

NORTHERN PERIPHERY AND ARCTIC COOPERATION PROGRAMME 2014–2020



Northern Periphery and
Arctic Programme
2014–2020



EUROPEAN UNION

Investing in your future
European Regional Development Fund

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Table of Contents

1. Executive Summary	6
2. Programme Area	8
2.1 Profile of the Programme Area	9
2.2 SWOT Analysis (strengths, weaknesses, opportunities, threats)	11
3. Programme Strategy	14
3.1 Programme Vision	15
3.2 Rationale	15
3.3 Horizontal Principles	26
4. Priorities	30
4.1 Introduction to the Priorities	31
4.2 Priority Axis 1 – Using Innovation to Maintain and Develop Robust and Competitive Communities	34
4.3 Priority Axis 2 – Promoting Entrepreneurship to Realise the Potential of the Programme Area’s Competitive Advantage	37
4.4 Priority Axis 3 – Fostering Energy-Secure Communities through Promotion of Renewable Energy and Energy Efficiency	40
4.5 Priority Axis 4 – Protecting, Promoting and Developing Cultural and Natural Heritage	42
4.6 Priority Axis Technical Assistance	44
5. Financing	48
5.1 Programme Financing	49
5.2 Intervention Rate & Match Funding	49
5.3 Eligibility of Expenditure	49
6. Implementation	50
6.1 Programme Management Structure	51
6.2 Programme Implementation Provisions	57
6.3 Project Implementation Provisions	59
7. Annexes	62
7.1 List of eligible regions	62
7.2 Indicators and categories of intervention	63
7.3 Financial tables	70

1. EXECUTIVE SUMMARY

The Northern Periphery and Arctic Programme 2014–2020 comprises a cooperation between 9 Programme partner countries; 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. This means that the Programme area encompasses the Euro-Arctic zone, parts of the Atlantic zone and parts of the Barents region, neighbouring Canada in the West and Russia in the East.

Despite geographical differences, the large Programme area shares a number of common features, such as low population density, low accessibility, low economic diversity, abundant natural resources, and high impact of climate change. This unique combination of features results in joint challenges and joint opportunities that can best be overcome and realised by transnational cooperation.

The Northern Periphery and Arctic Programme 2014–2020 aims to expand the regions' horizons, building on concrete outcomes and enabling the Programme area to become a first class region in which to live, study, work, visit and invest.

The Programme's vision is to help to generate vibrant, competitive and sustainable communities by harnessing innovation, expanding the capacity for entrepreneurship, and seizing the unique growth initiatives and opportunities of the Northern and Arctic regions in a resource-efficient way.

The Northern Periphery and Arctic Programme 2014–2020 is part of the European Territorial Cooperation Objective in the framework of Cohesion Policy, supported by the European Regional Development Fund¹. The Programme operates in a multi-layered policy landscape, making it well positioned to contribute to and align with the Europe 2020 Strategy, national and regional policies and development strategies, macro-regional and sea basin strategies, and other programmes covering parts of the geographical area. In addition, increased interest and rapid developments in Arctic regions have resulted in a more explicit recognition of the Programme's Arctic dimension in regional development.

The Northern Periphery and Arctic Programme 2014–2020 builds on collaborations in the Article 10 (1998–1999), the INTERREG

IIIB Northern Periphery Programme (2000–2006) and the Northern Periphery Programme 2007–2013, which have experienced incremental success and geographical expansion.

The development needs and potentials of the Programme area, together with the policy and historic context, have resulted in 4 priority axes to achieve the Programme vision:

1. Using innovation to maintain and develop robust and competitive communities.
2. Promoting entrepreneurship to realise the potential of the Programme area's competitive advantage.
3. Fostering energy-secure communities through promotion of renewable energy and energy efficiency.
4. Protecting, promoting and developing cultural and natural heritage.

The sparsely populated communities of the Programme area are the focal point of all 4 priority axes.

During the period 2014–2020, the Programme will allocate approximately 56 million Euros to projects with a maximum total project budget of 2 million Euros. A precondition for funding is that projects provide at least 35–40% of the total project costs as match funding through own or national or regional sources. However, SMEs always have to provide a minimum of 50% of their costs as match funding.

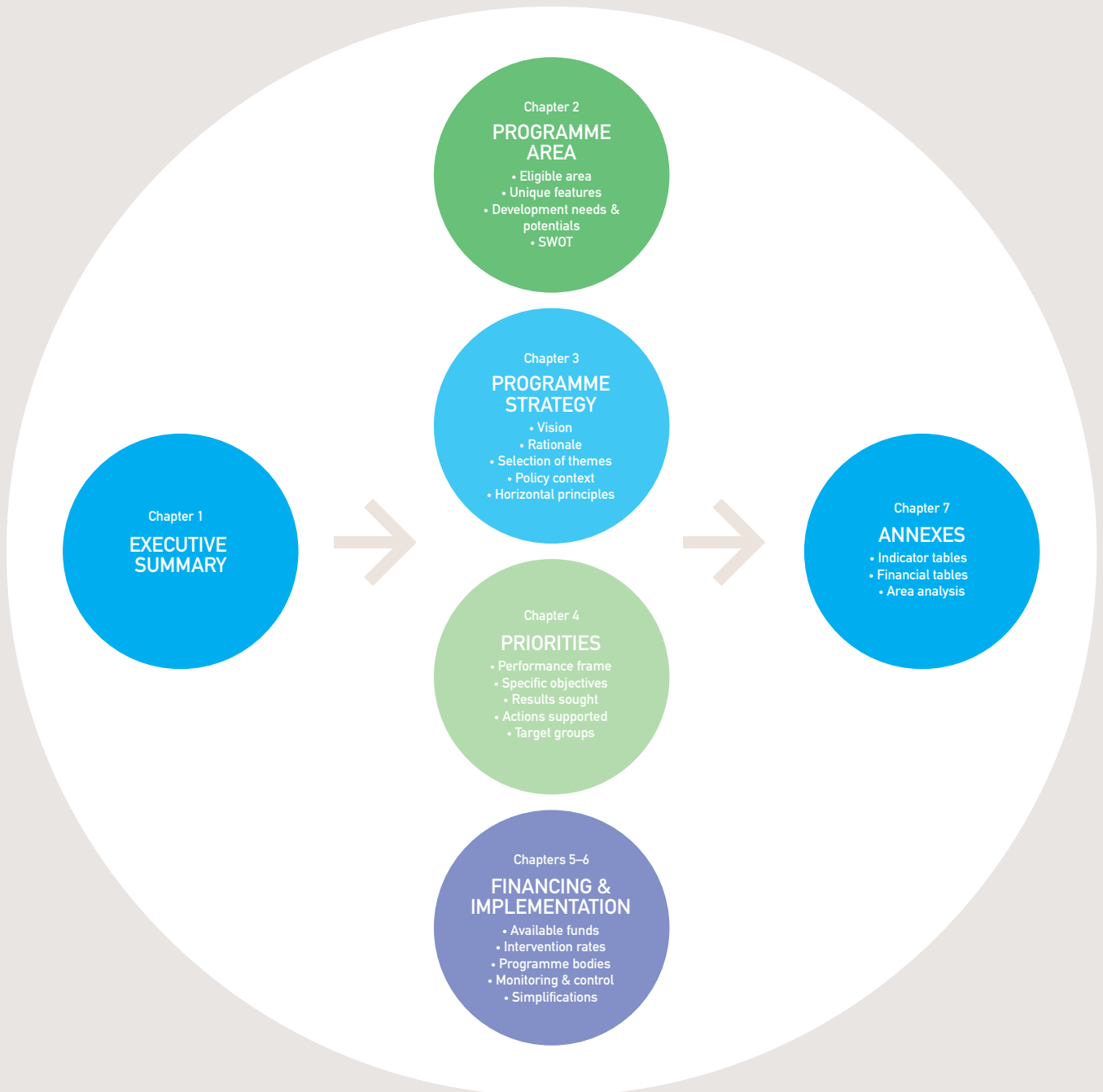
This Programme document has been developed in consultation with regional and national stakeholders from the Programme area. All Programme partner countries have agreed on the strategy and the provisions for the joint implementation and financing of the Programme.

The programming process has been followed by Ex Ante evaluators to ensure due diligence. Their input has been invaluable in the planning and development of the Programme.

Figure 1 to the right gives an overview of the chapter structure of this Cooperation Programme document.

¹ Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal.

FIGURE 1: CHAPTER STRUCTURE OF COOPERATION PROGRAMME



2.

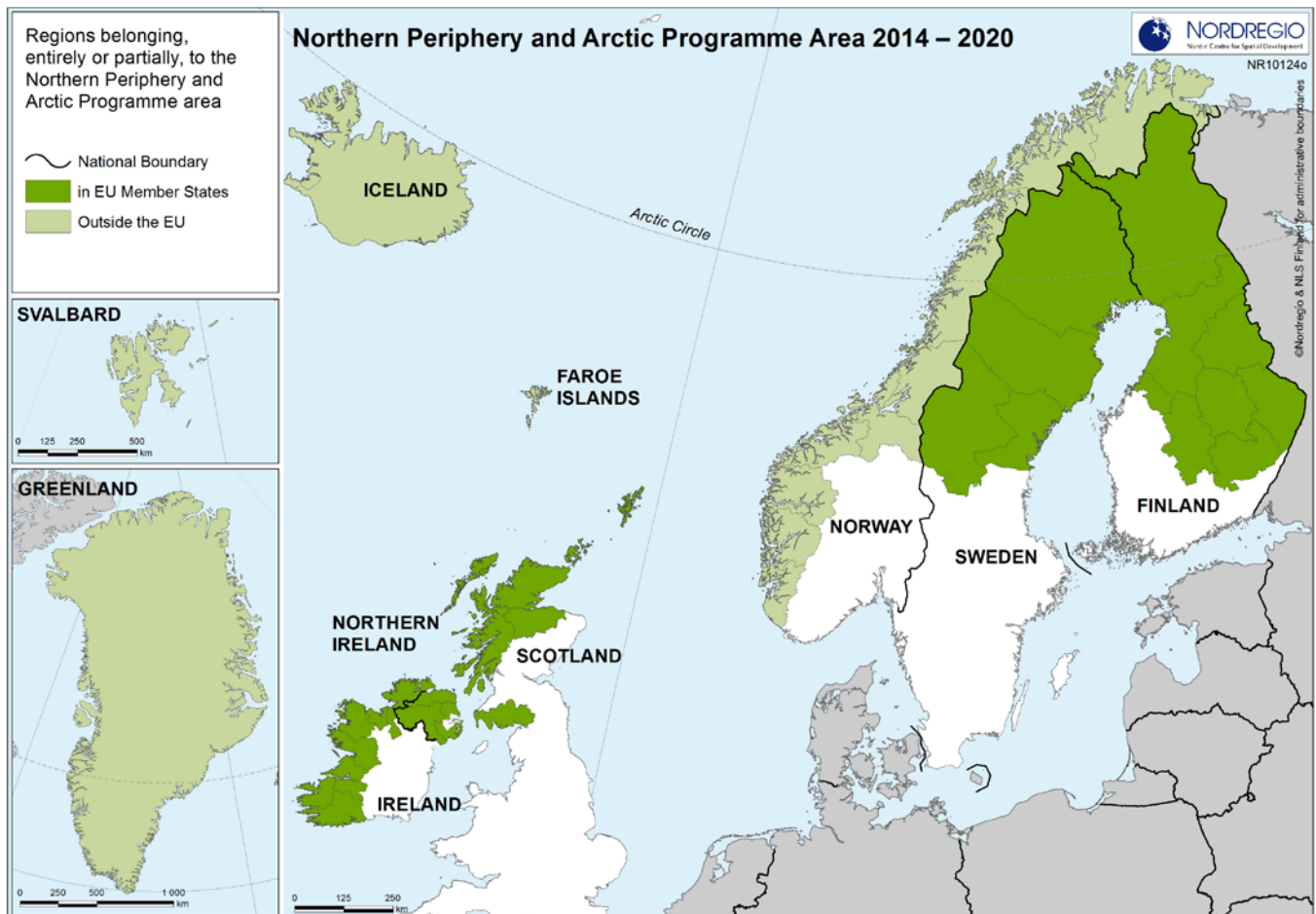
PROGRAMME AREA

2.1 Profile of the Programme Area

The Northern Periphery and Arctic Programme area comprises the northernmost part of Europe including parts of the North Atlantic territories. The name of the Programme highlights the peripheral and northern position of the Programme area compared to Europe in general. In addition, the Arctic dimension is underlined in the Programme title at the request of the European Commission. The background for this is the growing international and EU interest in the developments in the Arctic area, mainly driven by climate change and the new challenges and opportunities that it brings.

In the EU Member States, the Programme area covers Northern and Eastern Finland, Western Ireland, Northern Ireland excluding the Greater Belfast region, Northern Sweden, and Highlands & Islands and Dumfries & Galloway regions in Scotland. In the Non-EU Member States, the Faroe Islands, Greenland, Iceland, Northern and Western Norway and Svalbard belong to the Programme area (see Figure 2 below). A complete list of eligible regions can be found in Table 7 on page 62.

FIGURE 2: NORTHERN PERIPHERY AND ARCTIC PROGRAMME AREA 2014–2020



The Programme area is in many respects diverse. A considerable part of the Programme area is located north of the Arctic Circle, while other areas belong to the subarctic or the northern temperate zone. The area has an extensive coastline, numerous islands and a high proportion of mountainous regions.

The primary characteristics that draw the area together are peripherality and low population density. Other related and shared features include sparse and imbalanced settlement structures, dispersed business base, long distances and physical barriers between the communities, difficulties for communications and accessibility, and extreme climates. Furthermore, the Programme area suffers from relatively low economic diversity, which means that the regions are dependent on relatively few economic sectors, such as fishery or forestry.

As well as these common development challenges, the Programme area is characterised by shared and common development resources, including the area's abundant natural resources, high-quality biophysical environment, and versatile business sector. The main common characteristics of the Programme area are outlined below.

Low population density

As a whole, the average population density in the ice-free part² of the NPA land area is 6 inhabitants per km² – compared to the European Union average of 117 inhabitants per km². Only 'pockets' of similarly sparsely populated areas can be found in other parts of the EU. Thus, the Programme area is unique in a European context.

As well as low population density, the Programme has an unevenly distributed and increasingly concentrated population. As a result, the Programme area's small number of larger cities and towns have an increasingly dominant position, while more peripheral areas suffer from out-migration, brain drain and ageing populations.

Low accessibility

Extremely low population density is linked to long distances between small and scattered settlements and low accessibility to large conurbations. Within the NPA Programme area, the time and distances involved in travelling to regional centres are particularly high, even compared to other sparsely populated areas of the EU. While sparsely populated areas in Central Spain and France are within 2-3 hours of metropolitan areas, many parts of Northern Scotland and the Nordic countries are located more than a 5-hour drive from large regional centres.

Long distances, both internally between towns and settlements and internationally, mean that many communities are dependent

on air transport. In addition, many areas suffer from extremely poor connectivity, – with air routes often only connecting peripheral areas with capital-city regions and a few other larger cities.

Lack of connectivity reduces market access and is an obstacle to achieving critical mass. In addition, the Faroe Islands, Greenland and Iceland face the specific challenges of being island economies with long sea-distances separating them from neighbouring countries. The Scottish island groups (Orkney, Shetland and the Hebrides) have similar characteristics.

Low economic diversity

Viewed in a historical perspective, most of the NPA territory has been dependent on natural resources, with the exploitation of, for example, fish, wood and energy resources playing a key role in many of the local economies. More recently, industries based on natural resources such as mining and nature-based tourism have become increasingly important, which underlines that the NPA still depends on the exploitation of natural resources.

Additionally, the public sector plays a crucial role as a major employer across the Programme area. In many cases, the public sector is the only opportunity locally for higher-skilled workers.

Abundant natural resources

The NPA Programme area as such has abundant natural resources, for example the gas and oil in the North Sea and Europe's most important mineral resources in Northern Sweden and Finland. The Arctic part of the Programme area in particular contains mineral, oil and gas resources. In 2008, it was estimated that 5–13% of the world's oil reserves and about 20–30% of the natural gas reserves are located in the Arctic.³ Besides oil and gas reserves, considerable mineral reserves can be found in Greenland. In addition, the Programme area contains vast renewable resources as biomass (wood, fish, seaweed) and renewable energy (wind, hydro, wave, geothermal).

Linked to these resources, the rising interest from international investments, for example in new mega-sized mining projects, results in tensions between economic, social and environmental interests.

High impact of climate change

The climate varies considerably across the NPA territories from an Arctic climate in Greenland, the northern part of Iceland and the other Nordic countries to an oceanic climate in the Faroe Islands, coastal Norway, Scotland, Northern Ireland and Ireland. However, climate change projections predict that temperatures will rise higher and earlier in the Arctic region and neighbouring areas than in rest of the world.⁴ It is also expected that levels of precipitation will increase across the Programme area. Altogether, climate change will affect a wide range of human activities and

² The area without the glaciers in Iceland and Norway and the Greenlandic ice cap.

³ US Geological Survey 2008.

⁴ Intergovernmental Panel on Climate Change: Fourth Assessment Report: Climate Change 2007, Synthesis Report 2008.



welfare in different ways and to different extents. According to the OECD (2011), a defining characteristic of the effects of climate change is that they will be ‘mixed’ – increasing environmental challenges, but also new opportunities for regional economies. Furthermore, the OECD states that long-term economic development will depend on timely adaptation and reasonable management of the region’s environment and natural resources.⁵

All of the challenges and potentials that have been highlighted in the preceding analysis are to a great extent interrelated, which means that they cannot be treated as individual or independent problems or possibilities. Crucially, they also reach beyond local, regional and national borders, making them particularly relevant to transnational territorial cooperation.

Taking these factors together means that the NPA 2014–2020 has to address a complex range of transnational, often long-standing and interrelated, challenges and opportunities.

2.2 SWOT Analysis (strengths, weaknesses, opportunities, threats)

In order to develop the basis for the strategic rationale and focus of the Programme on a transparent and consultative basis, an area analysis and SWOT analysis were undertaken. The area analysis draws on Member State and regional input. The SWOT’s challenges and opportunities were prioritised in dialogue with the regional partnerships (Regional Advisory Groups)⁶ during the programming process.

