tourism.
- iii) Identification of strategic environmental issues, comprising the selected themes of climate change, tourism, waste, and marine pollution (see Table 9).

Table 9: Strategic environmental issues in the programme area

Climate Change	Continued climate change is expected to have significant impacts on the natural environment and daily life of people across the Northern Periphery, including new opportunities to develop industries in regions that have previously been excluded from certain economic activities. Preparations for climate change should ensure that people, natural environments, spatial structures experience minimal disturbance, while using the favourable impacts of climate change to advantage.
Tourism	Tourism is a major asset in the Northern Periphery, particularly with regard to jobs in rural areas, but it can also challenge the preservation of biological diversity and valuable landscapes, undermine cultural identity and the interests of indigenous people. The seasonal aspect of tourism, coupled with the concentration of tourists in certain regions, can increase environmental pressures in relation to energy and water supply, wastewater treatment, waste generation, traffic congestion and emissions.
Waste	Waste management is a key issue for small communities in the Northern Periphery, and there is an urgent need to tackle the root causes and environmental impact of increasing waste. Long distances and a sparse population bring challenges for waste handling, economy of collection and waste disposal. Waste minimisation techniques should be explored, including alternative procedures and processes, recycling, increased re-use and decomposition and energy recovery.
Marine Pollution	From an EU environmental perspective, the marine environment is a target for conservation, restoration and sustainable use. Maritime issues are important for most of the NPP area. Coastal zone management is required to resolve competition for limited land resources between aquaculture, construction, traffic and nature protection, and harbour sediments are contaminated with chemicals and heavy metals, meaning that most of these areas have restrictions on consumption of seafood.

- iv) An environmental impact assessment. This appraises the programme vision, priorities and objectives, in accordance with the EU Sustainable Development Strategy and the 6th Environmental Action Programme, and the impact on the strategic environmental issues (see Table 10). It includes a discussion of likely significant effects on the environment, measures envisaged in preventing adverse effects, and potential indicators for monitoring environmental effectiveness.

Table 10: Programme environmental conformity and potential impact

Programme Vision
Corresponds with objectives to limit climate change and its costs to society, breaking the link between economic growth and environmental degradation, and aiming for sustainable production and consumption. It allows broad scope to address the strategic environmental issues, as well as benefiting the region with other forms of environmental gain.
Priority 1
Offers scope for cost-effectiveness through energy-saving and technological development that decouples economic growth and environmental pressure, the reduction of greenhouse gas emissions in the transport sector, sustainable use of the marine environment and coasts, and waste reduction. Gains in energy efficiency from renewables may lead to greater competitiveness and distinctiveness. New networks and knowledge transfer that develop new and existing products, as well as provide support in addressing and reaching markets, could benefit the environmental sector through higher profile and a regional brand image related to high environmental quality. ICT can reduce travel and associated environmental impacts of traffic, and the resulting reduction in out-migration could sustain rural communities and retain local environmental management skills. Transport infrastructure maintenance and development can be environmentally beneficial if it supports modal transfer.
Priority 2
Offers scope for sustainable use of natural resources and levels of waste, maintaining biodiversity, protecting habitats and natural systems, the dissemination of technology on clean and renewable energy systems and reduced energy consumption. It supports minimising the undesirable impacts of transport, tackling noise, congestion and pollution, and avoiding adverse impacts on human health. Sustainable production and consumption may reduce waste and increase recycling. Assisting urban-rural partnerships and looking for new service solutions allows scope to be innovative and support targeted environmental change. Exploiting opportunities presented by bio-fuels and other renewable energy sources to develop small-scale sustainable solutions, as well as energy-saving initiatives for rural and remote communities, companies and households, will assist the overall transition to renewables. In addition to stimulating the environmental sector, preserving biodiversity, ecosystems and habitats, this could encourage new companies and services that strengthen communities and improve the urban-rural balance.

References to EU environmental directives, national environmental strategies and other policy documents relevant for the OP are included as appendices to the SEA report.

10. ANNEXES

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Annex 1: Eligible Area at NUTS Level

Only regions highlighted in bold are considered eligible.

MEMBER STATES

Code	Country	NUTS II	NUTS III
FI	FINLAND		
FI13		Itä-Suomi	
FI131			Etelä-Savo
FI132			Pohjois-Savo
FI133			Pohjois-Karjala
FI134			Kainuu
FI1A		Pohjois-Suomi	
FI1A1			Keski-Pohjanmaa
FI1A2			Pohjois-Pohjanmaa
FI1A3			Lappi
FI19		Länsi-Suomi	
FI193			Keski-Suomi

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

IE023			Mid-West	
IE02301				Clare
IE02303				Limerick
IE025			South-West	
IE02502				Cork
IE02503				Kerry

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

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

UK	NORTHERN IRELAND		
UKN0		Northern Ireland	
UKN03			East of Northern Ireland
UKN04			North of Northern Ireland
UKN05			West and South of Northern Ireland

NON MEMBER STATES

Faeroe 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, Spitsbergen

Annex 2: Supporting analysis

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

Age	0-14	15-29	30-64	65-
Programme Partner				
Faroe Islands	22,8	19,4	45,9	11,9
Finland	17,5	18,8	38,9	24,8
Greenland	25,1	20,8	48,6	5,5
Iceland	21,7	21,9	44,7	11,7
Ireland	21,2	22,8	43,8	12,2
Northern Ireland	21,4	20,8	44,9	12,9
Norway	20,2	18,8	47,6	13,4
Scotland	18,6	16,6	47,6	17,2
Sweden	16,3	18,3	46,3	19,1
NPP Combined Average	20,5	19,8	45,4	14,3
EU (2003)	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	%
Faroe Islands	25
Finland	54
Greenland	16
Iceland	86
Ireland	47
Northern Ireland	60
Norway	64
Scotland	60
Sweden	73
NPP Combined Average	54
EU	48

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

Table 3: GDP per capita (PPP) 2003

	NPP area	Country
Faroe Islands	NA	NA
Finland	89,7	112,9
Greenland	NA	NA
Iceland	145,3	145,3
Ireland	92,0	134,1
Northern Ireland	92,8	92,8
Norway	120,4	123,0
Scotland	105,7	111,7
Sweden	105,0	115,9
NPP Combined Average	107,3	119,4
EU	100,0	

Source: Eurostat

Regional statistics not available for Northern Ireland

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

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

Source: Eurostat

Regional statistics not available for Northern Ireland

Table 5: Employment by industry (%)

Region	Primary		Manufacturing		Service	
	NP area	Country	NP area	Country	NP area	Country
Norway 2004	5,2	3,5	22,2	20,9	72,7	75,6
Faroe Islands 2005	11,3	11,3	23,1	23,1	65,6	65,6
Iceland 2004	6,4	6,4	22,4	22,4	71,2	71,2
Finland 2004	6,8	4,9	24,9	19,4	68,3	75,7
Greenland	6,1	6,1	15,8	15,8	78,1	78,1
Sweden 2004	2,8	1,9	15,6	17,6	81,6	80,5
Scotland 2003	4,2	1,9	19,8	23,5	76,0	74,6
Northern Ireland 2004	8,1	3,0	17,5	18,0	74,4	79,0
Ireland 2003	11,4	7,0	31,4	28,0	57,3	65,0
Combined Average	6,9	4,3	21,4	21,0	71,7	73,9
EU	5,4		28,8		65,8	

Source: National statistics and Eurostat

Table 6: Unemployment % (2004)

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

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

Table 7: Employment by gender % (total pop 2004)

	NPP area			Country		
	Total	Male	Female	Total	Male	Female
Faroe Islands	60,4	64,2	53,1	60,4	64,2	53,1
Finland	49,8	53,5	46,2	55,2	59,4	51,2
Greenland	72,6	74,8	70,5	72,6	74,8	70,5
Iceland	77,8	82,0	73,5	77,8	82,0	73,5
Ireland	56,5	67,2	45,8	58,0	68,2	48,2
Northern Ireland	50,0	57,7	42,3	54,7	62,2	53,6
Norway	69,0	71,8	66,1	69,2	72,4	66,0
Scotland	57,3	65,7	49,8	58,8	64,6	47,6
Sweden	57,6	59,5	55,5	65,0	67,1	62,8
Total	61,2	66,3	55,9	63,5	67,5	57,0
EU	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

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

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

Level of education: Statistics are based on the ISCED 1997 classification (International Standard Classification of Education)

- Low includes all levels up to compulsory education
- Medium comprises all post compulsory education but not tertiary
- High comprises all tertiary education including university education