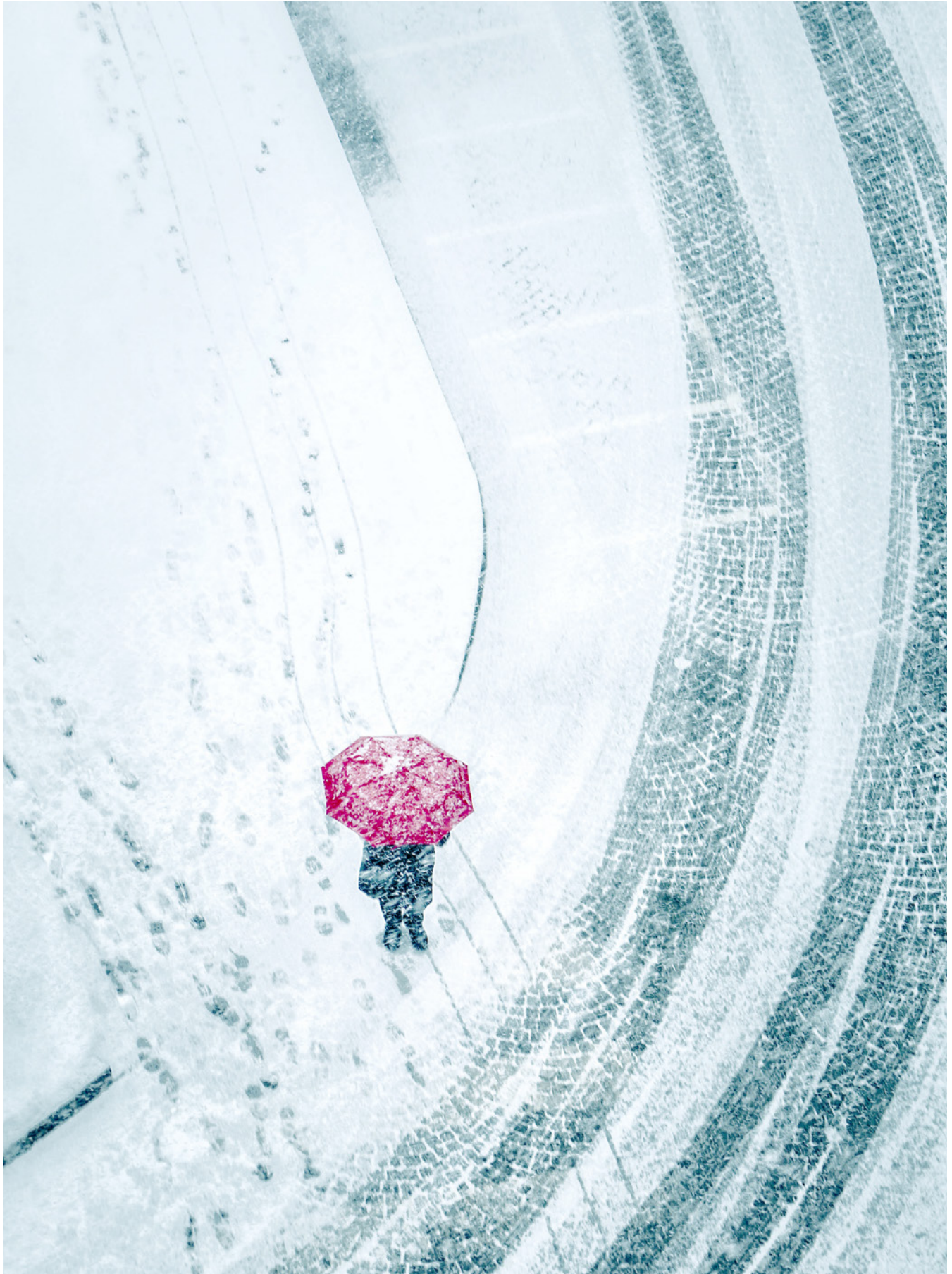
These analyses took place in the period from September 2012 to May 2013. An important reference point for the process was the European Commission guidelines and the ambition that the SWOT and the area analysis should result in a clear overview of shared issues and areas of activity where transnational territorial cooperation could contribute. Following the area analysis and the SWOT, a proposal for draft priorities was subject to consultation with the Regional Advisory Groups during the spring and summer 2013, and in connection with the Annual Event in September 2013, a wider public consultation of essential draft chapters from the Cooperation Programme including the priorities, the horizontal principles and the rationale was carried out. Finally, a public consultation for the Strategic Environmental Assessment (SEA) took place in early 2014.

⁵ OECD Territorial Reviews, NORA Region 2011.

⁶ Regional Advisory Groups (RAGs) were established in the NPP 2007–2013 in each Programme partner country. These groups have an advisory role, e.g. in the assessment procedure for project applications. The members of the RAGs have different fields of expertise upon which they base their recommendations.

TABLE 1: PROGRAMME AREA SWOT

Strengths	Weaknesses
<p>Abundance of natural resources</p> <ul style="list-style-type: none"> • Unspoilt environment and nature • Important part of global potentials of energy- and mineral resources • Huge potential for renewable energy production • Rich bio-resources, maritime, forest etc. 	<p>Peripherality</p> <ul style="list-style-type: none"> • Low access to international key markets • Long internal distances • Lack of internal and external connectivity • High costs of transport and vulnerable transport connections • High cost of service delivery and operating business
<p>Versatile business sector</p> <ul style="list-style-type: none"> • High proportion of SMEs • Innovative clusters, in particular knowledge-based industries • Arctic expertise • Good triple helix experience in some regions • Ability to attract foreign investments in specific regions and sectors 	<p>Fragile local economies</p> <ul style="list-style-type: none"> • Dependency on public and primary sector employment • Vulnerable industrial regions • Restricted capacity for R&D, innovation and entrepreneurship • Limited ability to make use of the regions research capacity • Low rate of new firm formation and few home-grown large or export firms • Low value added of goods and services • Lack of customer base
<p>Strong regional centres</p> <ul style="list-style-type: none"> • With international links and networks in public policy, academia and industry • Strong well integrated universities in some regions 	<p>Shrinking rural areas</p> <ul style="list-style-type: none"> • Increasing centralisation • Growing urban-rural dichotomy
<p>Demographic drivers</p> <ul style="list-style-type: none"> • Positive in-migration from abroad in many regions • Some regions with a young population 	<p>Demographic challenges</p> <ul style="list-style-type: none"> • Sparse population • Youth out-migration • Ageing (most regions)
<p>Labour market assets</p> <ul style="list-style-type: none"> • Good and expanding job opportunities for specific skills • Well educated women mainly in the public sector 	<p>Labour market challenges</p> <ul style="list-style-type: none"> • Gender segregation • Structural unemployment • Insular labour markets • Lack of study and career opportunities ; brain drain • Shortage of labour with appropriate skills
<p>Governance strengths</p> <ul style="list-style-type: none"> • Small and efficient public authorities • In principle high level of regional and local independence in parts of the Programme area 	<p>Governance challenges</p> <ul style="list-style-type: none"> • Lack of capacity e.g. to integrate big scale investments into regional local economy • Centralised strategic decision making at national level
Opportunities	Threats
<p>Development of local- and regional economies</p> <ul style="list-style-type: none"> • Promotion of internationalisation, attract large firms • Reinforcing triple helix cooperation, in particular capacity of innovation and access to R&D for SMEs • Promoting innovation in relevant business sectors new and more traditional as well as social innovations • Further development of areas of excellence and current business clusters 	<p>Globalisation and increased competition</p> <ul style="list-style-type: none"> • Small, open economies and small domestic markets • Underdeveloped capacity of SMEs for competition and internationalisation • Lack of access to finance for small businesses • Decline in employment in traditional sectors, leading to increased social exclusion and skill waste • Lack of ability to integrate immigrant workers
<p>The Green Economy & capitalising on the opportunities from climate change</p> <ul style="list-style-type: none"> • New employment opportunities by investments in renewable energy and environmental technology • Eco-tourism • Green products and service development including public goods • New agricultural opportunities • New sea routes 	<p>Environment & climate change</p> <ul style="list-style-type: none"> • Failure to exploit natural resources in a sustainable way • Manmade disasters in connection with extreme weather • Extreme costs for adaptation to climate change • Loss of bio-resource base • Natural disasters implied by climate change
<p>Sparsity & demography</p> <ul style="list-style-type: none"> • Natural and cultural assets as basis for quality of life, recreation and traditional tourism • New concepts for tourism • Growing international in- migration • Return of young and well educated out migrators 	<p>Demography</p> <ul style="list-style-type: none"> • Increased Youth out-migration
<p>Governance</p> <ul style="list-style-type: none"> • International cooperation with neighbours (incl. Russia and Canada) and further engagement in international networks 	<p>Governance</p> <ul style="list-style-type: none"> • Centralisation of services and budget reductions • Shrinking understanding of the challenges in the periphery
<p>Access</p> <ul style="list-style-type: none"> • Realising the opportunities of high speed broadband • Development of new transport corridors • New and more efficient modes of transport, new sea ports 	<p>Access</p> <ul style="list-style-type: none"> • Rising prices for traditional modes of transport



3.

PROGRAMME STRATEGY

3.1 Programme Vision

'The Cool North'

The Northern Periphery and Arctic Programme area is the focus of increasing popular and political attention linked to climate change and its impacts throughout the Programme area. In addition, long-standing development issues persist across the Programme area, most notably peripherality, harsh climate, structural economic problems, out-migration and an ageing population.

Linked to these issues are considerable development challenges. However, in the context of globalisation and the growing international attention, and based on the region's economic, human and environmental strengths, the Programme area is open to considerable new opportunities and a promising future. The realisation of these opportunities depends on timely and wise engagement with the issues, coordinated and strategic management at all levels, and an even greater level of interaction across the area and beyond the borders of the Programme area.

Vision

The Northern Periphery and Arctic Programme 2014–2020 aims to expand regions' horizons, building on concrete outcomes and enabling the NPA area to be a first class region in which to live, study, work, visit and invest.

To counteract the overwhelming challenges, the Programme will help to generate vibrant, competitive and sustainable communities by harnessing innovation, expanding the capacity for entrepreneurship, and seizing the unique growth initiatives and opportunities of the Northern and Arctic regions in a resource-efficient way.

This will be achieved through:

- Using innovation to maintain and develop robust and competitive communities.
- Promoting entrepreneurship to realise the potential of the Programme area's competitive advantage.
- Fostering energy-secure communities through promotion of renewable energy and energy efficiency.
- Protecting, promoting and developing cultural and natural heritage.

These objectives translate into four priority axes and six specific objectives, which have been developed in response to the distinctive characteristics of the programme area and the Europe 2020 goals. The priorities can be found in Chapter 4.

3.2 Rationale

3.2.1 Introduction

The process of establishing the focus of the Programme has involved a number of stages including an area analysis, consultations, strategic policy review, and review of past experience. Taken together, these sources have enabled the NPA to identify key areas where through transnational territorial cooperation the Programme can deliver beneficial change in the Programme area and contribute to the Europe 2020 goals of smart, sustainable and inclusive growth. In order to reinforce and justify the focus in the Programme, in the following sections, 3.2.2 to 3.2.7, the identified challenges and potentials for the Programme area are ranked, the future role of the NPA 2014–2020 is discussed in light of experiences from the previous Programmes, and the Programme's position/role/contribution to other relevant frameworks, strategies and policies is identified.

3.2.2 Programme focus: Ranking identified challenges and potentials

The NPA area faces a complex range of transnational, often long-standing and interrelated, challenges and opportunities. For the NPA Programme 2014–2020 to add value and deliver clear results, the Programme has to prioritise and focus its efforts. A first step in this process is to identify key development needs that the Programme will address.

Ranking development challenges and needs, prioritising actions and focusing resources can be a contentious process involving trade-offs and compromises. With this in mind, a transparent and consultative process was established, which included the development of a detailed area analysis, SWOT analysis, open dialogue with regional partnerships (RAGs), and consultation with Member States, regional representatives and the Ex Ante evaluation team, see Chapter 2 on page 8. The results of this process are summarised below and set out in greater detail in a separate area analysis document.

Challenges (= weaknesses and threats)

In terms of development challenges, peripherality combined with low population density is identified as the key shared challenge for the Programme area. It is also closely related to a range of development issues, such as weak access to key markets, lack of critical mass and higher costs for service delivery, and it influences the NPA region's local economies, rural development, demography, labour markets and governance. In a prioritised order, the weaknesses and threats hereafter can be ranked as follows:

Weaknesses:

- Peripherality
- Fragile local economies
- Shrinking rural communities
- Demographic challenges
- Labour market challenges
- Governance challenges

Threats:

- Globalisation and increased competition
- Environment and climate change

Potentials (= strengths and opportunities)

In terms of the key development potentials, the abundance of natural resources and quality of the physical environment across the Programme area have been highlighted as the area's main strengths and important reasons why the Programme area is attracting growing international attention. In addition to this, the versatile business sector with many small and medium-sized enterprises together with the existing innovation capacity, mainly linked to the major regional centres, are viewed as the other main opportunity for fostering place-based economic development. Identified strengths and opportunities can be ranked as follows:

Strengths:

- Abundance of natural resources
- Versatile business sector (SMEs, few but world-leading large enterprises)
- Strong regional centres
- Sectoral expertise and specialist knowledge
- Demographic drivers such as high in-migration
- Labour market assets such as a demand for highly skilled workforce

Opportunities:

- More targeted development of local and regional economies
- The Green Economy and capitalising on the opportunities from climate change, and the opportunities linked to the high level of biodiversity in general and the designated Natura 2000 areas within the Programme area

NPA: Emerging opportunities for 2014–2020

As well as recognising the individual challenges and opportunities, the Programme area's development challenges and potentials must also be understood as large-scale, interrelated and going far beyond local, regional, and often national borders. In many cases, they are also subject to a high level of uncertainty. Individual actors and organisations typically will not have the capacity or the competence to independently deal with these complex challenges and potentials. Thus, transnational territorial cooperation is key to overcoming these shortcomings.

Taking the example of globalisation processes and climate change, both will shape the area's development challenges and opportunities – both positively and negatively. Both processes have specific implications for the Programme area and particular relevance for transnational territorial cooperation. For example, climate change and international agreements on climate change

mitigation intensify the need for promoting the green economy and low-carbon solutions. Climate change will also lead to major new opportunities for utilisation of natural resources together with new transport and communication routes, linked to changes in Arctic sea ice. In addition, the developments in the Arctic also mean that economic utilisation of natural resources is likely to dramatically change social, economic and environmental conditions in the Programme area, and for the Arctic and subarctic regions in particular.

Uncertainties linked to the specific impacts of climate change and future economic trends mean that a versatile business sector in general is key for future economic growth. This presupposes even more dynamic local economies across the Programme area and implies:

- **a need for more outward-looking enterprises, a better utilisation of the existing innovation capacity within the Programme Area, and a higher level of entrepreneurship.**

The high proportion of small and micro-enterprises⁷ scattered over a huge geographical area reinforces these needs; due to long distances and administrative borders (national, regional and local), only a very limited number of enterprises has established economic interaction and cooperation across the Programme area. Lack of critical mass and lack of ability to utilise innovation and new technologies are related consequences. Transnational territorial cooperation through the NPA Programme can help to overcome some of these challenges. Higher levels of cooperation and interaction outside of the local area will open the way for SMEs in peripheral areas to interconnect with the innovation environments that exist within the regional centres in the Programme area. Better utilisation of existing innovation capacity within the Programme area will, together with a higher level of application of new technologies developed outside the Programme area, further contribute to the Europe 2020 dimension on smart growth.

The future extraction and exploitation of the region's mineral and energy resources will involve large-scale external investments, often in the form of mega-projects, managed by multinational companies and other global players. However, the balanced, long-term development of the NPA must also be based on: promoting a variety of existing economic strengths within the Programme area, e.g. in connection with food and drink production, the creative sectors and tourism. Thus, the Programme's strategy is to:

- **foster more robust and dynamic local communities based on the abundance of natural resources and a versatile business sector.**

⁷ According to The new SME definition: user guide and model declaration, published by DG Enterprise and Industry in 2005, micro, small and medium-sized enterprises (SMEs) are defined in relation to three parameters: number of employees, annual turnover and/or annual balance sheet. Micro-enterprises have below 10 employees and a turnover not exceeding EUR 2 million, while small enterprises have below 50 employees and a turnover not exceeding EUR 10 million. Medium-sized enterprises have below 250 employees and a turnover not exceeding EUR 50 million. The majority of enterprises in the Programme area comprises either micro- or small-sized enterprises.

Economically more robust local communities and regions will positively influence the economic, social and demographic development and the attractiveness of the area, which again will foster better opportunities for more smart, sustainable and inclusive social development. In addition, a better gender-balanced labour market where peripheral areas can attract and maintain higher-educated young people will be an important result of such a strategy. For the public sector, transnational cooperation can compensate for a lack of human resources to cover, for example, expertise required to handle complex development issues linked to the balanced utilisation of natural resources and climate change adaptation.

It is also important to note that for the Arctic and subarctic parts of the Programme area, the above-mentioned challenges and solutions are particularly relevant:

- The NPA supports cooperation, innovation and transfer of knowledge and technology within themes of specific significance for the Arctic territories, such as sustainable use of non-renewable and renewable resources and demographic development.
- The overall intention is that NPA projects shall contribute to economically more robust local communities and regions of importance to people, including indigenous peoples, living in the Arctic area.

Based on this assessment of the large-scale, interrelated and dynamic issues facing the Programme area, it is clear that:

- The NPA is well placed to foster cooperation between relevant stakeholders across the Programme area and to open the horizon towards the rest of the world, utilising the opportunities of a even more open and interacting world.
- Cooperation across the Programme area will help to compensate for the lack of critical mass that characterises many public and private activities within the Programme area.
- An overall strategy to overcome the area's complex and integrated development challenges is to support local and regional economies to utilise the opportunities within the NPA area.
- By working on a transnational cooperative basis, the NPA Programme has a unique function that complements nationally focused policies and Programmes to foster smart, sustainable and inclusive growth.
- The NPA can support adaptation and responses to changing conditions across the area.

3.2.3 Programme evolution: Lessons from the past

Transnational territorial cooperation has a strong base to build on in the NPA area. Especially during the two most recent Programme periods, the Northern Periphery Programmes have re-

tained a particularly strong, distinct identity and rationale. In particular, the theme of peripherality has successfully linked together the areas that make up the Programme's large geographical area. The INTERREG IIIB 2000–2006 Northern Periphery Programme (NPP) was developed and implemented during a period of economic growth with a focus on enhancing the functionality of the Programme area. The NPP 2007–2013 was similarly developed against a background of economic growth, but it later faced the challenge of the financial crisis and its long-lasting aftermath. During this period, innovation and entrepreneurship was a particular focus. Based on the experience of these Programmes, a number of key lessons learned and areas of strength can be highlighted and built upon by the 2014–2020 Programme.⁸

I. Distinct Programme identity

The 2007-13 Programme has retained a strong, distinct 'identity' and rationale, which provides a strong foundation for the current and future Programmes. With its strong thematic focus on peripherality, the preceding NPP Programmes have distinguished themselves from other European Territorial Cooperation Programmes. Crucially, this theme has successfully linked together the areas that make up the Programme's large geographic area.

II. Rooted in the needs of the Programme area

A key strength has been to root the Programme very firmly and clearly in the needs of the Programme area. As such, it is valued by partners and stakeholders and has the scope to make a positive impact in the Programme area. However, the Programme has always needed to be focused in its efforts, the available resources are not extensive, and the development challenges faced across the area are considerable.

III. Strong priorities and themes

Concentration on a limited number of 'main' priorities represented a tighter focus for the 2007–13 NPP in comparison to the 2000–06 Programme. Overall, the Programme enjoyed good commitment rates.

IV. New geography & new partners

The Programme area was extended in the two previous programme periods. The process of integrating new areas and partners was well managed by the Programme and within the new areas. Nevertheless, past experience and previous evaluations have pointed out concerns that there are barriers to the participation of some groups, such as private sector and civil society groups.

V. Responding to challenges, change and innovating

Past programmes have been particularly successful in recognising and responding to change. Over time, transnational cooperation has also been able to develop, evolve and innovate. For instance, a more strategic approach to managing the Programme has been

⁸ This section draws on McMaster, I., Hallin, G. et al. (2013) Strategic Review of the NPP, report to the NPA PPG, EPRC/Kontigo, and McMaster, I. et al. (2012) On-going Evaluation of the NPP 2007-13, report to the NPP Managing Authority, EPRC University of Strathclyde.

adopted, the focus on delivering products and services is distinctive, and the Programme has adapted well to covering an enlarged area, as well as engaging with new development opportunities and trends such as the use of ICT in remote regions. The Programme authorities have demonstrated their capacity to respond to critical feedback and address challenges in Programme implementation.

VI. Innovative transboundary products and services

The focus on delivering tangible outputs, results and impacts is an area where the NPP 2007–2013 has ‘pushed the boundaries’ of INTERREG Programmes. Both increased domestic pressures for value for money and emerging Commission guidance on the delivery of tangible results suggest that the Programme has been ‘ahead of the curve’ in pursuing this approach. The focus on delivering tangible results in the form of products and services, although initially demanding to deliver, has proved to be a defining characteristic of the Programme. The potential not only to develop products and services but also to further promote their adoption, application and dissemination could be a development of the Programme’s approach.

Looking to the future, the Programme seeks to build on this experience and maintain high participation rates in all parts of the Programme’s area. The call for preparatory projects in spring 2013 already demonstrated that interest exists among potential partners. However, a challenge for the new NPA Programme 2014–2020 will be to increase the extent to which private enterprises are involved in the Programme, especially SMEs. In addition, the participation of new partners from outside the Programme area, from Russia and Canada in particular, could be increased.

NPA: Building on experience

Taking this experience and lessons for transnational cooperation more generally, the key areas where the Programme has scope to deliver substantial, transnational results can be grouped as follows:⁹

- Development of transboundary results – working together to produce a new product or service that has transnational or transregional character;
- 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;
- Learning – exchange of ideas, experience and good practice that improve the stock of organisational knowledge (rather than having short-term practical application or concrete results).

In particular, the Programme will continue to intensify and develop its focus on the delivery of products and services and delivering tangible results for the Programme area. Cooperation in and development of new (transnational) networks and inno-

vation systems will act as tools for the Programme. Similarly, exchange of experience, development of new role models and capacity-building will be important approaches. Transnational learning, pooling of competences, and innovation in ways of organising services and the use of new technology will also be important means for the Programme. However, the outcome of these efforts will be tangible and measurable changes. In doing so, the programme will continue to **support actions that are able to foster the required changes in relation to the identified and prioritised challenges for the Programme area**. For the 2014–2020 Programme, this implies a greater external orientation and interaction at organisational level, as well as better utilisation of the existing innovation capacity and a higher level of entrepreneurship.