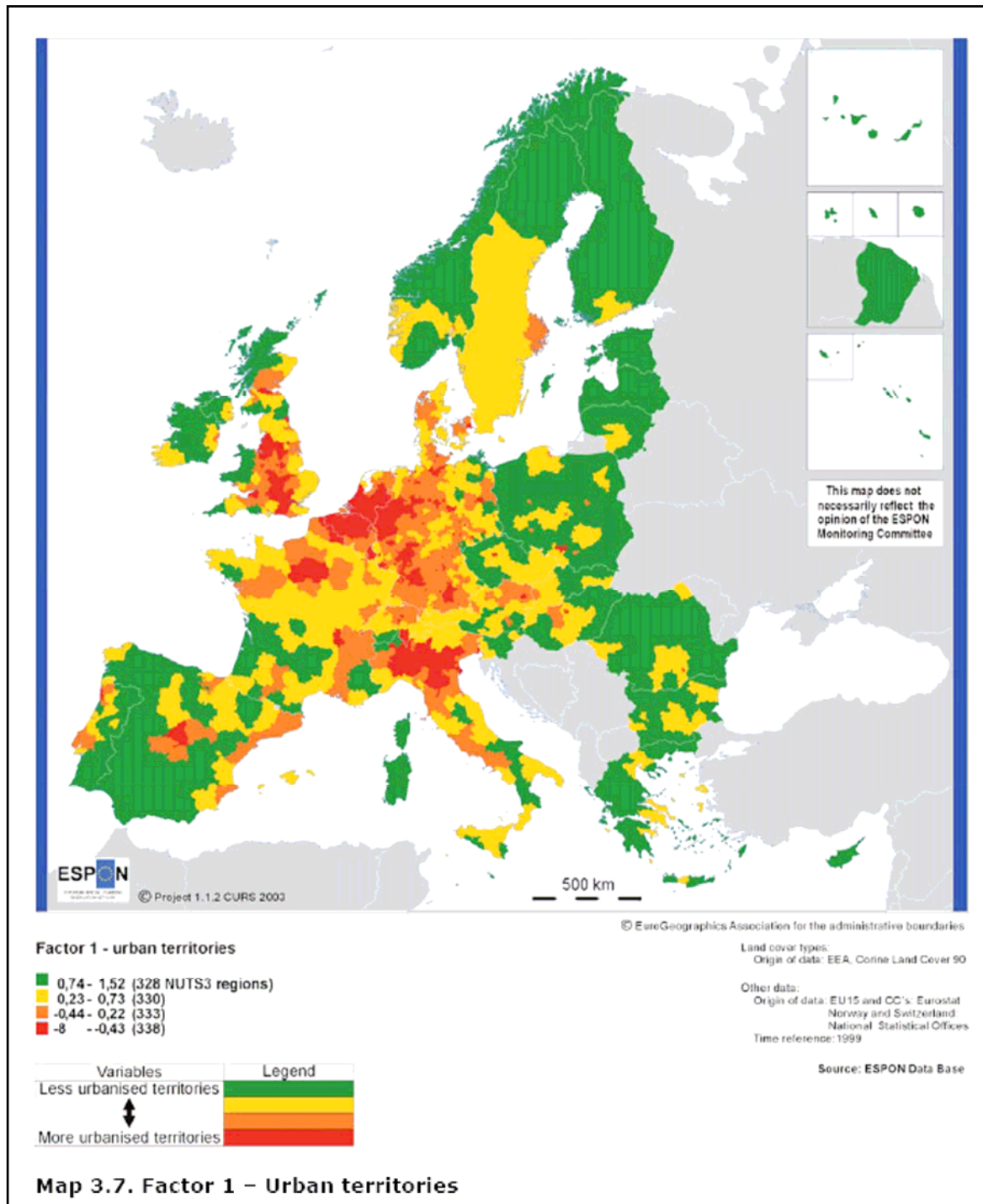
Table 9: Higher education in the Northern Periphery, 2002