3.2.4 Programme coherence

The NPA 2014–2020 has been developed with Europe 2020 goals, and accompanying Cohesion Policy regulatory frameworks, as key anchor points. By assessing the Programme coherence with and potential contribution to relevant EU frameworks and regulations, the Programme can maximise its results and contribution to the development of the Programme area and Europe 2020.

However, in line with the Commission guidance, the NPA 2014–2020 must also take into account a wide range of other relevant ‘external’ policies. This includes the degree to which the Programme strategy is coherent with relevant regional and national instruments of the individual countries participating in the NPA, as well as coherence with wider EU instruments.

The NPA Programme covers a large geographic area and many individual countries. As a consequence, there has been a substantial number of relevant EU, national, regional and territorial frameworks, strategies and policies to consider.¹⁰

NPA: Policy coherence

Based on a strategic review of the Programme policy context, it was noted that the NPA can ensure its own distinct rationale and identity through its particular emphasis on remote and peripheral areas and also through its unique geography (unique combination of partner regions) and strong emphasis on supporting local communities through transnational cooperation. It was also noted that a number of countries in the NPA area and the EU attach particular importance to territorial cooperation and engaging with new territorial cooperation arrangements, such as the emerging Arctic Strategy and macro-regional strategies. The specific contributions and synergies with key policies are detailed in section 3.2.7.

⁹ McMaster, I., Hallin, G. et al. (2014) Draft Final Ex Ante Evaluation report of the NPA Programme 2014–2020, EPRC, University of Strathclyde & Kontigo AB.

¹⁰ McMaster, I., Hallin, G. et al. (2014) Draft Final Ex Ante Evaluation report of the NPA Programme 2014–2020, EPRC, University of Strathclyde & Kontigo AB.

3.2.5 Justification for selection of themes (incl. their financial allocation)

As has been illustrated, the NPA 2014–2020 draws on close consideration of the needs of the Programme area, past experience, and the policy environment, and consultation processes have been built in throughout. Based on this information, the Programme considered the relevance of the 11 thematic objectives in the Common Strategic Framework, from which the

Programme was encouraged to select a maximum of four.

These 11 thematic objectives together with the proposed investment priorities were analysed and discussed throughout the programming process by the Ex Ante evaluators and the Programme Planning Group in terms of their relevance for the Programme area, their fit with the capacity and resources of the Programme, and its scope to deliver results.

TABLE 2: RELEVANCE OF THEMATIC OBJECTIVES FOR THE NPA

Thematic Objective	Evaluation of relevance for the NPA Programme area ¹¹
1 Strengthening research, technological development and innovation	This theme is regarded as particularly versatile. It can be used in different contexts and can cover a wide range of areas of interventions. Furthermore, it is specifically suited to support and promote the ambition of more robust and sustainable local economies. The specific NPA actions shall address a higher degree of external orientation of SMEs, e.g. according to marketing or intake of new technology and innovation.
2 Enhancing access to, and use and quality of, ICT	Covers areas where the previous NPP Programmes have already had a strong presence. While ICT remains vital to the Programme area, it is now a firmly embedded element of all Programme activities. Large-scale investments in this area will be addressed through national and other EU Programmes.
3 Enhancing the competitiveness of SMEs	SMEs ¹² are the heart of regional economies across the Programme area. The focus on SMEs boosts the private sector, and specifically targeting enterprises operating in remote and peripheral regions will support the ambition of more robust and sustainable local economies.
4 Supporting the shift towards a low-carbon economy in all sectors	The Programme area has a high potential for the further development of renewable energy. In particular, a valuable area of Programme activity is to focus on how remote communities and businesses can work to address the issue and support actions under thematic objectives 1 and 3.
5 Promoting climate change adaptation, and risk prevention and management	The Programme area is facing the immediate and direct impacts of climate change. The area holds specific expertise within this field. However, many of the significant and substantive measures required to respond to climate change are beyond the scope of the Programme. Therefore, the Programme goals have to be set in line with its resources. Suitable interventions that do address this issue and are in line with the Programme's resources and rationale could be funded through thematic objective 1. Furthermore, seen in relation to the proposed investment priorities (mainly direct investments related to climate change adaptation), the thematic objective has minor relevance for the NPA.
6 Preserving and protecting the environment and promoting resource efficiency	The Programme area contains unique environments and numerous primary resources to be handled in a sustainable and sensitive manner. However, the reality is hyper-complex and large scale, and the required interventions are often beyond the capacity of local and regional authorities. In this instance, the NPA can foster the exchange of experience and capacity-building among public actors.
7 Promoting sustainable transport and removing bottlenecks in key network infrastructures	Transport and links to major urban centres is a key concern for the NPA area. However, the region has very few large urban areas and does not have major parts of the TENs network. Therefore, the scope for the Programme to deliver results and address the issues in question is limited. The relatively modest financial resources available to the Programme also mean that, in contrast to other EU programmes, there is limited scope for the NPA to deliver results in this area.
8, 9 & 10 Promoting sustainable and quality employment and supporting labour mobility Promoting social inclusion, combating poverty and discrimination Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure	These themes cover areas of intervention that are less amenable to transnational initiatives and are likely to be the direct focus of other interventions, e.g. the ESF programmes.
11 Enhancing institutional capacity of public authorities and stakeholders and efficient public administration	This theme has relevance for the Programme area but will mainly be addressed through thematic objectives 1 and 6.

11 Based on McMaster, I., Hallin, G. et al. (2014) Draft Final Ex Ante Evaluation report of the NPA Programme 2014–2020, EPRC, University of Strathclyde & Kontigo AB.

12 See footnote 8 on page 17.

As Table 2 highlights, in principle all 11 thematic objectives can be viewed as relevant to the Programme area. However, the Programme's financial resources are expected to be focused on a maximum of four thematic objectives. Based on the Programme's assessment, the specific focus of some of the proposed investment priorities was judged to be less relevant for the Programme area. As a result of the Programme's analysis, the 'best fit' for the Programme is a combination of the following four thematic objectives:

Thematic Objective 1: Strengthening research, technological development and innovation

Thematic Objective 3: Enhancing the competitiveness of SMEs

Thematic Objective 4: Supporting the shift towards a low-carbon economy in all sectors

Thematic Objective 6: Preserving and protecting the environment and promoting resource efficiency.

A detailed overview of the selected thematic objectives and investment priorities and the justification for their selection can be found in Table 3 to the right. Working with these thematic objectives and their accompanying investment priorities, and drawing on subsequent analyses and discussions, priority axes and specific objectives for the Programme were agreed and justified. More detailed descriptions of each priority axis and specific objective are set out in Chapter 4.

Programme investment strategy

A description of the distribution of Programme funds across the priorities is provided below. Please note that the share of 6% of the funds allocated to the Priority Axis for Technical Assistance has not been taken into consideration.

The financial allocations to the priority axes can be found in Table 15: Overview of the investment strategy of the cooperation programme, on page 70.

Out of 100% of the financial allocation for Programme implementation:

- **30% will be allocated to Thematic Objective 1:** "Strengthening research, technological development and innovation" – **Investment priority 1(b):** "promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies".

Justification: More robust and dynamic local economies are the key to cope with the challenges within the Programme area. This implies among other things a higher innovation performance and a better utilisation of the existing innovation

infrastructure. Investment priority 1(b) is therefore considered to cover a broad range of topics relevant for this purpose, and it has been allocated a substantial share of the funds. Two separate specific objectives will address this investment priority, focusing on two areas of innovation relevant for the programme area: one focuses on R&D uptake among SMEs, and another focuses on innovative public service provision.

- **30% will be allocated to Thematic Objective 3:** "Enhancing the competitiveness of SMEs", to be divided equally between **Investment priority 3(a):** "promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators", and **Investment priority 3(d):** "supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes".

Justification: A substantial share of the funds is needed for this thematic objective to cover both investment priorities 3(a) and 3(d) adequately and to avoid fragmentation of efforts in achieving the targets set. As mentioned above, more robust and dynamic local economies are the key to solving a number of the overall cross-cutting challenges related to low competitiveness, demography, public and private services under pressure etc.

- **20% will be allocated to Thematic Objective 4:** "Supporting the shift towards a low-carbon economy in all sectors" – **Investment priority 4(c):** "supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector".

Justification: Investment priority 4(c) is relatively defined and limited compared to other selected investment priorities, by focusing on renewable energy and energy efficiency in the public sector and housing and by not including the private sector. Nevertheless, renewable energy is a strong area of expertise and opportunities for the Programme area. A substantial uptake of funds is expected in this investment priority.

- **20% will be allocated to Thematic Objective 6:** "Preserving and protecting the environment and promoting resource efficiency" – **Investment priority 6(c):** "conserving, protecting, promoting and developing natural and cultural heritage".

Justification: Investment priority 6(c) is viewed to have the potential to cover quite a broad range of solutions in the field of sustainable environmental management, depending on the local specificities of the environment, the community and other interests. For this reason, sufficient resources are needed to meet the demand, although fewer resources than for thematic objectives being addressed by multiple investment priorities or multiple specific objectives.

TABLE 3: JUSTIFICATION FOR THE SELECTION OF THEMATIC OBJECTIVES AND INVESTMENT PRIORITIES

Selected thematic objective	Selected investment priority	Justification for selection
<p>Thematic Objective 1: "Strengthening research, technological development and innovation"</p>	<p>Investment priority 1(b): "promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies"</p>	<ul style="list-style-type: none"> • <i>Area analysis: Need for more innovative SMEs on the one side and innovative clusters; Arctic expertise; Triple helix in some regions, Small innovative public sector on the other side</i> • <i>Europe 2020 – key role of innovation in growth</i> • <i>Transnational role – addressing a barrier to innovation through promoting cooperation across borders</i> • <i>Policy links & synergies – added value and beneficial links to national and EU policy interventions</i>
<p>Thematic Objective 3: "Enhancing the competitiveness of SMEs"</p>	<p>Investment priority 3(a): "promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators"</p>	<ul style="list-style-type: none"> • <i>Area analysis: High proportion of SMEs; Weak access to wider and in particular international markets; Challenge of distance to markets; High transport costs; Dependence on primary sector; Small customer base; Low rate of new firm formation; New economic development opportunities linked to changing environments</i> • <i>Europe 2020 – entrepreneurship as a key element of growth</i> • <i>Transnational role – means to address key shared challenges in Programme areas for SMEs; Focus on improvements to the effectiveness of SME support policies in rural areas (including support to start-ups), and the diversification of rural economies</i> • <i>Policy links & synergies– SMEs are the focus of numerous regional economic development interventions, for regional operational programmes and also in other INTERREG programmes</i>
<p>Thematic Objective 3: "Enhancing the competitiveness of SMEs"</p>	<p>Investment priority 3(d): "supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes"</p>	<ul style="list-style-type: none"> • <i>Area analysis: High proportion of SMEs; Weak access to international markets; Challenge of distance to markets; High transport costs; Dependence on primary sector; Small customer base; Low rate of new firm formation in some areas; New economic development opportunities linked to changing environments and large-scale projects; Green products and service development.</i> • <i>Europe 2020 – entrepreneurship as a key element of growth</i> • <i>Transnational role – means to address key shared challenges in programme areas for SMEs, among these micro-enterprises</i> • <i>Policy links & synergies – SMEs are the focus of numerous regional economic development interventions, for regional operational programmes and also in other INTERREG programmes</i>
<p>Thematic Objective 4: "Supporting the shift towards a low-carbon economy in all sectors"</p>	<p>Investment priority 4(c): "supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector"</p>	<ul style="list-style-type: none"> • <i>Area analysis: Huge potential for renewable energy production; Huge potential for energy management; Well-educated population; Extreme costs of adaption to climate change; Natural disasters linked to climate change; New employment opportunities linked to investment in renewables & green products</i> • <i>Europe 2020 – promoting sustainable economic growth</i> • <i>Transnational role – scope to link specialisms to address shared need across area</i> • <i>Policy links & synergies – specific 'peripheral' communities focus complements existing policy interventions</i>
<p>Thematic Objective 6: "Preserving and protecting the environment and promoting resource efficiency"</p>	<p>Investment priority 6(c): "conserving, protecting, promoting and developing natural and cultural heritage"</p>	<ul style="list-style-type: none"> • <i>Area analysis: Loss of bio-resource base; Unspoilt nature and environment; Failure to exploit natural resources in sustainable way; Marine pollution; Natural and cultural assets as basis for quality of life, recreation & tourism; Expertise and interest in environmental protection</i> • <i>Europe 2020 – Sustainability and environmental protection</i> • <i>Transnational role – transnational development issue</i> • <i>Policy links & synergies – focus on transnational/community-based solutions complements and adds value to wider, national and EU interventions. Particular relevance for Arctic and marine environments</i>

3.2.6 Contribution to Europe 2020 and Cohesion Policy

By working within the four thematic objectives listed and narrowing its focus onto strategic issues where transnational territorial cooperation can best contribute, the NPA Programme is in line with and will contribute to the Europe 2020 Strategy and accompanying strategies, guidance and regulations. The Europe 2020 Strategy aims at more jobs and better lives by stimulating smart, sustainable and inclusive growth. Five key targets have been set, covering employment, education, research and innovation, social inclusion and poverty reduction, and climate/energy. The Europe 2020 targets are ambitious and the issues they address are substantial. Nevertheless, according to the Ex Ante evaluation, due to the comparatively small scale of the NPA's budget and large Programme area, the NPA 2014–2020 cannot be expected to make a substantial, direct, easy-measurable contribution to Europe 2020 as a whole. Therefore, the Programme has been selective in its focus, by considering where the Programme can effect positive change and where it can retain its distinct identity and links to the needs and challenges of the Programme Area.¹³

As a result, the following links to Europe 2020 can be identified.

Smart growth will be addressed for example by:

- Supporting initiatives targeting cooperation and increased interaction between SMEs, with particular attention to micro and small enterprises
- Supporting cooperation between SMEs and larger firms, e.g. in combination with research institutes

The majority of SMEs within the Programme area are either micro or small enterprises.¹⁴ In general, these enterprises are more locally oriented in terms of market and business relations compared to similar enterprises in urbanised areas. This lower level of external orientation of SMEs within the Programme area can result for example in a lower level of competitiveness and a lower intake of new technology compared to more densely populated and urbanised areas.

Expertise related to cold climate and harsh conditions, especially for the Arctic and subarctic parts of the Programme area, will be an extra advantage for SMEs seeking cooperation with firms outside the Programme area. This might result in higher local and regional impacts of investment from outside in new mega-projects, e.g. in connection with mineral and energy extraction.

Sustainable growth will be addressed by all projects in principle, for example by:

- Innovation in new products and services, where the sustainability dimension is integrated

More specifically, sustainable growth will be addressed through:

- Projects addressing higher energy efficiency
- Capacity-building in connection with protecting, promoting and developing cultural and natural heritage

Inclusive growth will also be addressed by all projects in principle, for example through:

- Initiatives that target female entrepreneurs and innovation activities that are also attractive for women alongside other underrepresented groups, such as young persons and indigenous peoples
- More efficient and innovative public and private service provision, so that an acceptable level of living conditions can be maintained in peripheral areas

In relation to public and private service provision, the NPA will continue the initiatives taken during the NPP 2007–2013.

3.2.7 Linkages and synergies (incl. coordination with other instruments)

The scope that the Programme has to contribute to and link with Europe 2020 and other relevant frameworks, policies and priorities will be amplified by effective coordination.

The NPA Programme 2014–2020 covers a large geographical area and many individual countries. The Programme area 'bridges' the Arctic, the Barents region and the Northwest Atlantic areas (see Figure 3 to the right). As a result, the Programme has a vast number of policies and strategies to take into account. In this context, a case-by-case, in-depth analysis of precise complementarities of each programme, strategy or framework has not been possible. Nevertheless, the NPA must work effectively and efficiently within this complex strategic and institutional environment and has considered ways in which this will be achieved and maintained.

Foremost, the NPA Programme will contribute by initiating interaction between local and regional stakeholders across regional and national borders, helping these stakeholders to overcome long distances and lack of critical mass. The Programme might ideally function as a catalyst, while national and EU CSF programmes may deliver investments that are more substantial.

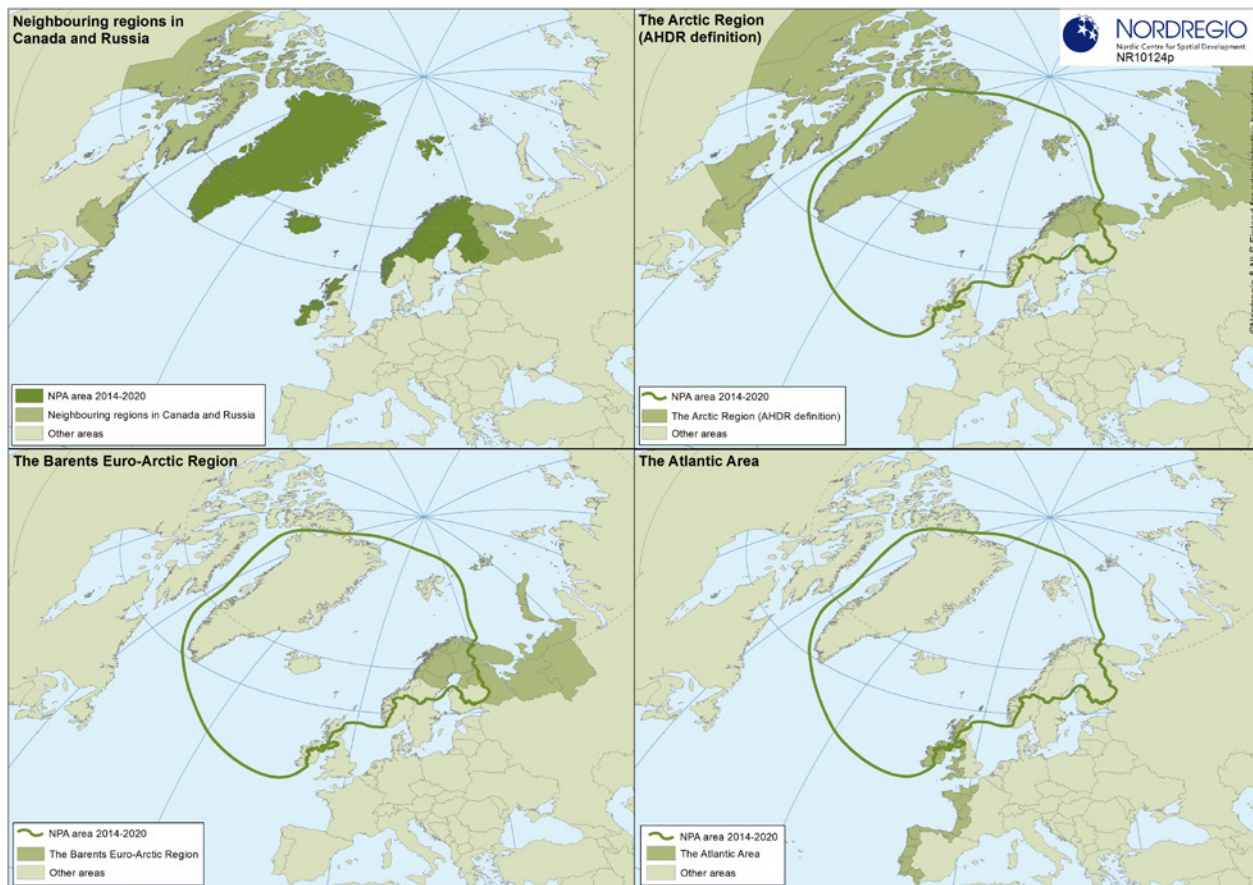
In general, the Programme shall avoid overlapping with other programmes and strategies, and it shall ensure complementarity. The complementarity in relation to other programmes and strategies can be strengthened in a number of common ways, for example:

- during project generation and coordinated calls;
- during project selection and use of the Regional Contact Points and the Regional Advisory Groups; and
- during project implementation and clustering of projects.

¹³ McMaster, I., Hallin, G. et al. (2014) Draft Final Ex Ante Evaluation report of the NPA Programme 2014–2020, EPRC, University of Strathclyde & Kontigo AB.

¹⁴ See footnote 8 on page 17.

FIGURE 3: GEOGRAPHICAL CONTEXT OF THE NPA PROGRAMME AREA



Particular attention has been given to coordination with EU territorial cooperation programmes, coordination in the Arctic area, links to Partnership Agreements, contributions to other relevant EU policies, and domestic policies, as will be discussed.

Complementarity with European territorial cooperation programmes

The NPA's links to other territorial cooperation programmes have been considered, with a view to improved coherence between the NPA and the other programmes. As mentioned above, it is important to avoid overlap with other programmes and to strengthen the complementarity between programmes.

For the NPA, a starting point is to ensure a high level of information and awareness within the Joint Secretariat and the Monitoring Committee concerning potential synergies between NPA-funded projects and projects funded by other territorial cooperation programmes. At the same time, stakeholders have to be more engaged in the wider frameworks and be open to new opportunities as a means of ensuring the durability, sustainability and impact of their activities.

Compared to other types of national and EU programmes, territorial cooperation programmes are dependent on a relatively

high match-funding rate from the project partner's side. In addition, the current macro-economic situation, with expectations of relatively low economic growth in some countries, and cuts in public expenditure and budgets, puts additional pressure on the Programme to be relevant and to address high-priority issues for project partners.

TABLE 4: EUROPEAN TERRITORIAL COOPERATION PROGRAMMES AND STRATEGIES

Cross-border programmes	Nord Botnia-Atlantica Sverige-Norge Northern Ireland, Border Region of Ireland and Western Scotland
Transnational programmes	Baltic Sea Region North Sea Region North West Europe Atlantic Area
Macro-regional and sea basin strategies	Baltic Sea Region Strategy Action plan for a Maritime Strategy for the Atlantic area (North Sea Region Strategy)

All of the EU territorial cooperation programmes covering parts of the NPA area have their own very specific focus, as does the NPA, with its emphasis on the northern and westernmost coastal and sparsely populated areas of Europe, including the Arctic and subarctic areas. Nevertheless, the Programme can also contribute and link to other territorial cooperation programmes.

Cross-border cooperation programmes – The main aim of cross-border cooperation is to reduce the negative effects of borders as administrative, legal and physical barriers, to tackle common problems, and to identify and exploit unused potential. Cross-border cooperation deals with a wide range of issues, some of which are similar to those of the NPA. The NPA 2014–2020 can complement the cross-border programmes (including ENPI CBC programmes Kolarctic and Karelia) in coastal and/or sparsely populated areas where cooperation at local and regional levels will be widened and strengthened into a more international context. For example, through collaboration with the NPA, individual cross-border areas can gain access to a wider and deeper pool of experience and human resources.

Transnational programmes – Four transnational programmes cover parts of the NPA Programme area. Of particular note are the themes covered by these neighbouring transnational programmes, specifically: innovation, resource efficiency/low carbon, environmental sustainability, and institutional capacity-building. The Baltic Sea Region and the North Sea Region programmes both cover overlapping peripheral and sparsely populated areas in relation to the NPA. Therefore, the NPA 2014–2020 can complement these transnational programmes through its specific approach and focus, e.g. on innovation and SMEs in peripheral settings. Further, the specific Arctic dimension of the NPA can complement the northern or westernmost areas within the North West Europe and Atlantic programmes, e.g. in relation to protecting, promoting and developing cultural and natural heritage.

Macro-regional and sea basin strategies – The NPA is likely to support these strategies mainly at project level and mainly where these projects cover the coastal or peripheral and sparsely populated parts of the Programme area. Also of interest is the Programme's thematic overlaps between the Action Plan for a Maritime Strategy for the Atlantic, which also focuses on the maritime and the marine sectors, and the EU Strategy for the Baltic Sea Region, where innovation and management of natural resources is a shared interest.

Cooperation in the Arctic area

Cooperation in the Arctic area is another field of particular strategic importance for the NPA Programme. Arctic cooperation takes place in a number of international fora, such as the Arctic Council, the Barents Council and the EU ARCTIC Forum.

The interest of the EU in the Arctic region was addressed in 2012 in a joint communication from the EU Commission and the High Representative of the European Union for Foreign Affairs and

Security Policy. The communication, “Developing a European Policy towards the Arctic Region: progress since 2008 and next steps” (2012), identifies a number of themes where the EU wants to contribute, e.g. concerning climate change, the environment, sustainable development and shipping and maritime safety.

As well as the major economic interests, an Opinion formulated by the European Economic and Social Committee from 2013 addresses the globally emerging interests in the Arctic region seen from civil society's point of view. This opinion highlights the importance of the involvement of civil society, including indigenous peoples. In March 2014, the European Parliament followed up with a resolution, listing numerous aspects that need to be included as the Commission develops the Arctic policy. Additionally, the European Parliament has called for the development of more effective synergies between existing programmes, for instance under the INTERREG programmes, to clearly define investment priorities for engagement with the Arctic region and thereby to maximise effective interaction.

In May 2014, the Foreign Affairs Council adopted conclusions on developing a European Union Policy towards the Arctic Region. The conclusions acknowledged the significant contribution which the EU is already making to the region and requested the Commission and the High Representative to present proposals for the further development of an integrated and coherent Arctic Policy by December 2015.

At national level, most of the Programme partner countries recently developed Arctic strategies or Arctic policy frameworks. Environment, climate change, economic development and the human dimension are some of the most important cross-cutting themes in these national strategies.

The NPA Programme includes a strong European Arctic dimension and has a valuable role to play.

- Firstly, the Programme area geographically covers the entire European Arctic and subarctic territories plus Greenland, Iceland and the Faroe Islands.
- Secondly, the NPA supports cooperation, innovation and transfer of knowledge and technology within themes, which are of specific significance for the Arctic territories, such as sustainable use of non-renewable and renewable resources and demographic development.
- Thirdly, the overall intention is that NPA projects shall foster changes that are of importance to people, including indigenous peoples, living in the Arctic area.

To explore and develop the Arctic dimension of the NPA Programme, a preparatory project, *Arctic Dimension in the Northern Periphery Cooperation*, was carried out in 2012–2013. The main conclusion from the preparatory project was that the NPA Programme has the potential to add a regional development level to the EU Arctic Policy. In addition, a more collaborative approach between territorial cooperation programmes that cover the Arctic

region would benefit the NPA activities and strategic objectives. Furthermore, it was concluded that the common challenges of the Northern Periphery Programme area, those of sparse population, peripherality, insularity and harsh conditions, also apply to Arctic cooperation. Finally, it was concluded that there is a need to ensure that the NPA Programme does not become overly focused on securing an 'Arctic' imprint on the cooperation and thus risk becoming exclusive to some areas.

In parallel, the so-called 'Bodø process' took place. This initiative was taken by the Norwegian members of the NPA Programme Planning Group with the overall aim of contributing to regional development and cooperation through a strategic and coordinated use of different European and other programmes within the Arctic area. A number of workshops and seminars have been held in the Bodø process, aiming at developing an institution to promote cooperation and synergies between regional cooperation programmes and initiatives in the Arctic area. Such a coordination mechanism will be suited to promote the cooperation and synergies between the ETC programmes that cover parts of the Arctic area, both transnational and cross-border including ENPI.

Partnership Agreements

According to the regulation for the European Structural and Investment Funds, Member States will agree Partnership Agreements with the Commission. Through the agreements, the Member States commit to "focusing on fewer investment priorities", with the aim of more effective policy coordination between the Member States and the European Commission.

Most Member States are still drafting the Partnership Agreements; however, based on the drafts, the following themes are very much in line with the priorities of the NPA:¹⁵

- Innovation and R&D
- SME competitiveness and cooperation
- Management and protection of marine resources
- Eco-innovation
- Development of alternative energy

This underlines that, from a thematic perspective, the NPA has some very important interfaces to the other CSF programmes. Most notably, the NPA can contribute a transnational dimension.

Contribution to other relevant EU policies and funds

The scope for synergies and up-scaling projects either to, or from, the NPA might be the most important link to other EU programmes. For example, results from a Horizon 2020 project could be operationalised through NPA projects, or conversely NPA projects might contribute to the development of a Horizon 2020 project. In addition, the LIFE programme has potential

synergies with projects funded under PA 4 on the topics of environmental, nature conservation and climate action projects. Other examples include the Integrated Maritime Policy for the European Union and the EU Blue Growth Strategy, where themes like aquaculture and coastal tourism may correspond with projects funded under PA 1 and 2. Furthermore, the European Agricultural Fund for Rural Development (EAFRD) has potential synergies with projects funded under PA 1, especially the priorities "Fostering knowledge transfer in agriculture, forestry and rural areas", and "Promoting social inclusion, delivering public services". To facilitate coordination, Regional Advisory Groups (RAGs) will identify potential synergies and overlaps with other EU policies and funds when assessing project applications.

Domestic policies and strategies

The major factor influencing current economic development policies is the economic crisis. The NPA will operate in a quite different economic and political context compared to the one pertaining in 2006, when the current NPP 2007–2013 was drafted. The economic crisis has triggered a shift in economic fortunes across the region and led to major changes in macroeconomic policy.¹⁶ The implications of these conditions will be more restricted public budgets for match funding of NPA-funded projects, and it could also mean weaker opportunities for private enterprises to engage with transnational projects, because they have to focus more on core activities. An overall impression is that the national policies targeting regional economic development address themes that correspond very well with the NPA priorities. Seen in this light, synergies between the NPA-funded projects and individual national policies are possible, which underlines the need for the NPA Programme to communicate its specific mission clearly and efficiently to national policy-makers and other national stakeholders.

3.2.8 Transnational cooperation and results in the NPA Programme

As has been highlighted, the key areas where the Programme has scope to deliver substantial, transnational, results can be grouped as follows:¹⁷

- **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;
- **Development of transboundary products** – working together to produce a new product or service that has a transnational or transregional character;

¹⁵ Ex Ante evaluation of the Northern Periphery and Arctic Programme 2014–2020, Status Report + Strategic Overview.

¹⁶ Ex ante evaluation status report ...

¹⁷ Adapted from Bachtler, J., Quiogue, N.C. and Michie, R. (2005) Interreg IIIB Northern Periphery Programme Update of the Mid-term Evaluation, Final Report to the NPP Managing Authority, EPRC, University of Strathclyde.

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

All four categories of transnational cooperation remain relevant for the NPA 2014–2020, and taken together, they can deliver results for the Programme area. Crucially, drawing on experience from the NPP 2007–2013, and the required results-orientation for new programmes, it is noted that the focus on the delivery of products and services within a few prioritised areas will be of particular importance and can be developed further. The ambition remains that individual supported projects have to deliver tangible and measurable results, often in the format of new products and services. However, in addition, the aim is also that the Programme has to foster change within the wider Programme area, and not only for individual actors directly involved in the supported projects. This implies that the results of individual projects have to contribute to the Programme’s wider change in relation to:

- using innovation to maintain and develop robust and competitive communities;
- promoting entrepreneurship to realise the potential of the Programme area’s competitive advantage;
- fostering energy-secure communities through promotion of renewable energy and energy efficiency; and
- protecting, promoting and developing cultural and natural heritage.

The project outputs (products and services) will in this way offer solutions and responses to the Programme area’s development opportunities and challenges. For example, types of changes fostered by the Programme include: change of attitude and of actual behaviour in relation to innovation processes, entrepreneurship and market behaviour among SMEs in the sparsely populated areas outside the regional centres; and enhanced ability and preparedness in local and regional communities to handle the risks connected to climate change and large-scale exploitation of natural resources.

3.3 Horizontal Principles

The Northern Periphery and Arctic Programme aims to be a first class region in which to live, study, work, visit and invest, with the ambition of generating vibrant, competitive and sustainable communities. Achieving this vision is strongly linked to fulfilling the potential of individuals, which is in turn made possible by ensuring equal and fair access to the opportunities available in a society with a healthy environment. Environmental sustainability, equality and non-discrimination are therefore important components of smart, sustainable and inclusive growth.

Seen in relation to this vision, the NPA Programme regions, and in particular those in the Arctic and subarctic parts of the Programme area, are on the one hand exposed to extraordinary chal-

lenges in relation to climate change, demographic changes and expected large investments in the exploitation of natural resources. These challenges may put the environment and the social balance under severe pressure.

On the other hand, the NPA Programme regions are ranked amongst the leaders in Europe for the integration of the horizontal principles into the political, economic and social spheres. Means for reducing gender gaps and achieving a more inclusive society are integral parts of policies and practices, in some cases showing great innovation and vision. The Programme area is also a leader in environmental sustainability, with high skill-levels and expertise, for example, in the clean-tech sector. In this context, the NPA Programme focuses on efforts for fine-tuning and mainstreaming horizontal principles into daily operations, striving for a fairer, more inclusive and sustainable area.

The concepts of gender equality, inclusion and environmental sustainability have been expressed in actions and indicators that are feasible in concrete terms, measurable at project and Programme level, and aim at stimulating changes in attitude and behaviour. Based on the approach set out below, the Programme will evaluate how the horizontal principles are addressed by each project proposal and apply relevant selection criteria defined at Programme level. To ensure follow-up of the implementation of these principles, the Programme has defined a set of indicators that will be measured during the project and Programme lifecycle. The results of monitoring and evaluation will be taken into account in the framework of the Programme evaluation strategy.

3.3.1 Environmental sustainability

The Northern Periphery and Arctic Programme encompasses territories that are dependent on fisheries, wood, energy, mining and tourism. The Programme area is also a hub of innovative clusters, particularly in knowledge-based industries that attract a highly skilled labour force. As the Programme area is rich in terms of energy sources on the one hand, and yet on the other hand is one of the most exposed regions to the effects of climate change, it is important to exploit the energy resources in a climate-friendly way, for example through developing the green economy and utilising renewable energy.

For the 2014–2020 programme period, the dynamics taking place in the Arctic are of particular importance. According to the Arctic Council’s Arctic Biodiversity Assessment, climate change represents the most serious threat to Arctic biodiversity, causing habitat degradation and the spread of invasive alien species. A rapidly changing climate requires communities in the programme area, in particular in coastal and Arctic areas, to take climate change adaptation measures, in order to strengthen their capacity for disaster prevention and action, and to make their economies more resilient against the impacts of climate change. At the same time, not all of the effects of climate change are negative. For example, forests grow faster and cultivation seasons last longer, which allows the introduction of new crops.

In the framework of environmental sustainability, this increased focus on the environment and the climate demands new skills and an awareness of potential impacts and opportunities within the Programme area. The NPA can contribute to generating knowledge about environmental and natural processes in the area, as well as supporting initiatives promoting knowledge and information about what can be achieved at local and regional levels to preserve and protect the environment in the Arctic region.

The NPA will undertake actions throughout the Programme lifecycle to avoid, or reduce, the environmentally harmful effects of interventions and ensure beneficial social, environmental and climate results through:

- a) directing investments towards the most resource-efficient and sustainable options;
- b) avoiding investments that may have a significant negative environmental or climate impact, and supporting actions to mitigate any remaining impacts;
- c) taking a long-term perspective when 'lifecycle' costs of alternative options for investment are compared; and
- d) increasing the use of green public procurement.

NPA Priority Axes 3 and 4 specifically address the topics of resource and energy management in the context of a changing environment. Furthermore, the Programme has identified an indicative list of activities that may be implemented in projects submitted under any chosen priority axis and that aim at encouraging a reduced environmental footprint of operations and foster behavioural changes.

All projects funded by the Programme can incorporate efforts to 'green' their activities and/or minimise the carbon footprint of their activities, for example by:

- including environmental criteria in their procurement procedures (Green procurement procedures, GPP);
- adopting greening measures for the organisation and implementation of events;
- giving preference to environmentally friendly transport options for short travel-distances;
- following the procedures described in environmental management systems and certification (EMAS); and
- offsetting CO₂ emissions when travelling by plane.

Consideration should be given to adopting a green business model encompassing the following principles and practices:

- Resource sufficiency (e.g. sharing models, 'less is more', higher energy efficiency, higher levels of recycling);
- Greater use of renewable energy;
- Implementing the concept of eco-efficiency (e.g. enhancing resource productivity, giving preference to long-lasting materials over those with a short lifespan, slow-food, and slow-travelling);
- Efficiency beyond the market (use of open-source develop-

ment software, wikis, shared knowledge environments, new non-monetised markets);

- Regional supply chain (reducing supply chain length and CO₂ emissions); and
- Use of video conference facilities.

On the basis of the Strategic Environmental Assessment carried out for the Programme, 4 environmental indicators were developed to monitor the Programme's impact on the environment, one for each priority axis.

The environmental indicators can be found in table 12 on page 68.

3.3.2 Inclusion and diversity

In general, discrimination describes a situation where an individual is disadvantaged in some way because of personal characteristics – these include gender, age, race, ethnic group and family background, physical condition, religious belief or sexual orientation.

As observed in the Programme area analysis, the regions involved in the NPA are leaders in the field of equal opportunities and non-discrimination. However, the Programme can still make an important contribution in supporting communities on the path of inclusive development, focusing on increasing accessibility and recognising the value of diversity and talents. It has, therefore, opted to focus on the positive dimension of the principle of non-discrimination, which is *inclusion and diversity*.

The Northern Periphery and Arctic Programme shall contribute to more inclusive and cohesive development by means of increasing opportunities that stimulate and maximise individual talents, in particular through a better understanding of people's talents, differences, characteristics, circumstances, needs and conditions.

The Programme area is confronted with the demographic trend of youth out-migration, leaving an already sparsely populated area inhabited by an increasingly ageing society. The availability and accessibility of transport and IT infrastructures is therefore key for access to employment opportunities and services, especially in expanding areas where specific skills are necessary. Opportunities, such as distance-learning or working from home, can become solutions by opening up opportunities for higher-value employment and contributing to economic growth, ensuring that communities in peripheral areas remain attractive places to stay.

The ageing population implies a growing group, an increasing proportion of highly educated people, wealthier than the younger generations, resulting in a growing demand for new, tailored products and services. This will open up new business opportunities but may also result in tensions between generations.

Exposure to intense pressures from global change and economic forces means that the Programme area will be particularly sensitive to the risk of discrimination. In practice, the highly innovative and dynamic economic environment present in the NPA area is attracting a new foreign workforce, increasing the diversity of

the population. An unintended impact of this development is that the tradition-based economies, such as those run by indigenous peoples, will be challenged.

Within the NPA Programme area, there are two indigenous groups, Inuit in Greenland and Sami in Norway, Sweden and Finland. The NPA Programme recognises that these groups are entitled to special rights under the United Nations Declaration on the Rights of Indigenous Peoples. For example, indigenous peoples have special rights to the lands, territories and resources that they have traditionally used.¹⁸ The NPA Programme envisages more extensive cooperation with the Arctic Council Indigenous Peoples Secretariat, as well as with representative organisations of the main indigenous peoples in the programme area, such as the Inuit Circumpolar Conference and the Sami Council.

The NPA shall contribute to promoting inclusive development in the Northern Periphery and Arctic area, as in the Universal Declaration of Human Rights, by supporting initiatives that enhance the integration skills of the people and strengthen their community-based organisations.

A list of indicative activities applicable under all the priority axes of the Programme is as follows:

- Open opportunities for work experience and/or training on the job for young people (aged between 16-25), e.g. by appointing young people through work experience, internships, placements and apprenticeships.
- Increase the capacity and skills necessary to eliminate the unintentional creation of new barriers for specific groups.
- Consider the economic potential of the ageing population both in terms of an adapted demand for products and services and as a supply of 'social enterprise' services.¹⁹
- Adopt working-from-home IT solutions for transnational co-operation.
- When implementing their projects and developing products and services, the partners shall consider if they inadvertently create new barriers for individuals or specific groups.
- Ensure that the implemented activities, products and services do not generate discrimination on the basis of: gender, sexual orientation, disability, age, race, ethnicity, colour and membership of a national minority, nationality or national origin, religion or belief, language, social origin of birth, property, political or other opinions.

3.3.3 Equality between men and women

Gender equality in broader economic terms means utilising everyone and allowing everybody – both men and women – to be assets for development through such means as higher education, employment in the labour market, research, innovation and entrepreneurship.

According to the SWOT analysis, the Programme area faces challenges such as:

- Youth out-migration;
- Gender-segregated labour market; and
- Lack of study and career opportunities, 'brain drain'.