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

Source: National statistics and Eurostat

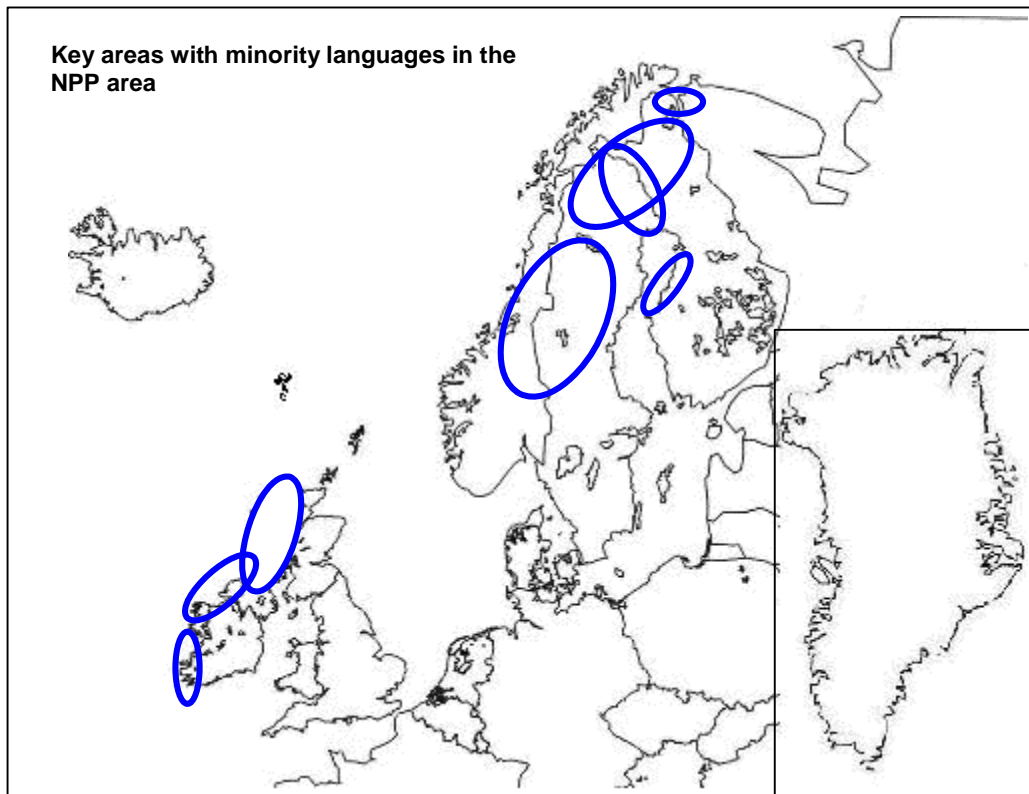
Regional statistics not available for Northern Ireland

Figure 1: Urban Territories



Source: ESPON Project 1.1.2 (2003) *Urban-Rural Relations in Europe*

Figure 2: Minority languages in the NPP area



Source: EPRC map based on data from the European Bureau of Lesser-Used Languages <<http://www.eblul.org/>> and feedback from NPP partners

Annex 3: Coherence of NPP priorities with relevant National Strategic Reference Frameworks

		IRE	FIN	SWE	UK: Scot	UK: NI
Priority 1	Promoting innovation and competitiveness in remote and peripheral areas					
	• Innovation, networks and competitiveness (best practice exchange and cooperation networks between R&D institutions and SMEs; product development; marketing)	P4 P5	P1	P1	P1	P2
	• Accessibility (use and implementation of ICT; transport infrastructure; maritime safety)	P2	P3	P3	P2 P3	P1
Priority 2	Sustainable development of natural and community resources					
	• Environment as an asset in the periphery (new approaches to efficient and sustainable management and resource use; climate change; renewable energy solutions)	P3 P6 P7	P3	Through-out	P3	P1
	• Urban-rural development and promotion of heritage (urban-rural partnerships for new service solutions; new services to the periphery; promotion of natural and cultural heritage)	P7 P6	Referred to in NSRF	Referred to in NSRF	P2 P3	P3

Source: EPRC, McMaster, I et al. *The Ex Ante Evaluation of the Northern Periphery Programme, 2007-2013, Final Report*, University of Strathclyde, Glasgow, November 2006

Annex 4: INTERREG IV Programmes

INTERREG/ Objective 3	Programme	Countries	Programme priorities
INTERREG IV A	Botnia-Atlantica	Finland, Sweden, Norway	1. Growth through cooperation 2. Solidarity through cohesion
	Sweden/Norway	Sweden & Norway	Old priorities (new programme not available): 1. Business and industry and skill development 2. Living environment and social development
	Ireland/UK	Ireland, Northern Ireland, Scotland	Only consultative document available, priorities of the CSG and NSRF mentioned: Increasing competitiveness, creating employment, addressing issues of social protection and the environment.
	North Calotte	Norway, Sweden, Finland	New programme not available.
INTERREG IV B	Baltic Sea	Finland, Sweden, Denmark, Estonia, Germany, Latvia, Lithuania, Poland in partnership with Belarus, Norway, Russia	1. Fostering innovations across the BSR 2. External and internal accessibility of the BSR 3. Management of the Baltic Sea as a common resource 4. Promoting attractive and competitive cities and regions
	Northern Periphery	Finland, Ireland, Northern Ireland, Scotland, Sweden in co-operation with Faroe Islands, Iceland, Greenland, Norway	1. Promoting innovation and competitiveness in remote and peripheral areas 2. Sustainable development of natural and community resources
	North Sea	Norway, UK, Sweden, Germany, Denmark, The Netherlands, Belgium	1. Unlocking the potential for sustainable communities 2. Managing our environment wisely 3. Challenging accessibility
	Atlantic Area	Ireland, UK, France, Portugal and Spain	1. Innovation 2. Environment 3. Accessibility 4. Sustainable urban development
	North West Europe	Ireland, UK, Belgium, Luxembourg, Netherlands, France, Germany & Switzerland	1. Developing the NWE knowledge-based economy by capitalising on the capacity for innovation in all sectors 2. Managing natural resources efficiently 3. Improving connectivity in new by promoting intelligent and sustainable transport solutions 4. Promoting sustainable and dynamic communities