These challenges are all related to gender inequalities, which can reach the highest levels in the most peripheral regions of the Programme area, causing gender imbalance. Young women have higher out-migration rates than young men. This is partly due to lack of educational opportunities and a segregated labour market, with traditionally more male-dominated industries and high levels of female employment in public services such as healthcare, welfare and education. This segregated labour market discourages young women, as well as young men, who prefer other kinds of careers. It is also important to note that the number of women entrepreneurs in the Programme area is generally lower compared to men, especially in the most peripheral areas.

The Northern Periphery and Arctic Programme shall aim to contribute to a higher level of equality between men and women and in that way contribute to fairer and more inclusive social development. Specifically, the Programme shall contribute to a more diversified and attractive labour market for women, and, at the same time, support opportunities for women to play a more active role in innovation processes and in the formation of new enterprises. At the level of operations, all projects shall strive to integrate the equal participation of men and women into their activities.

A list of indicative activities applicable under all the priority axes of the Programme is as follows:

- Equal representation of men and women in the project organisation at all levels and active involvement of both genders in the decision making.
- Elimination of the risk for unintentional creation of new barriers for specific genders.
- Contribution to a more gender-balanced labour market in the NPA-area
- Making use of the economic potential of the female population, both in terms of entrepreneurship and as partners in innovation processes.
- Ensuring that the implemented activities, products and services do not generate discrimination on the basis of gender.

¹⁸ United Nations Declaration on the Rights of Indigenous Peoples, 2007, Article 26

¹⁹ Definition: "Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community". Source: www.socialenterprise.org.uk.



4.

PRIORITIES

4.1 Introduction to the Priorities

Figure 1 illustrates the 4 priorities of the Northern Periphery and Arctic Programme 2014–2020, in accordance with the selection of themes in the Programme Strategy and reflecting the choice of the Programme partners and other stakeholders.

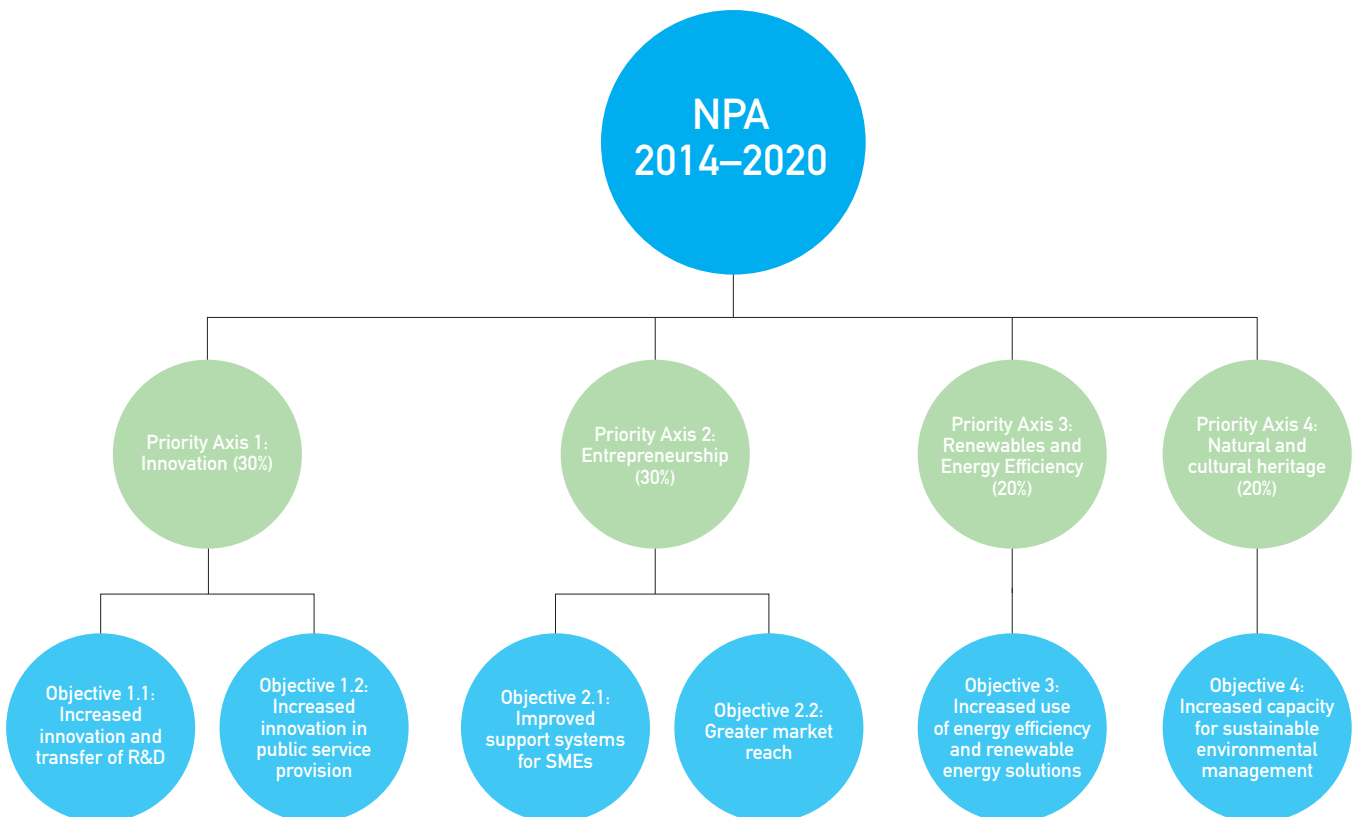
Priorities:

1. Using Innovation to Maintain And Develop Robust And Competitive Communities
2. Promoting Entrepreneurship to Realise the Potential of the Programme Area's Competitive Advantage
3. Fostering Energy-Secure Communities through Promotion of Renewable Energy and Energy Efficiency
4. Protecting, Promoting and Developing Cultural and Natural Heritage

Within the 4 priorities, the Programme will address 6 objectives as outlined in Figure 4 below.

All the priorities are funded through the European Regional Development Fund (ERDF), and the total funding is used as the basis for calculating EU support.

FIGURE 4: STRUCTURE OF PRIORITY AXES 1–4





4.1.1 Guiding principles for the selection of operations

The NPA 2014–2020 will apply quality objectives to expected and completed project outputs to ensure that they meet high-quality standards and contribute to the results sought by the Programme. These quality objectives form the link between the Programme and the project intervention logic. In a systematic way, the quality objectives set out key characteristics for the projects that the Programme aims to support and which will deliver meaningful change. The objectives are informed by the key principles of transnational cooperation outlined in the Programme strategy, horizontal principles and indicators.

It is envisaged that the quality objectives will be integrated into assessment forms and relevant guidance documents. In addition, they will form a reference point for evaluating individual projects and the Programme as a whole.

Quality Objectives

- **Concrete:** The main project outputs are recognisable as a tangible solution (most commonly a product or service) that

addresses identified challenges within the Programme area. In addition, it is clear how project outputs will facilitate or contribute to a concrete Programme result such as increased awareness, attitude change or behaviour change.

- **Innovative:** The project output is new or innovative to the partner organisations, the partner countries involved, or the Programme area.
- **Focused:** Projects can demonstrate a link between the development challenges or opportunities they address and the relevant Programme-specific objective, and they can state the changes they intend to bring about. The design of project outputs (functionality, usability) is in line with the specific objective the project is addressing and the result it seeks to achieve.
- **Relevant:** Project outputs take into account relevant conditions in each part of the project's target area. This means that the project outcomes:

- Demonstrate a high *relevance for the development needs and opportunities* in the target area.
 - Take into account the current situation *in the field* of intervention for each part of the target area.
 - Are *demand-driven*: The development of project outputs is based on demonstrable stakeholder demand and include stakeholder involvement (interface).
- **Responsible:** The design of project outputs takes into account the 3 horizontal principles of environmental sustainability, inclusion and diversity, and equality between men and women.
 - **Viable:** Project outputs are supported by appropriate business and dissemination models that allow the project output to become self-sustaining when the project support ends. (Actual implementation and a first review of the model are expected during the project lifetime.) Business models describe:
 - *Marketing plans* for the project output to reach identified relevant target groups. Note: project-branding should focus on project outcomes, not on promoting the project as such.
 - *Realistic provision/delivery models*, for example ensuring that that the project output is delivered by organisations with the right competences, is well integrated, etc.
 - **Transnational:** The design of project outputs clearly draws on the results of transnational cooperation, e.g. transferring models/knowledge/technology from one region to another, partners complementing each others' competences and resources, combining different regional skill-sets, gaining critical mass, etc.
 - **Strategic:** Project outputs contribute to the Europe 2020 Strategy priorities of smart growth, sustainable growth and inclusive growth. If applicable, project outputs should also facilitate the implementation of national or regional development policies/strategies or inform them.
 - **Value-for-money:** The development and implementation of the project output is proportional to the challenge or opportunity addressed and the expected benefit/impact/return on investment. Also, the money-generating/money-saving aspect can be demonstrated.

4.1.2 Performance framework

The performance framework for the NPA 2014–2020 has been developed on the basis of output and financial milestones. The milestones and targets are based on the past rate of programme implementation, programming experience in the Interreg IIIB NPP 2000–2006 and the NPP 2007–2013, expert advice and conclusions of the Ex-ante evaluation, and finally, consultations with DG Regio's Evaluation Unit. The performance framework per priority axis can be found in Table 11.

Output milestones

Principally, the methodology for the selection of output indicators

is based on the anticipated number of projects to be funded under each priority axis. Based on total programme funding (excluding TA) of 81 MEUR, including match funding and an average total project size of 1,5 MEUR, approximately 54 projects are expected to be funded by 2023.

Out of the 54 projects, 16 projects are expected in both Priority Axis 1 and Axis 2, and 11 projects in both Priority Axis 3 and 4, based on the programme investment strategy (see financial milestones below). The data will be based on verifiable targets and source data such as project progress reports, Annual Implementation Reports and the NPA Strategic Programme Overview, a document presented at each Monitoring Committee meeting to provide an overview of the state of the implementation of the programme, including financial allocation rates.

The output milestones for 2018 and their 2023 targets are based on minimum targets set by the Monitoring Committee for each approved project, on average a minimum of 2 project outputs per project. This target builds on experiences from the previous programme and, where possible, previously funded projects addressing relevant themes.

For all priority axes combined, it is expected that 11 projects or approx. 20% of the projects will be fully implemented by 2018, based on the assumption that projects will start their operations in early 2015 and operate for 36 months. For this reason, it is expected that by the end of 2018 the programme will have output indicators related to fully implemented projects. Therefore, no implementation steps have been defined. The final targets for 2023 are based on projects fully implemented in all priorities by 2023 and final project reports.

Financial milestones

The financial indicators are based on the Programme investment strategy (Table 15). The NPA 2014–2020 investment strategy proposes a distribution of project funding (100%) across the priority axes in the following way: PA1 30%; PA2 30%, PA3 20%, PA4 20%. The justification for the investment strategy can be found in section 3.2.5.

The financial indicators are defined as the total amount of eligible expenditure entered into the accounting system of the certifying authority and certified by the authority in line with Article 126 of Regulation (EU) No 1303/2013 [CPR], comprising of ERDF funding plus national contribution. Third country contributions have not been taken into account. The financial milestones for 2018 and their 2023 targets are based on previous successful programming experience and rates of programme implementation.

For all priority axes combined, it is expected that 11 projects will be fully implemented by 2018. Based on this assumption, it is expected that by the end of 2018, expenditure representing approximately 15% of the 2023 financial target will have been certified. This is expected to exceed the accumulative N+3 target for 2018, which is approximately 12%.



4.2 Priority Axis 1 – Using Innovation to Maintain and Develop Robust and Competitive Communities

This priority axis²⁰ consists of 2 specific objectives.

4.2.1 Specific Objective 1.1

Increased innovation and transfer of new technology to SMEs in remote sparsely populated areas

Result sought

SMEs, and among these particularly micro-enterprises²¹, in remote and sparsely populated communities commonly suffer from a lack of critical mass and weak external links to access innovation support.

Transnational cooperation can help to overcome these challenges by contributing to transnational collaboration between businesses and research institutes, facilitating the clustering of businesses across borders, supporting transnational business networks, building innovation infrastructures, and connecting knowledge-brokers to SMEs. Through these actions, transnational cooperation can also contribute to attitude change among the different actors in the innovation system, collaborations on targeted and demand-driven innovation support, and technology transfer for local and regional SMEs in remote areas.

²⁰ Priority Axis 1 addresses Thematic Objective 1, Investment Priority B, “promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies”;

²¹ See footnote 8 on page 17.

Key drivers of this process include the following:

- Regional centres across the Programme area where innovation actors are concentrated, such as university campuses and larger firms with R&D departments.
- Intermediary actors that can help cluster SMEs and connect them to research institutions, e.g. triple-helix approaches.
- Creative industries and end-user demands, which can be drivers for innovative product and service design. An example of user-driven innovation is the development of clean technologies and other environmentally sustainable innovations, in response to a growing Green economy.²²

As a result of transnational cooperation, the NPA 2014–2020 seeks to contribute to an **improved innovation environment**

in peripheral areas, with support infrastructures that encourage SMEs in these regions to participate in innovation processes, and to contribute to **more outward-looking attitudes towards innovation**, which facilitate interaction between SMEs and R&D actors across regional and national borders. A tangible Programme-level result in the medium term will be changing attitudes to innovation and changing behaviour among SMEs and intermediary actors. In the longer term, the result will be a higher level of innovation and competitiveness in remote and sparsely populated areas.

Result indicators can be found in Table 8, page 63.

Actions supported

Particularly relevant for sectors in which the Programme area has strengths, for example, but not limited to, cold climate and climate change adaptation, natural resources and renewables, energy, maritime and marine sectors, forestry, and minerals. In addition, R&D potential in the innovation cycle can focus on solutions that improve living conditions in the Arctic and other sparsely populated areas.

Types and examples of actions to be funded by the NPA 2014–2020:

- Transfer and development of models or solutions for clustering SMEs with shared needs in relation to accessing R&D in order to develop critical mass and support access to R&D links across regional and national borders.
- Transfer and development of models or solutions enabling R&D support for SME demand-driven innovation.
- Transfer and development of models or solutions facilitating technology transfer to, or across, the Programme area, in particular benefiting SMEs.
- Transfer and development of models or solutions facilitating business networks across regional and national borders to help to diversify and broaden the regional sector base.
- Transfer and development of models or solutions, linking the creative sector and SMEs to promote innovation.
- Transfer and development of models or solutions facilitating user-driven innovation in SMEs, including environmentally sustainable innovations.
- Developments in relation to the maritime and marine sectors will be particularly relevant for Atlantic coastal areas. Developments in relation to cold climate and the exploitation of natural resources will be particularly relevant to the Arctic areas.
- HORIZONTAL: Transfer and development of models or solutions facilitating activities aimed at encouraging the participation of underrepresented groups, such as young women, in innovative sectors.

Main target groups (end users)

Types and examples of main groups targeted by actions supported in this specific objective:
Local and regional SMEs, among these especially micro-enterprises in remote and sparsely populated areas; and local communities, in particular in terms of opportunities for high-skilled jobs for young people and local residents resulting from increased innovation. Furthermore, it is the Programme's ambition to involve underrepresented groups in SME innovation processes.

Types of beneficiaries (project partners)

Types and examples of beneficiaries involved in the development of actions supported in this specific objective:
Actors in the innovation system (or the innovation cycle), including knowledge-brokers such as universities and research institutes, organisations representing SMEs, intermediary bodies (public or private) involved in clustering SMEs, and the business services sector, including the creative sector. In addition, larger companies may play a role as R&D providers.

Common and specific output indicators can be found in Table 9, page 66.

²² UNEP: "Green economy – one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive."

4.2.2 Specific Objective 1.2

Increased innovation within public service provision in remote, sparsely populated areas

Result sought

Remote and sparsely populated areas in the Programme area face shared challenges in accessing key public services, such as healthcare, social care, education and energy. Within these areas, public service providers are faced with the challenge of reconciling limited resources and a lack of critical mass with an increasing demand for public service provision. In addition, markets can fail to service extremely remote areas, even in terms of the provision of basic goods.

Transnational cooperation can facilitate the transfer and development of innovative organisational models, processes and solutions to address the viability of public service provision and the provision of basic goods and services, e.g. through private-public partnerships, urban-rural cooperation, social enterprises²³ and other

innovative approaches to pooling competences and resources.

In addition, collaboration with R&D institutes could result in innovative and distance-spanning technologies that enable new ways to deliver public services, such as mobile health and well-being services in sparsely populated areas. Such developments are especially relevant in the NPA Programme area, which faces particular challenges in terms of an ageing population, lifestyle diseases, cold climate and long distances.

As a result of transnational cooperation, the NPA 2014–2020 seeks to contribute to an **increased awareness of and openness to new approaches to providing and using public services that will meet future demands** in remote and sparsely populated areas. A more tangible result in the medium term will be the development of new concepts for public service provision. In the longer term, transnational cooperation shall contribute to a 'future-proofing' of public services in remote, sparsely populated areas.

Result indicators can be found in Table 8, page 63.

Actions supported

Types and examples of actions to be funded by the NPA 2014–2020:

The following actions are viewed as especially important for, but not limited to, the development of a future-proof service provision of (renewable) energy, healthcare, social care, education and (low-carbon) public transport services.

- Transfer and development of innovative models or solutions addressing viability and low critical mass in public service provision in remote and sparsely populated areas.
- Transfer and development of innovative models or solutions for provision of the needed competences and human resources within public services in remote and sparsely populated areas
- Transfer and development of technology-driven solutions for public service provision in remote and sparsely populated areas.

Main target groups (end users)

Types and examples of main groups targeted by actions supported in this specific objective:
Local communities in remote and sparsely populated areas.

Types of beneficiaries (project partners)

Types and examples of beneficiaries involved in the development of actions supported in this specific objective:
Public sector organisations, private entities delivering a public service, private-public partnerships, social enterprises, and third-sector organisations. In addition, key actors within innovation systems, including knowledge-brokers such as universities and research institutes, and the business services sector, including the creative sector, and voluntary/third-sector organisations.

Common and specific output indicators can be found in Table 9, page 66.

²³ Definition: "Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community". Source: www.socialenterprise.org.uk.



4.3 Priority Axis 2 – Promoting Entrepreneurship to Realise the Potential of the Programme Area’s Competitive Advantage

The priority axis²⁴ consists of 2 specific objectives, one for each investment priority.

4.3.1 Specific Objective 2.1

Improved support systems tailored for start-ups and existing SMEs in remote and sparsely populated areas

Result sought

In the current economic climate, start-ups and existing SMEs face particular operational challenges, such as obtaining finance. In remote and sparsely populated areas, these challenges are amplified by long distances to support systems, other start-ups and existing SMEs. In addition, as companies in the periphery, they face challenges such as a small local customer base, long distances to market, and a poor business environment generally, which threaten the survival and growth of start-ups and existing SMEs.

Transnational cooperation can contribute to an improved entrepreneurial climate by facilitating the transfer and development of business support strategies and solutions to overcome the challenges faced by start-ups and existing SMEs in remote and peripheral regions. This is particularly valid for SMEs in non-traditional sectors, which could contribute to a more dynamic business sector.

- Business support systems will focus on removing barriers and bottlenecks for SMEs, for example by facilitating campus incubator support and other types of business support over distance, promoting innovative funding mechanisms to attract internal and external investments such as crowd-funding, creating support networks of peers, developing inclusive business models and jobs or training positions based on recognising and utilising people’s different talents and skills, targeted use of public procurement, and support to facilitate the uptake of ICT innovation and connectivity by SMEs.²⁵

²⁴ Priority Axis 2 addresses two investment priorities within Thematic Objective 3: Investment Priority A “Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators”; and Investment Priority D “Supporting the capacity of SMEs to grow in regional, national and international markets and to engage in innovation processes”.

²⁵ Support to facilitate the uptake of ICT could pilot ICT Innovation and broadband connectivity voucher schemes (such as satellite end-user equipment), once it is rolled out to the NPA Programme area.

- Business support systems will also focus on realising the potential of ‘place-based’ development opportunities. For example, the Programme area’s unique cultural and natural heritage is a basis for tourism and experience industries based on the area’s unique natural environment, indigenous lifestyles, and creative industries. This also includes environmentally sustainable business opportunities offered by the Green Economy and Blue Growth.²⁶
- In addition, NPA interventions will aim to support and encourage entrepreneurship among underrepresented groups, such as young women.

As a result of transnational cooperation, the NPA 2014–2020 seeks to contribute to an **improved entrepreneurial business environment** supporting start-ups and existing companies in remote and sparsely populated areas. A tangible result in the medium term will be the development of new business support systems. In the longer term, transnational cooperation will contribute to a higher frequency and success rate of start-ups and survival of existing SMEs in remote, sparsely populated areas.

Result indicators can be found in Table 8, page 63.

Actions supported

Types and examples of actions to be funded by the NPA 2014–2020:

These actions are envisaged to be mainly based on, but not limited to, shared characteristics such as climatic conditions, demographic profile, abundance of natural resources, rich cultural and natural heritage, and the Green Economy and Blue Growth.

- Transfer and development of models and solutions for support to start-ups and existing SMEs²⁷ aimed at:
 - Removing barriers for start-ups and existing SMEs,
 - Encouragement of entrepreneurship, especially among underrepresented groups, such as young women.
 - Realising place-based opportunities in a new way.

Main target groups (end users)

Types and examples of main groups targeted by actions supported in this specific objective:

New start-ups and existing SMEs, self-employed individuals, and social enterprises.²⁸ It is the Programme’s ambition to encourage entrepreneurship, especially among underrepresented groups.

Types of beneficiaries (project partners)

Types and examples of beneficiaries involved in the development of actions supported in this specific objective:

Intermediary bodies dealing with start-ups, such as the public sector, regional development agencies, Chambers of Commerce, education and training providers, associations and other bodies representing the private sector. In addition, representatives of logistics and distribution companies, port authorities, business services including ICT and marketing as well as business services provided by the creative industries and civil society organisations.

Common and specific output indicators can be found in Table 9, page 66.

4.3.2 Specific Objective 2.2

Greater market reach beyond local markets for SMEs in remote and sparsely populated areas

Result sought

In addition to the well-recognised challenges faced by entrepreneurs, SMEs, and among these specifically micro-enterprises in remote and sparsely populated areas, are faced by particular challenges, such as a small local customer base and long distances to market. In addition, micro-enterprises – SMEs with fewer

than 10 employees – commonly lack experience or a tradition of cooperation with enterprises outside the local area.

Transnational cooperation can contribute to better access to key markets and a wider customer base by facilitating the transfer and development of marketing concepts and models:

- Marketing models will be used to transnationally cluster SMEs with a complementary product or service portfolio. For example, exclusive product or service packages can be developed to attract high-end customers; a joint market approach can be used

²⁶ European Commission Communication COM/2012/0494: “Blue Growth - An initiative to harness the untapped potential of Europe’s oceans, seas and coasts for jobs and growth. (...) It represents the maritime dimension of the Europe 2020 Strategy. It can contribute to the EU’s international competitiveness, resource efficiency, job creation and new sources of growth whilst safeguarding biodiversity and protecting the marine environment, thus preserving the services that healthy and resilient marine and coastal ecosystems provide.”

²⁷ There are potential synergies between the actions supported and support to SMEs offered by the Enterprise Europe Network, link: <http://een.ec.europa.eu>.

²⁸ The NPA 2014–2020 uses the EU definition of SMEs. However, in the NPA context, social or community enterprises are considered key target groups and beneficiaries and are relevant for raising the overall level of entrepreneurship and business environment in the Programme area. Definition: “Social enterprises are businesses that trade to tackle social problems, improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community”. Source: www.socialenterprise.org.uk.

for high-quality natural products of the Programme area, such as Arctic products, or products aimed at the growing global market in health products, cosmetics, pharmaceuticals and regional food and drinks; businesses can even form their own networks to take advantage of trends such as increasing cruise tourism in the Programme area or use market research to discover new consumer markets.

- Crucially, marketing models will focus on the use of ICT solutions, e-commerce and social media, and cooperation on logistics to overcome barriers such as distance to markets, and measures supporting trade facilitation, for example helping to meet product standards, and labelling requirements.
- Marketing models will be used to realise the potential of ‘place-based’ development opportunities. For example, the Programme area’s unique cultural and natural heritage is a basis for tourism and experience industries, based on the area’s unique natural environment, indigenous lifestyles, and creative industries. Further place-based opportunities include cold climate testing facilities for equipment and vehicles, a first-mover advantage in the Silver Economy, locally derived eco-products or environmental friendly products, new products based on Blue Growth, and natural resources,

such as fisheries, forestry and agriculture.

- Marketing models will also focus on capturing spinoffs from local or regional large-scale investments, such as models to reduce risks for SMEs in up-scaling their production and delivery capacity. It is the programme’s intention to foster initiatives that enhance the local business communities’ ability to respond to the new business opportunities emerging in connection with these mega-investments.

As a result of transnational cooperation, the NPA 2014–2020 seeks to contribute to an increased awareness of and **increased capacity to act on business opportunities beyond local markets** to overcome challenges faced by SMEs in remote and sparsely populated areas, such as a small customer base and long distance to market. A tangible result in the medium term will be changes in attitudes and market behaviour among SMEs in remote, sparsely populated areas. In the longer term, transnational cooperation will contribute to an enhanced integration of the Programme area within the global economy.

Result indicators can be found in Table 8, page 63.

Actions supported

Types and examples of actions to be funded by the NPA 2014–2020:

These actions are envisaged to be mainly based on, but not limited to, shared characteristics such as climatic conditions, demographic profile, abundance of natural resources, and rich cultural and natural heritage. The actions are also viewed as appropriate for business opportunities arising from mega-investments, such as new mining projects or new wind farms, and business opportunities arising from the Green Economy and Blue Growth. These kinds of actions²⁹ are viewed as especially appropriate for reaching an international customer base beyond the NPA area:

- Transfer and development of marketing models and solutions suitable for SMEs in remote, sparsely populated areas, to increase their market reach.
- Transfer and development of concepts for clustering and creating networks of SMEs to meet a larger-scale, more diverse and/or more complex demand.
- Transfer and development of marketing models and solutions facilitating the use of distance-spanning technology to overcome long distance to market.

Main target groups (end users)

Types and examples of main groups targeted by actions supported in this specific objective:
Existing SMEs, including those organised as cooperatives, self-employed individuals, and social enterprises.³⁰ It is the Programme’s ambition to encourage entrepreneurship, especially among underrepresented groups, such as young women.

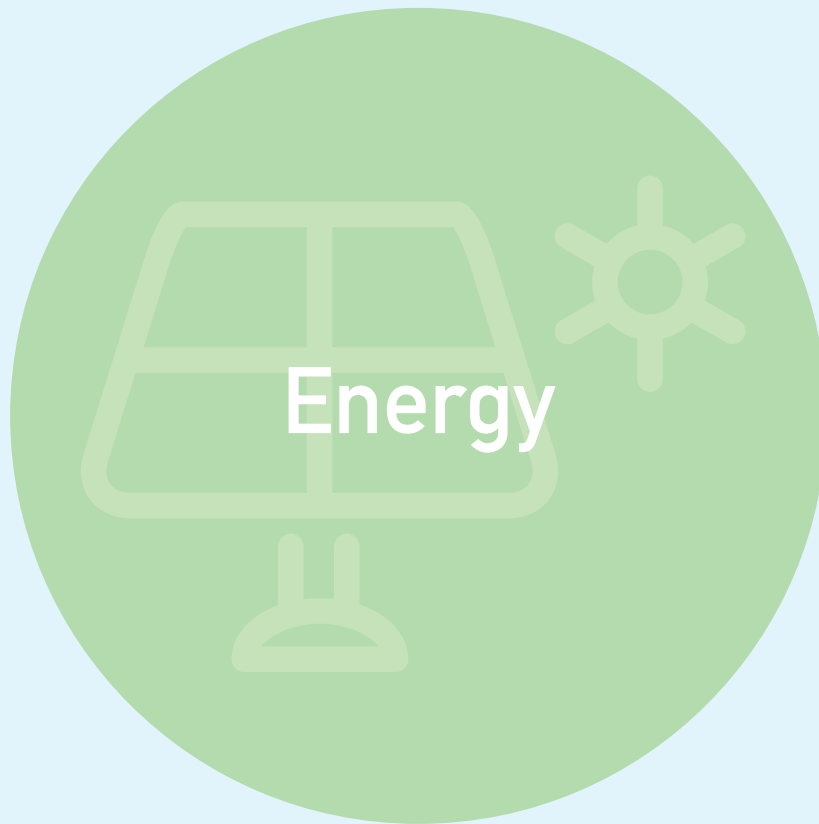
Types of beneficiaries (project partners)

Types and examples of beneficiaries involved in the development of actions supported in this specific objective:
Intermediary bodies dealing with the private sector, such as the public sector, regional development agencies, Chambers of Commerce, education and training providers, associations and other bodies representing the private sector. In addition, actors in the export chain that can facilitate trade, such as export agencies, international Chambers of Commerce, trade organisations, sector-specific organisations, representatives of logistics and distribution companies, port authorities, business services including marketing, as well as business services provided by the creative industries and civil society organisations. In addition, projects could cooperate with technical partners, such as eBay, Google and others.

Common and specific output indicators can be found in Table 9, page 66.

²⁹ There are potential synergies between the actions supported and support to SMEs offered by the Enterprise Europe Network, link: <http://een.ec.europa.eu>.

³⁰ The NPA 2014–2020 uses the EU definition of SMEs. However, in the NPA context, social or community enterprises are considered key target groups and beneficiaries and are relevant for raising the overall level of entrepreneurship and business environment in the Programme area. Definition: “Social enterprises are businesses that trade to tackle social problems, improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community”. Source: www.socialenterprise.org.uk.



4.4 Priority Axis 3 – Fostering Energy-Secure Communities through Promotion of Renewable Energy and Energy Efficiency

The priority axis³¹ consists of 1 specific objective.

4.4.1 Specific Objective 3

Increased use of energy efficiency and renewable energy solutions in housing and public infrastructures in remote, sparsely populated areas

Result sought

Ensuring a reliable, sustainable and affordable energy supply is particularly challenging in the remote and sparsely populated communities in the Programme area, especially due to their low critical mass and issues linked to the harsh climatic conditions of many parts of the area.

In regions that have historically had access to relatively cheap energy, such as hydropower, a tradition of energy efficiency and high-yield insulation of buildings is sometimes missing. Regions without access to cheap energy are more dependent on fluctuating fuel prices and could benefit from a greater degree of energy self-sufficiency, especially cold regions.

³¹ Priority Axis 3 addresses Thematic Objective 4: Investment Priority C “Supporting energy efficiency, smart energy management and renewable energy use in public infrastructures, including in public buildings, and in the housing sector”.

A change in awareness and public policy is required to achieve a higher uptake of energy efficiency measures and renewable energy solutions in housing and public infrastructures.³² Relevant actions could include incentives for retrofitting houses, changes of demands on constructing houses, a change in urban planning, a change in energy policy, and so on.

Transnational cooperation can help to address these challenges in a number of ways:

- Facilitating the transfer and development of models and approaches to help communities access and utilise renewable energy solutions for housing and public infrastructures and for cold climates and dispersed settlements. For example, opportunities include enabling communities to use energy sources based on local natural resources, ‘symbiotic’ solutions can be developed, using the by-products of one activity to provide energy for public infrastructures or housing, e.g. using cooling water to heat buildings.
- Facilitating the transfer and development of new energy efficiency concepts for constructing, maintaining and running housing and public infrastructures, suitable for cold climates and dispersed settlements. These include new housing con-

cepts and the innovative use of building materials, the use of ICT for energy efficiency such as smart metering, and other energy efficiency measures, such as using low-energy building materials based on natural products from the Programme area, recycling buildings and building materials, and the promotion of low/zero-energy housing, in particular in the Arctic.

As a result of transnational cooperation, the NPA 2014–2020 seeks to contribute to increased awareness about and **increased readiness to invest in energy efficiency measures and renewable energy solutions suitable for constructing, maintaining and running housing and public infrastructures** in cold climates and dispersed settlements. A tangible result in the medium term will be the development of a number of new concepts for energy-saving and use of renewable energy suited for small dispersed settlements and public infrastructures in cold climates. In addition, such a shift to new concepts could create business opportunities for companies developing and installing such solutions. In the longer term, transnational cooperation will contribute to higher energy efficiency in remote, sparsely populated areas.

Result indicators can be found in Table 8, page 63.

Actions supported

Types and examples of actions to be funded by the NPA 2014–2020:

- Facilitating decision-making about the development and use of renewable energy solutions for public infrastructures and housing, suitable for cold climates and dispersed settlements.
- Developing models to sustainably utilise by-products from economic activities as energy sources for public infrastructures and housing.
- Promoting and facilitating the transfer and development of new energy efficiency concepts and smart energy management concepts for constructing, maintaining and running housing and public infrastructures, suitable for cold climates and dispersed settlements. This includes the use of ICT technologies for the development and promotion of natural and cultural heritage sites.

Main target groups (end users)

Types and examples of main groups targeted by actions supported in this specific objective:

Local communities, the public sector and local companies involved in supplying products and services related to energy efficiency and renewable energy solutions for housing and public infrastructures.

Types of beneficiaries (project partners)

Types and examples of beneficiaries involved in the development of actions supported in this specific objective:

Public sector organisations, private sector organisations and representative bodies, private-public partnerships, social enterprises, and third-sector organisations related to public infrastructure or the housing sector, public and private organisations and utility companies dealing with (renewable) energy supply and energy efficient products/services, academic and training institutes in the field of construction, planning and renewable energy for housing and public infrastructures.

Common and specific output indicators can be found in Table 9, page 66.

³² This includes community assets, such as heritage buildings owned by NGOs.



4.5 Priority Axis 4 – Protecting, Promoting and Developing Cultural and Natural Heritage

The priority axis³³ consists of 1 specific objective.

4.5.1 Specific Objective 4

Increased capacity of remote and sparsely populated communities for sustainable environmental management³⁴

Result sought

The NPA area is characterised by a high-quality but fragile natural environment and a rich cultural heritage. However, local communities in the Programme area are also faced by the impacts of major global trends, such as climate change impacts on people, and rapid economic and environmental changes, such as large-scale investments. These developments can lead to major environmental, as well as associated economic and social, upheavals.

The scale of the issues is often beyond the scope of individual communities to cope with on their own, and it requires a wide range of competences and expertise.

This is particularly relevant in the Arctic and subarctic regions of the Programme area, where the impacts of climate change are expected to be more dramatic than in other places, and where small communities are faced by major commercial interests of multinational companies, such as mineral extraction. In addition, as a result of mega-projects, these small communities are often impacted not only economically, but also environmentally, facing the risk of pollution and damage to natural and cultural heritage, and socially, for example by hosting a community of fly-in-fly-out professionals. It is the Programme's intention to help communities mitigate any negative impacts from mega-investments.

³³ Priority Axis 4 addresses Thematic Objective 6: Investment Priority C "*Conserving, protecting, promoting and developing cultural and natural heritage*".

³⁴ Sustainable environmental management is based on the idea that the concept of sustainable economic growth is the key to striking the balance between conserving the environment and maintaining prosperity in the developed world while achieving economic development in underdeveloped countries. Taken from the abstract of *Sustainable environmental management: principles and practice*, by R. Kerry Turner (1988).

Remote and sparsely populated communities should be empowered to find a dynamic balance between environmental, economic, and social interests to sustain their welfare and viability. Sustainable environmental management not only helps to prevent and mitigate damage to natural and cultural heritage sites as a result of economic, social and environmental change, but it also fosters the awareness that effective environmental management is needed to continue to be able to make use of natural assets in general, and natural and cultural heritage sites specifically, as assets to achieve sustainable growth in the community.

Transnational cooperation can help these communities by:

- Facilitating the transfer of best-practice models and the transnational pooling of competence and expertise to build capacity, share knowledge and know-how, and develop tools to help local authorities and remote and sparsely populated communities with sustainable environmental management to address the economic, environmental and social tensions arising from major developments (often accessing natural resources) and to derive socioeconomic benefit from such developments.
- Facilitating the transfer and development of decision-making tools and solutions to help local authorities and communities in remote and sparsely populated areas deal with sustainable environmental management to capitalise on the development

opportunities presented by the environmental and cultural heritage of the NPA Programme area.

- Facilitating the transfer and development of concepts and models for the protection³⁵, promotion and sustainable development of the natural and cultural heritage to promote a more dynamic interpretation of sustainable environmental management.

As a result of transnational cooperation, the NPA 2014–2020 seeks to contribute to an **increased preparedness for community-based sustainable environmental management. This enhanced management shall facilitate community development whilst at the same time balancing environmental, economic and social interests** in remote and sparsely populated areas. In particular, this shall be seen in relation to exploitation of natural resources and large new investments, for example within the mineral and renewable energy sectors. A tangible result in the medium term perspective will be the development of new management processes and competence development activities within public authorities. A longer-term result of transnational cooperation will be a higher level of capability to handle changes that impact on the cultural and natural heritage within the Programme area.

Result indicators can be found in Table 8, page 63.

Actions supported

These actions are envisaged to be mainly focused on, but not limited to, issues such as land use, fresh water supply, coastal management, ocean acidification, natural resource management, biodiversity, natural hazards, and climate change impacts.

Types and examples of actions to be funded by the NPA 2014–2020:

- Development and transfer of best-practice models and solutions for 'up-skilling' local authorities and community groups, focusing on skills and competences such as negotiation skills, change management skills, and expertise on climate change impacts, environmental impacts, social impacts and economic impacts.
- Development and transfer of new organisational models, such as pooling of competences across regional and national borders, facilitating local authorities and community groups for sustainable environmental management.
- Development and transfer of decision-making tools and solutions, such as new types of environmental assessments, to help local authorities deal with sustainable environmental management.
- Development and transfer of new governance concepts that involve all groups of civil society in the decision and policy-making process.
- Development and transfer of concepts and models for the protection, promotion and development of the natural and cultural heritage in accordance with a more dynamic interpretation of sustainable environmental management. This includes the use of ICT technologies for the development and promotion of natural and cultural heritage sites.

Main target groups (end users)

Types and examples of main groups targeted by actions supported in this specific objective:
Local and regional communities, local businesses, local employees and visitors.

Types of beneficiaries (project partners)

Types and examples of beneficiaries involved in the development of actions supported in this specific objective:
Public sector organisations, education and training providers, private organisations and representative bodies, private-public partnerships, social enterprises, and third-sector organisations.

Common and specific output indicators can be found in Table 9, page 66.

³⁵ This includes knowledge exchange about habitat and green infrastructure protection, such as Natura 2000.



Technical Assistance

4.6 Priority Axis Technical Assistance

The Priority Axis Technical Assistance consists of 1 specific objective. This axis is funded through the European Regional Development Fund (ERDF), and the total funding is taken as the basis for calculating EU support.

4.6.1 Specific Objective 5

Leaner Programme management and more effective Programme implementation

Result sought

The NPA 2014–2020 builds on a tradition of well-established cooperation that started in 1998. The Programme has enjoyed incremental success in terms of the Programme budget size and the Programme partner countries involved. The Programme has an established history of integrating new regions and creating a cooperative atmosphere.

It is essential that the Programme continues to connect with the actors on grass-roots level, through an efficient network of national and regional partners. The small Programme size allows for flexibility when it comes to responding to the needs of stakeholders in the Programme area. This has given the Programme the reputation of being easy to work with, pragmatic and proactive.

In order to continue the Programme's good track record in management and financial performance, it is essential that the governance structure of Programme bodies, procedures and activities ensures a more efficient and more effective Programme implementation.

As a result of the actions, the Programme seeks to achieve **better governance, leaner and more efficient procedures, more simplifications benefiting applicants and projects, prompter payments to projects, and a continued lower error rate.** In the longer term, the Programme expects to see better-quality applications and more strategic results.

Note: According to Art 8.c. of Regulation (EU) No 1299/2013 [ETC], expected results and result indicators with baseline and target values are not required, since the TA budget does not exceed EUR 15 000 000.

Actions supported

Types and examples of actions to be funded by the NPA 2014–2020:

- Project-development support activities
- Application and selection procedures
- Payment procedures
- Reporting procedures
- Audit activities
- Monitoring and evaluation activities
- Information and communication activities

Main target groups (end users)

Types and examples of main groups targeted by actions supported in this specific objective:
 Programme stakeholders, such as national and regional authorities, project promoters, project partners, policy-makers in the Programme area, financiers, and other organisations that are affected by the Programme.