Source: EPRC, Michie, R et al. *The Ex Ante Evaluation of the Northern Periphery Programme, 2007-2013, Evaluation Paper 4: Internal and External Coherence of the Programme*, University of Strathclyde, Glasgow, October 2006

Annex 5: Indicator framework methodology

The indicators have been created based on the strategic orientation of the programme and follow the intervention logic.

The programme target of 40 main projects (24 priority one projects and 16 priority two projects) is based on the following methodology:

A funding split between the priorities of 60% to priority one and 40% to priority two.

An average project size of 1.5 million Euros at an intervention rate of 60% and ERDF share of 900 000 Euros.

A target of 32 regular main projects has been set and 8 strategic projects.

A strategic project could be awarded up to 3 million Euros by the Programme Monitoring Committee. Each strategic project could receive 1.8 million Euros at an intervention rate of 60% and up to 75%, for example.

The budget share for main projects has been developed to take account of a reserve for preparatory projects. It is estimated that 48 preparatory projects will be approved with an average grant of 15 000 Euros. This figure is based on experience from the INTERREG IIB Northern Periphery Programme.

Annex 6: Financial plan for the Operational Programme

Table 1: Financing plan of the Programme giving the annual commitment of ERDF

Commitments shall be made on an annual basis according to the following plan:
Operational programme reference (CCI number): CCI 2007 CB 163 PO 027

Year by source for the programme, in euro:

	ERDF
2007	4.693.865
2008	4.644.271
2009	4.771.404
2010	4.968.035
2011	5.170.619
2012	5.344.225
2013	5.522.707
Grand Total 2007-2013	35.115.126

Table 2: Financial plan of the operational programme giving, for the whole programming period, the amount of the allocation of ERDF in the programme, the national public and private contributions and the rate of reimbursement by priority.

Payments are made as reimbursements of expenditure actually paid out according to the following plan.

Operational programme reference (CCI number): CCI 2007 CB 163 PO 027

Priority axes by source of funding (in euros)

						For information	
	Community Funding (ERDF) (a)	National Public funding (b)	National private funding (c)	Total funding (d) = (a)+(b)+ (c)	Co-financing rate (e) = (a)/(d)	EIB contributions	Other funding (Non Member State ERDF equivalent)
Priority Axis 1	19.804.931	13.203.286		33.008.217	60%		5.727.420
Promoting innovation & competitiveness in remote and peripheral areas							
Priority Axis 2	13.203.287	8.802.191		22.005.478	60%		3.818.280
Sustainable development of natural and community resources							
Priority Axis 3	2.106.908	2.106.908		4.213.816	50%		609.300
Technical Assistance							
Total	35.115.126	24.112.385	0	59.227.511		0	10.155.000

Annex 7: Indicative breakdown of the Community contribution by category in the Operational Programme

Commission reference No: CCI 2007 CB 163 PO 027

Name of the programme: Northern Periphery Programme 2007-2013

Date of the last Commission decision for the Operational Programme concerned:

__/__/__

(in euros)

Dimension 1 Priority theme	
Code *	Amount **
3	1.886.184
4	1.886.184
6	1.886.184
9	1.886.184
13	1.320.329
14	1.320.329
15	1.320.329
26	1.320.329
28	1.320.329
42	943.092
43	943.092
48	943.092
49	943.092
51	943.092
53	943.092
54	943.092
55	660.164
56	660.164
57	660.164
58	660.164
60	660.164
61	3.300.822
63	1.886.184
74	1.886.184
80	1.886.184
85 (TA)	
86 (Evaluation)	2.106.908
Total	35.115.126

(in euros)

Dimension 2 Form of Finance	
Code *	Amount **
1	35.115.126
Total	35.115.126

(in euros)

Dimension 3 Territory	
Code *	Amount **
9	35.115.126
Total	35.115.126