Types of beneficiaries (project partners)

Types and examples of beneficiaries involved in the development of actions supported in this specific objective:
 Programme bodies, such as the Managing Authority, Joint Secretariat, Audit Authority, Regional Contact Points, Monitoring Committee, Management Group.

Monitoring and evaluation

To measure the outputs of the TA Priority Axis, output indicators have been developed. They can be found in Table 10, on page 68.

Focus areas for the evaluation strategy

The evaluation strategy will focus on the results of the TA Priority Axis:

- Performance on stakeholder engagement through information and communication measures and project-development support measures:
 - For example, through surveys and interviews measuring awareness and satisfaction regarding the Programme/projects/results, how well administrative procedures are understood including public procurement and state aid, perceived user-friendliness by applicants and beneficiaries, performance of communication between Programme bodies, the degree to which the Programme attracts new project partners, projects that result in/from linkages with other instruments, etc.
- Average time to process a claim, where the target is to stay below 90 days, subject to exceptions outlined in Regulation (EU) No 1303/2013 [CPR], and generally a reduction of the processing time. The data source will be the monitoring system, which will also be used to establish the baseline.
- Error rate, where the target is to stay below the 2% threshold, and generally a reduction in the level of the error rate. The data source will be the annual control report, which will also be used to establish the baseline.





5.

FINANCING

5.1 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 50 209 899 EUR from the European Regional Development Fund (ERDF) and 28 426 525 EUR of national match funding. The national match funding is calculated to be 35% for Priority Axes 1–4 and 50% for Priority Axis 5 (Technical Assistance).

The Non-Member States financing consists of 9 042 160 EUR from ERDF-equivalent funds from Norway, Iceland, Greenland and the Faroe Islands. The national match funding for Non-Member States financing is calculated to be 46% on average for Priority Axes 1–4 and, and approximately 48% on average for Priority Axis 5 Technical Assistance. Further detail on the Programme financing can be found in the financial tables, as shown in section 7.3 on page 70.

5.2 Intervention Rate & Match Funding

The ERDF intervention rate for partners in Member States is in general up to 65% of eligible costs, and the average intervention rate for partners in Non Member States shall in general be 54% of eligible costs. For SME beneficiaries, a maximum intervention rate of 50% shall be applied.

The co-financing rate for Technical Assistance shall be 50% of total eligible costs for ERDF funding and approximately 52% on average for Non Member States financing.

5.2.1 Match funding

National match funding is a pre-requisite for receiving Northern Periphery and Arctic Programme 2014–2020 funding. The national match funding can include both national public funding and national private funding for Priority Axes 1–3. Further details on the indicative breakdown of national match funding can be found in section 7.3 Financial tables, Table 17.

5.2.2 Geographical flexibility

In accordance with Article 20 of Regulation (EU) No 1299/2013 [ETC], the Northern Periphery and Arctic Programme 2014–2020 values cooperation with partners outside the Programme area if this benefits the Programme area. The total ERDF amount allocated to finance operations outside the Union part of the Programme area cannot exceed 20% of the support from the ERDF at Programme level.

Circumstances which would permit the use of geographical flexibility are if the project would not be able to fulfil its objectives without partners from external areas or if the inclusion of external partners facilitates a particularly strategic cooperation, as identified by the 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 that is deemed crucial for the project. Geographical flexibility could be used to support cooperation with northern peripheral regions in North West Russia and North East Canada, but may also support other regions outside the Union part of the Programme area, provided that sufficient justification is presented.

Such decisions will be made on a project-by-project basis. Detailed criteria for the implementation of geographical flexibility will be adopted by the Monitoring Committee 2014–2020 and further explained in the Programme Manual

5.3 Eligibility of Expenditure

In accordance with Article 65 of Regulation (EU) No 1303/2013 [CPR], expenditure shall be eligible if it has been incurred and paid by a beneficiary between the date of submission of the Programme to the European Commission or from 1 January 2014, whichever is earlier, and 31 December 2022.

The NPA 2014–2020 shall apply the specific rules for eligibility of expenditure set up by the European Commission for the expenditure categories staff costs, office and administrative expenditure, travel and accommodation costs, external expertise and services costs and equipment expenditure.

According to Article 18 of Regulation (EU) No 1299/2013 [ETC], the Monitoring Committee will, if needed, establish additional eligibility rules for the NPA 2014–2020 as a whole. Only in cases where expenditure is not covered by the above rules, the national rules of the country where the expenditure is incurred and paid shall apply.

SMEs are able to be recipients of aid in projects as a partner or direct recipient under any notified State Aid Scheme or GBER or *de minimis* applicable to the region in which the activity is being undertaken.

Detailed eligibility criteria will be adopted by the Monitoring Committee 2014–2020 and further explained in the Programme Manual.

6.

IMPLEMENTATION

6.1 Programme Management Structure

6.1.1 Identification of the relevant authorities and bodies

TABLE 5: IDENTIFICATION OF THE RELEVANT AUTHORITIES AND BODIES

Authority/body	Name of the authority/body	Head of the authority/body	Address
Managing Authority	County Administrative Board of Västerbotten	Programme Director	Storgatan 71B, SE-901 86, Umeå, Sweden
[Certifying Authority, where applicable]	Functions will be carried out by the Managing Authority		
Audit Authority	The Swedish National Financial Management Authority (ESV)	Head of EU Audit	Drottninggatan 89, Box 45316, SE-104 30, Stockholm, Sweden
Body or bodies designated to carry out control tasks	Sweden: County Administrative Board of Västerbotten	Head of Unit	Storgatan 71B, SE-901 86, Umeå, Sweden
	Finland: Ministry of Employment and the Economy, Regional Department	Ministerial Counsellor	P.O.Box 32, FI-00023 Government, Finland
	Ireland: Northern and Western Regional Assembly, Finance Department	Director	The Square, BallaghaderreenCo, Roscommon, Ireland
	Southern Regional Assembly Financial Management & Monitoring – First-Level Control	Director	Assembly House, O’Connell Street, Waterford City, Ireland
	Northern Ireland: Special EU Programmes Body, Transnational and Interregional Unit	Chief Executive	Clarence West Building, 2 Clarence Street West, Belfast BT2 7GP, Northern Ireland
	Scotland: Scottish Government, Directorate for Economic Development	Head of State Aid and Territorial Programmes	Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU
	Norway: BDO AS Audit / Oslo	Partner	Vika Atrium, Munkedamsveien 45 PB 1704 Vika, Norway
	Iceland: The Institute for Regional Development (IRD) The Operation Department	Director	Ártorg 1, IS-550 Súdarkrókur, Iceland
Body or bodies designated to be responsible for carrying out audit tasks	Greenland: Government of Greenland Economy and Personnel Agency	Head of Office	Postboks 1039, 3900 Nuuk Greenland
	Faroe Islands: Ministry of Foreign Affairs and Trade	Financial Adviser	Tinganes, P.O Box 64, FO-110 Tórshavn Faroe Islands
	Finland: Ministry of Finance, Government financial controller’s function, Audit Authority Unit	Finance Manager	P.O.Box 28, FI-00023 Government, Finland
	Ireland: Department of Public Expenditure and Reform Internal and EU Audit	Principal Officer	3rd Floor, Lansdowne House, Dublin 4, Ireland
	Northern Ireland: Department of Finance and Personnel’s Internal Audit Service	Auditor	Knockview Buildings Stormont Estate, Stormont Belfast BT4 3SH, Northern Ireland
	Scotland: Scottish Government, Directorate for Economic Development	Head of State Aid and Territorial Programmes	Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU
	Norway: Ministry of Local Government and Modernisation, Auditor General of Norway	Deputy Director	Ministry of Local Government and Modernisation, PO Box 8112 Dep NO-0032 Oslo, Norway
	Iceland: Icelandic National Audit Office, IT Auditing Financial Audit Department	Head of Department	Bríetartúni 7, IS-105 Reykjavík Iceland
	Greenland: n/a	n/a	n/a
	Faroe Islands: n/a	n/a	n/a

Contact details will be made available on the programme website.

6.1.2 Procedure for setting up the Joint Secretariat

In accordance with Article 23 of Regulation (EU) No 1299/2013 [ETC], the Managing Authority, after consultation with the Member States and third countries participating in the Programme, shall set up a Joint Secretariat.

Building on implementation arrangements in the Northern Periphery Programme 2007–2013 and the implementation of new demands from a computerised monitoring system, the Joint Secretariat shall have an appropriate international staff, and shall be hosted by the Faroe Islands Representation in Copenhagen. The role of the representation office as host organisation for the Secretariat shall be defined in an agreement with the Managing Authority.

Contact information for Joint Secretariat

Postal address:
Northern Periphery and Arctic Joint Secretariat
Strandgade 91, 4th floor
DK-1401 Copenhagen
Denmark

Phone: +45 3283 3784 Fax: +45 3283 3775

6.1.3 Summary description of the management and control arrangements

Note: The demands related to the fact that ETC Programmes shall set up a computerised monitoring system in order to collect all information on project and Programme progress (Article 125 p 2 (d) of Regulation (EU) No 1303/2013 [CPR]) and that the Programmes shall provide their beneficiaries with a system allowing submission of information in electronic form (Article 122 (3) of Regulation (EU) No 1303/2013 [CPR]), imply that the organisation and working routines within the entire Programme organisation shall be reviewed in relation to previous experiences.

Managing Authority

The Managing Authority shall carry out the functions laid down in Article 125 of Regulation (EU) No 1303/2013 [CPR], with the exception of the verifications in part 4 (a) of the same Article.

Furthermore, the Managing Authority shall, in accordance with Article 23 of Regulation (EU) No 1299/2013 [ETC], satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by a designated controller.

The Managing Authority shall also be responsible for carrying out the function of the Certifying Authority according to Article 126 of Regulation (EU) No 1303/2013 [CPR]. It shall receive the payments made by the Commission and make payments to the lead beneficiary in accordance with Article 132 of Regulation (EU) No 1303/2013 [CPR]. The functions will be appropriately separated and will be described in connection to the designation of bodies process.

The Managing Authority shall be funded from the Technical Assistance budget.

Audit Authority incl. Group of Auditors

The Audit Authority shall perform its tasks in accordance with Article 127 of Regulation (EU) No 1303/2013 [CPR].

Group of Auditors

In accordance with Article 25 of Regulation (EU) No 1299/2013 [ETC], the Audit Authority shall be assisted by a Group of Auditors composed of a representative from each Member State and third country participating in the Programme.

The group of auditors shall be set up within three months of the decision approving the cooperation Programme. It shall draw up its own rules of procedure, which will ensure coordination among the members of the Group, and shall be chaired by the audit authority for the cooperation Programme. With regard to the Faroe Islands and Greenland, a special agreement shall be set up. The auditors shall be functionally independent of controllers who carry out verifications under Article 23 of Regulation (EU) No 1299/2013 [ETC].

The Audit Authority shall be funded from the Technical Assistance budget.

Joint Secretariat

The Joint Secretariat (JS) shall assist the Managing Authority, the Monitoring Committee, the Management Group and the Audit Authority in carrying out their respective functions. The Joint Secretariat shall also provide information to potential beneficiaries about funding opportunities under cooperation Programmes and shall assist beneficiaries in the implementation of operations.

It shall be responsible for the following tasks:

- a) to distribute information and implement publicity measures about the Programme to support the 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, including support of applicants in the use of the electronic application system;
- d) to act as secretariat to the Monitoring Committee, i.e. organise its meetings, draft the minutes, prepare, implement and follow up its decisions, including developing and conducting preparatory projects, etc. The same shall apply with regard to the Management Group 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 (part of new e-monitoring system);

- f) to perform general coordination of the work of the Regional Contact Points, and to issue guidelines for the Regional Contact Points and support them in their tasks;
- g) to establish close links with the Chairpersons/secretaries of the Regional Advisory Groups and support them in their tasks;
- h) to cooperate with organisations, institutions and networks relevant to the objectives of the Programme. In doing so, the JS should focus on the Northern Periphery and Arctic Programme area.

The tasks of the Joint Secretariat shall be carried out under the responsibility of the Managing Authority. The Joint Secretariat shall be funded from the Technical Assistance budget.

Other bodies

Monitoring Committee

A Monitoring Committee (MC) shall be set up to supervise the programme, in accordance with Article 47 of Regulation (EU) No 1303/2013 [CPR]. The principle function of the MC is to ensure the quality and effectiveness of implementation and accountability of the Programme implementation. The composition of the MC shall be agreed by the Programme partner countries. The MC shall include relevant representatives of those Programme partner countries.

More specifically, the MC shall be composed as follows.

Up to two representatives from each Programme partner country shall be designated by their respective governments. If possible, deputy members shall be designated as well.

The MC will have the following permanent observers:

- One representative of North-western Russia
- One representative of the NORA secretariat
- One representative appointed by organisations representing indigenous peoples in the Arctic.

The possibility for having a permanent representative from North-eastern Canada is being investigated.

Designation shall strive for gender balance in line with the horizontal principles of the Northern Periphery and Arctic Programme 2014–2020. The chair of the MC can also invite others to attend the meetings such as observers and guests. Each participating country may have one observer at the meetings.

Representatives of the European Commission shall take part in the MC meetings in an advisory capacity.

Members or organisations of the MC shall be appointed by their respective governments within 30 days of the approval of the Co-

operation Programme. The MC shall have a chairperson and a co-chairperson, representing the national authorities responsible for the administration of the Programme. The chairperson and co-chairperson shall be appointed in accordance with the Rules of Procedure for the MC.

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

The MC will function in accordance with Articles 49 and 110 of Regulation (EU) No 1303/2013 [CPR] and Articles 12 and 18 of Regulation (EU) No 1299/2013 [ETC].

Management Group

To support and assist the Monitoring Committee, the Managing Authority and the Joint Secretariat in carrying out their tasks, especially those relating to the administration of programme funds and the Technical Assistance budget, a Management Group (MG) 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 MG will be covered by the respective national authorities. Rules of procedure of the Management Group will be decided by the MC.

Regional Contact Points

Due to the large Programme area, Regional Contact Points (RCPs) shall be established to assist the JS 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 Monitoring Committee. The RCPs will be located in the Programme area. They will form a network that will work in close cooperation with the JS, and the JS shall be responsible for issuing guidelines and terms for the work of the RCPs. The RCPs are appointed by the national authority responsible for the implementation of the Programme and will be partially funded from the Technical Assistance budget, depending on availability of resources. Terms of reference will be decided by the MC.

Regional Advisory Groups

In line with the partnership principle, Regional Advisory Groups (RAGs) shall be established to assist the Monitoring Committee in assessing project applications. The RAGs are appointed by the national authority responsible for the implementation of the Programme and shall be composed of regional representatives and representation of relevant expertise in relation to the priorities of the NPA 2014–2020. The costs of the RAGs are not covered by the TA budget. The tasks of the RAGs shall be determined by the Monitoring Committee, and the Terms of Reference for the RAGs will be decided by the MC.

The MC may decide to set up advisory groups other than those

mentioned above or decide on other organisational arrangements, as well as to delegate certain decisions to the MA/JS or to other groups in order to support the implementation of the programme.

Procedures for applications and selection of the different types of projects

Project selection shall be carried out by the 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 2014 until 2020. In line with its pro-active approach, the 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 JS and RCPs. Before the first call for applications is launched, the JS shall prepare and the MC 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 Secretariat. The application will be registered and checked for technical eligibility by the JS. Applications will then be assessed according to specified selection criteria. The JS will prepare proposals for decisions based on a regional assessment procedure involving the Regional Advisory Groups. The proposals will be presented to the MC which shall make recommendations to the MA on the selection of the projects 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 Monitoring Committee.

The Managing Authority shall prepare and issue the Grant Offer Letter, setting out the conditions for funding, to the Lead Partner, who shall sign and return it to the MA.

Conflict of interest

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

Preparatory projects

In previous Programmes, preparatory projects proved successful in the generation of main projects. They helped to increase the number of main project applications, facilitated the establishment of suitable partnerships, and improved the quality of applications submitted. In addition, preparatory projects have been useful in the launch of strategic and thematically focused calls for applications. The use of preparatory projects shall, therefore, be retained in the Northern Periphery and Arctic Programme 2014–2020.

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 Monitoring Committee shall agree on a simplified application and reporting procedure for preparatory applications.

First-level controllers

Management verifications under Article 125(4)(a) of Regulation (EC) No 1303/2013 [CPR] will be carried out by first-level controllers according to Article 23(4) of Regulation (EC) No 1299/2013 [ETC]. The MA will satisfy itself that expenditure of each beneficiary participating in an operation has been verified by a first-level controller.

Each Programme partner country has designated the first-level controller(s) responsible for carrying out the verifications in relation to all beneficiaries on its territory (Table 5). Each country has also submitted to the MA a detailed description of the first-level control system setup with regard to qualifications, training, quality assurance and separation of functions. The information has been provided in a template provided by the MA, and the systems described are either centralised (Sweden, Ireland, Northern Ireland, Iceland, Greenland) or decentralised (Finland, Scotland (tbc), Norway, Faroe Islands). The full description will be included in the description of the management and control system in accordance with Article 72 of Regulation (EC) No 1303/2013 [CPR]. When assessing this document, the independent audit body is authorised to request complementary information from the Programme partner country. Partner countries shall without delay inform the Managing Authority of any changes of responsible body and the control system set-up during the Programme period.

In order to ensure coherence among controllers from all countries participating in the Programme, standard documents, such as guidelines and templates for control certificates and checklists, shall be established by the MA and used as minimum requirements across all participating countries.

With regard to the Technical Assistance, all expenditure shall be included in the accounts of the Managing Authority and verified in line with the control system set up by Sweden. In case of reductions in the declared Technical Assistance expenditure, the reduced amount will be recovered from the liable programme body.

The cost for the verifications will be either carried by the partner countries or by the project partners. In the latter case, these costs are eligible for project funding from the NPA 2014–2020.

The participating countries will ensure that expenditure can be verified by the controllers within a period of two months from the submission of a complete set of documents by the beneficiary.

Payment to beneficiaries

Payments to projects shall in general 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. The lead beneficiary collects the certified declarations of expenditure of all project partners and compiles the payment claims for the project.

Payment claims shall be sent to the Managing Authority in conjunction with the periodic or final activity report. The Managing Authority shall satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by the controller referred to in Article 23 p4 of Regulation (EU) No 1299/2013 [ETC]. When all checks have been carried out and costs are found to be eligible for funding, the Managing Authority shall make a payment from the ERDF and/or ERDF-equivalent to the Lead Beneficiary of the project, and the payment shall be registered in the programme's system for managing and monitoring. Funds will be disbursed in EURO to the bank account specified by the Lead Beneficiary in the project application. The Lead Beneficiary shall then allocate funds to the other partners of the project as quickly as possible and in full, in accordance with Article 13 p3 of Regulation (EU) No 1299/2013 [ETC].

6.1.4 Apportionment of liabilities among MS and third countries

According to Article 27(2) of Regulation (EU) No 1299/2013 [ETC], the Managing Authority shall ensure that any amount paid as a result of an irregularity is recovered from the Lead or Sole Beneficiary. Beneficiaries shall repay the Lead Beneficiary any amounts unduly paid.

If the Lead Beneficiary does not succeed in securing repayment from other beneficiaries or if the MA does not succeed in securing repayment from the Lead or Sole Beneficiary, the Member State or third country on whose territory the beneficiary concerned is located or, in the case of an EGTC, is registered, shall reimburse the MA the amount unduly paid to that beneficiary. The MA shall be responsible for reimbursing the amounts concerned to the general budget of the Union, in accordance with the apportionment of liabilities as laid down below.

The Member States as well as Norway and Iceland will bear liability in connection with the use of the Programme ERDF funding as follows:

- Each Member State, as well as Norway and Iceland, bears the possible financial consequences of irregularities committed by the partners, associated participants, the Managing Authority and the Joint Secretariat in compliance with Article 27 of Regulation (EU) No 1299/2013 [ETC].
- In case of amounts lost to the Programme budget, or systemic irregularity, the Member States as well as Norway and Iceland will jointly bear the financial consequences, whereby each Member State/Norway/Iceland shall be responsible in proportion to the ERDF/Norwegian/Icelandic contribution of the respective national project partners involved.

ERDF-equivalent funding

Norway, Iceland, Greenland and the Faroe Islands will bear liability in connection with the use of the Programme ERDF equivalent funding as follows:

- Each country bears the possible financial consequences of

irregularities committed by the partners and the associated participants in compliance with Article 27 of Regulation (EU) No 1299/2013 [ETC].

- In case of amounts lost to the Programme budget, or systemic irregularity, the countries will bear the financial consequences, whereby each country shall be responsible in proportion to the ERDF-equivalent contribution to the respective national project partners involved.

Technical Assistance

With regard to TA expenditure, the participating countries bear joint liability proportionally to their respective share in the overall TA budget, whereas regarding irregularities connected to the incorrect use of TA, liability is with the Programme body organisation spending the TA.

6.1.5 Use of the Euro

The Euro will be used for all transactions in the Programme. Expenditure incurred in a currency other than the Euro shall be converted into Euros by the beneficiaries using the monthly accounting exchange rate of the European Commission in the month during which expenditure was submitted for verification to the national controller in accordance with Article 28(b) Regulation (EU) No 1299/2013 [ETC]. This method shall be applicable for all beneficiaries.

6.1.6 Financial management

The Managing Authority administers the ERDF and ERDF-equivalent funding of the Programme as well as the national match-funding contributions to the Technical Assistance budget. Six separate bank accounts are required, one for Technical Assistance contributions, one for the ERDF funding and one for each of the ERDF-equivalent funding from Norway, Iceland, Greenland and the Faroe Islands. The Managing Authority will set up the accounts within one month after the European Commission's approval of the Cooperation Programme.

The MS will transfer their national match-funding contribution of the TA budget in up to seven yearly instalments during the period 2014 to 2020. The MA will send a written request each year indicating the account number, the amount of the annual contributions and the payment due dates. The TA budget is based on the financing plan of the OP. The MS national match-funding contribution of the TA budget will be shared according to a model which shall be decided by the MC.

The NMS will transfer their ERDF-equivalent contribution to the Programme together with their national match-funding contribution of the TA budget in yearly instalments during the period 2014–2020. The MA will send a written request each year indicating the account number for the NMS, the amount of the annual contribution and the payment due date. The NMS contribution to the TA budget is based on the financing plan of the OP. From the yearly instalment, 12% (6% ERDF-equivalent funding + 6% national match funding) will be transferred to the TA account unless other arrangements are made.

A report on the payment situation and on interest generated on the accounts will be given by the Managing Authority to the Monitoring Committee on a regular basis. Any interest raised by the ERDF and NMS pre-financing shall be posted to the Programme, being regarded as a resource for the MS and NMS in the form of a national public contribution. The interest raised by the ERDF pre-financing and its use shall be declared to the EC at the time of the final closure of the programme. The use of any interest raised by the national Technical Assistance contributions will be decided by the MS and the NMS.

In the case that, at the end of the Programme implementation period, the MS and NMS have transferred more funds than have actually been used for Technical Assistance, the Managing Authority will reimburse these funds unless other arrangements are made by the parties concerned. This also applies for surplus interest on the bank accounts.

6.1.7 Arrangements in case of implementing difficulties

In case of interruptions or suspensions of payments or other implementation difficulties, the participating Programme partner country or countries concerned will support the Managing Authority or Joint Secretariat to clarify the particular case(s) and will help to prevent and lift potential sanctions imposed on the Programme, on a Lead Partner, or on a project partner. Sanctions can be imposed for example by the European Commission, the Audit Authority or the Managing Authority or Joint Secretariat.

In cases where the Managing Authority exercises its right to terminate the subsidy contract, the Programme partner countries involved will be consulted prior to such a decision.

Approach to projects going bankrupt

The procedures of identifying and handling bankruptcy cases are similar to those of a partner dropout and shall be treated case-by-case. In general, each Lead Partner and project partner is responsible for informing the other partners in the project and the national authorities accordingly, and the Lead Partner is obliged to inform the Managing Authority or Joint Secretariat.

Irregularities

If the Managing Authority or Joint Secretariat, or a Programme partner country, becomes aware of irregularities, it shall without any delay inform the liable Programme partner country and the Managing Authority. The latter will ensure the transmission of information to the Audit Authority or Group of Auditors, where relevant.

In compliance with Article 122 of Regulation (EU) No 1303/2013 [CPR], each EU Member State, as well as Norway and Iceland, is responsible for reporting irregularities committed by beneficiaries located on its territory or operating under its responsibility to the European Commission and at the same time to the Managing Authority. Each EU Member State, as well as Norway and Iceland, shall keep the European Commission as well as the Managing

Authority informed of any progress of related administrative and legal proceedings. The Managing Authority will ensure the transmission of information to the Audit Authority.

If a Programme partner country does not comply with its duties arising from these provisions, the Managing Authority is entitled to suspend payments to all project partners located in the territory of this Programme partner country.

Anti-fraud and anti-corruption measures

The Managing Authority will carry out the functions in Article 125 of Regulation (EU) No 1303/2013 [CPR], as outlined above. Among other things, this includes satisfying itself that the beneficiary has the administrative, financial and operational capacity to implement the project.

The Managing Authority is, according to national regulations, required to carry out risk analyses comprising all risks that the Authority will not fulfil the requirements for a correct conduct of its operations, including being the Managing Authority for the NPA 2014-2020. The risk for fraud is part of these analyses, and the legal framework does not make any distinction between the management of national funding and EU-funding.

The general advice to 3 § in the Regulation on internal governance and control (Swedish Regulation SFS 2007:603), specifically mention that Authorities shall put in place routines and action plans for detecting and limiting cases of undue influence and criminal actions.

The County Administrative Board is also a member of the Swedish Council for the protection of the European Union's financial interests (the SEFI Council). The Council is responsible for coordinating measures in Sweden to combat fraud and other improper use of EU-related funds.

6.1.8 Procedure for complaints

Questions or complaints from applicants and beneficiaries regarding procedures, assessments and decisions in the Programme shall in general be directed to, and handled by, the relevant Programme bodies (MA or JS, MC, AA, National First-Level Control body, National Second-Level Audit body), as appropriate.

In relation to assessment and decisions on project applications, project lead applicants are informed in writing about the reasons why an application was not eligible or approved. Any questions in relation to the assessments will be examined and answered by the Managing Authority or Joint Secretariat. If needed, or in relation to complaints of more principal character, the complaints will be examined and answered jointly by the chair of the Monitoring Committee and the Managing Authority or Joint Secretariat. The chair may decide to refer back a complaint to the Monitoring Committee, should s/he judge it necessary. An overview of complaints examined and answered by the chair of the Monitoring Committee and Managing Authority or Joint Secretariat will be provided to the Monitoring Committee in the following meeting.

The same complaint procedure as described will also apply to other stages of the project implementation controlled by the Managing Authority or Joint Secretariat and the Monitoring Committee, such as the progress monitoring. In addition, the complaints procedure applies to other types of complaints than those specified above, for example submitted by citizens or NGOs.

The specific complaint procedures set out above are without prejudice to any mechanism or process for legal redress at national level, in particular with regard to unsuccessful applicants.

The possibility for appealing formal Managing Authority decisions is governed by the national legislation of Sweden. In such cases, other Programme bodies and partner country authorities shall assist the Managing Authority and/or the applicable Swedish court in all ways necessary to reach a conclusion regarding the appealed matter.

6.2 Programme Implementation Provisions

6.2.1 Involvement of partners in the preparation and implementation of the Cooperation Programme

Programme preparation

In accordance with the multi-level governance approach, the involvement of partners has been a central component throughout the development of this Cooperation Programme and an emphasis has been placed on ensuring both national and regional-level participation in the drafting process.

The successful implementation of the Northern Periphery Programme 2007–2013 and potential benefits of cooperation en-

sured that all Programme partners involved were committed to participating in a future transnational Programme. The preparation of the Northern Periphery and Arctic Programme 2014–2020 was initiated by the partners of the Northern Periphery Programme 2007–2013 through the members of the Programme Monitoring Committee at their meeting on 4 September 2012 in Uummannaq, Greenland. In addition to the existing partners, countries with adjacent areas, Canada and Russia, were involved in the early stages of the programming process to ensure mutual benefits. A structure for the Programme planning process was presented at the meeting, which proposed 3 programming bodies, as shown in Table 6 below.

TABLE 6: PROGRAMMING BODIES FOR THE PREPARATION OF THE NPA 2014–2020

Body		Role
Programme Monitoring Committee 2020	PMC 2020	The main decision body, with the same structure as the Programme Planning Group. In addition, observers representing countries with neighbouring areas in Russia and Canada, as well as other relevant observers. This body was responsible for initiating final submissions/agreement of the Cooperation Programme.
Programme Planning Group	PPG	The main coordinating body for reaching agreement between partner countries and ensuring that a joint new Programme is produced and delivered on time. This includes responsibility for ensuring multi-level contributions to the document, consultations and arrangement of the Ex Ante evaluation.
PPG Secretariat		Responsible for coordinating the Programme bodies and drafting the Cooperation Programme. Responsibility delegated to the Northern Periphery Programme 2007–2013 Secretariat.
Managing Authority	MA	The County Administrative Board of Västerbotten, the NPP 2007–2013 Managing Authority, participated in the programming process in the role of MA in an advisory capacity.

The partnership principle has been key to the drafting process with the opportunity to gain regional and local perspectives through open consultation procedures.

The inclusion of consultation processes involving the participating regions has also been key to the development process. Following the area analysis and SWOT with regional and national input, Regional Advisory Groups in the Programme partner countries

played a vital role in providing feedback on the draft texts. Two extensive consultation exercises took place in May and August 2013, to inform the choice of thematic objectives and the development of the priority axes by the Programme Planning Group and the drafting team.

A consultation workshop in September 2013 in Skellefteå, Sweden attracted approx. 100 delegates from a wide range of back-

grounds at national, regional and local levels, and the workshops provided an excellent arena for valuable contributions. Further, a wider public consultation took place in September-October 2013, organised by Regional Contact Points in the Programme partner countries, as well as an online survey, which was open to the public during the same period.

Finally, a public consultation of the Strategic Environmental Assessment (SEA) took place in early 2014. The list of environmental authorities and organisations involved in the programming process can be found in the Ex Ante Report. Besides strong national and regional input, close cooperation with the Ex Ante evaluators has informed the programme preparation to a great extent. Through an iterative approach, the programming bodies were able to incorporate many helpful suggestions made by the evaluators during the process, allowing the programming bodies to proceed with considerable purpose.

Programme implementation

A description of the programme bodies involved in the programme implementation can be found in Chapter 6.1.3 Summary description of the management and control arrangements on page 52.

6.2.2 Monitoring & evaluation

Monitoring

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

- The JS 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 JS, with support from the MA, will provide a Strategic Programme Overview to the MC on a regular basis to permit monitoring of Programme and project progress. In doing so, it shall have regard to the financial data, indicators, including changes in value of result and output indicators and progress towards quantified target values, the milestones defined in the performance framework and, where relevant, the results of qualitative analyses. Milestones can be found in chapter 4.1.2 Performance framework.
- The JS will support the MA in drafting the annual report to be submitted to the European Commission by the MA (Article 50 of Regulation (EU) No 1303/2013 [CPR]). The annual report is to be drawn up in compliance with the requirements set by the EC.
- The JS will present a work programme to the MC twice a year for approval.

Annual and final implementation reports and closure of the programme

The Managing Authority will, in accordance with Article 14 of Regulation (EU) No 1299/2013 [ETC], submit to the Commission implementation reports in accordance with the requirements of

Article 50 of Regulation (EU) No 1303/2013 [CPR]. They will be approved by the Monitoring Committee before they are sent to the Commission. A final report on implementation will be submitted to the Commission by 31 December 2023.

The closure of the Programme will be carried out in compliance with Article 141 of Regulation (EU) No 1303/2013 [CPR] by the competent authorities of the 2014–2020 Programme. The Programme closure will be prepared to a maximum within the eligibility period of the 2014–2020 programme to limit the closure activities and costs to be financed by the Partner States or the successor programme.

Evaluation strategy

An evaluation plan will be drafted for the NPA 2014–2020 (Article 114 of Regulation (EU) No 1303/2013 [CPR]). The purpose of the evaluation plan will be to assess effectiveness, efficiency and impact of the implementation of the Programme, and its contribution to the objectives set for the priorities. Evaluation tools will be used to measure the change in the total result (result indicators), and to measure which part of this change can be attributed to the impact of the Programme or other factors. Evaluation tools such as surveys and questionnaires are expected to be proportional to the size and resources of the Programme and will provide a qualitative evaluation approach.

To support the evaluation plan, carefully established data type(s) and format(s) will be requested from the Programme partner countries, projects, focus groups and control groups to allow an effective evaluation of the Programme.

Examples of evaluation methodologies:

- An external evaluator could verify if businesses/organisations/beneficiaries participating in NPA projects demonstrate similar developments as the overall change in the result indicator.
- Analysis through surveys, questionnaires and control groups can further establish if businesses/organisations/beneficiaries not participating in NPA projects demonstrate a different trend or impact.
- Either of these examples could support the credibility of the Programme in terms of the impact it aims to achieve.

6.2.3 Information and publicity

With reference to Articles 115-116 of Regulation (EU) No 1303/2013 [CPR], a 7-year communication strategy will be developed and adopted by the Monitoring Committee at its first meeting (including the elements listed in Annex VI, section 4). Also, provisions will be set up for yearly action plans to be reviewed by the MC.

The communication strategy will set out the provisions for how the Programme will engage with its stakeholders, including the identification of main stakeholder groups, main messages, roles and responsibilities, provisions for communications between Programme bodies, budget and resources. Yearly communication action plans will be developed to implement the strategy,

with planning and timing of communication activities, tools and channels.

The communication strategy will be aimed at informing potential beneficiaries about funding opportunities, and publicising to citizens the role and achievements of Cohesion Policy and of the Fund through information and communication actions on the results and impact of the Programme and its operations.

According to the requirements, the following elements will be part of the communication strategy as a minimum:

- a) A template for the list of operations in accordance with the stipulated requirements. Also, systems for updating this list on a quarterly basis (every 3 months) as stipulated.
- b) Publicity kits for beneficiaries, including templates in electronic format, to help beneficiaries to meet their obligations as well as instructions about the publicity responsibilities of beneficiaries (for example, through training events and a Programme Manual, etc.).
- c) Designation of a person responsible for information and publicity on Cooperation Programme level, and informing the European Commission about this person.
- d) The project application form will request that projects describe their communication activities.
- e) Identification and establishment of mechanisms to provide mandatory information to stipulated bodies on Member State level (single MS website/portal for all cohesion programmes) and others required .
- f) Systems for publishing information about the Programme's strategy, objectives and funding opportunities, project examples, the list of operations, updated information about Programme implementation and other mandatory communication measures. These systems should ensure the widest possible media coverage and be in line with the strategy to be developed.
- g) A Programme launch event. Also, provisions for a yearly major information activity.

6.3 Project Implementation Provisions

6.3.1 Lead Beneficiary status

A Lead Beneficiary shall be designated for each project, in accordance with the principles outlined in Article 13 of Regulation (EU) No 1299/2013 [ETC]. The Lead Beneficiary is formally the final beneficiary of the ERDF funding and will act as a link between the project partners and the Programme. The role of Lead Beneficiary can be held by a partner within the Programme area, located in an EU Member State, Norway or Iceland.

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 application form and ensuring that match-funding commitments (letters of intent) are in

place. The Lead Beneficiary is also responsible for:

- a) Setting up a Partnership Agreement with the other project partners, laying down arrangements that guarantee (among other things) the sound financial management of the project, including arrangements for recovery of amounts unduly paid.
- b) Ensuring implementation of the entire project.
- c) Ensuring that expenditure presented by all the project partners has been incurred in implementing the project, and is in line with agreed project activities and all conditions in the grant offer letter.
- d) Ensuring that the expenditure presented by other partners has been verified by a national controller.

The Lead Beneficiary may delegate all or part of the responsibility for ensuring implementation of the project activities to an assigned Co-Lead Partner in the project partnership within the Programme area. Such an arrangement should be laid down in the project partnership agreement. The role as final beneficiary, administrative coordinator and contact point for the Programme authorities, as well as the overall legal and financial responsibility for the project, can never be delegated.

6.3.2 Simplification measures

Main areas

Identification of approximately 3 main areas where simplification and harmonisation will be sought:

- Information and Communication
- Application and selection procedure
- Payment procedure including FLC

Actions planned

Present main actions relating to the areas above:

• Information and Communication measures

A review of the NPP 2007–2013 has identified some potential simplifications for information and communication measures used by the Programme. As a result of technological developments, the NPA envisages a more interactive Programme website, with possible features such as guidance videos for applicants and projects, an interactive question-and-answer section, live chat sessions and webinars, a roadmap for the project life-cycle, and a better integration of social media. Other measures may include more targeted training seminars for groups such as project partners and first-level controllers. Further, projects will be provided with communication toolkits, to make it easier for them to comply with publicity requirements affecting the eligibility of expenditure. They will also ensure a more coherent communication of the Fund, the Programme and the project towards external stakeholders and the general public.

• Streamlining and harmonisation of implementation tools (HIT)

In accordance with the European Commission's goal to sim-

plify Cohesion Policy and move towards a smooth delivery of results-orientated Programmes, harmonising and streamlining implementation tools with other ETC programmes will benefit the Programme management and the beneficiaries involved. In response to this goal, the NPA Programme will translate this task into the refinement, implementation, and utilisation of packaged documents developed by INTERACT in conjunction with all ETC programmes, under the name of Harmonised Implementation Tools (HIT).

These documents are targeted at ETC programmes and projects by harmonising and simplifying assessment criteria, project application forms, reporting forms, monitoring checklists, appeal procedures, eligibility of expenditure, indicators, and the sets of data required for monitoring. All HITs should meet minimum Programme requirements, and they will take into account legal requirements as specified in the legislative package for 2014–2020. The NPA will, where possible, adopt the ‘off the shelf’ ETC tools applicable for the 2014–2020 Programme, which can be smoothly integrated into an online monitoring system helping the Programme shift its focus towards results and quality. Where necessary or desired, the NPA will add Programme-specific elements.

- **E-cohesion tool**

In line with the requirements of Article 122(3) of Regulation (EU) No 1303/2013 [CPR], the Programme will implement an IT solution embedding a set of simplification measures based on IT technologies, so called ‘e-cohesion’. The following measures will be developed:

- Implementation of a communication platform that will allow exchange of information between the beneficiaries and Programme bodies. The communication platform will ensure secure exchange of information in both directions: from the Programme to the beneficiaries and vice versa. Beneficiaries will be granted exclusive access to the platform through an online interface available without the need to download additional software. The portal will work as a unique information centre, where beneficiaries will be able to access the documentation relevant to their operation as well as submit the information required by the Programme. The communication portal will also allow exchange of information between relevant Programme bodies, so as to avoid information redundancy and reduce the risk of error (application of the interoperability requirement).
- Implementation of a core database that will collect input data in a secure system. The database will be connected with the communication portal and will ensure that information already submitted by the beneficiary will be displayed whenever useful (application of the once-only encoding principle). Beneficiaries will therefore be provided with structured documents partly filled in for those fields that were completed once before in the life of the operation. Moreover, the database will be equipped with a set of automatic functionalities to ensure correctness and completeness of the information encoded.

- **Simplification of procedures and Programme rules**

One of the key elements to achieve a reduction of the administrative burden is the application of simplified rules and procedures. In the NPA, the following measures are considered for implementation:

- The introduction of flat rate financing for indirect costs and staff costs, based on Article 68 of Regulation (EU) 1303/2013 [CPR], and Article 19 of Regulation (EU) No 1299/2013 [ETC].
- The introduction of lump sums not exceeding EUR 100 000 of public contribution, based on Article 67 (c) of Regulation (EU) 1303/2013 [CPR].
- The programme’s expenditure categories and eligibility rules will be based on Commission Regulation (EU) 481/2014. Harmonization of eligibility rules and harmonisation of guidance will reduce the need for beneficiaries participating in different programmes to study and understand various interpretations of eligibility rules. It will also simplify the work for the first level controllers.
- Review and, if possible, streamlining of procedures for shared costs, in-kind contributions and other items related to the project budgets.

The NPA plans to apply the above measures from the beginning of the new programme period.

- **Lean management throughout all implementation processes**

The implementation processes within the NPA will be evaluated and monitored on an on-going basis to enable continuous improvements during the programme period. The aim will be to reduce the administrative burden for beneficiaries and Programme bodies and to minimise the risk of administrative errors.



7. ANNEXES

7.1 List of eligible regions

TABLE 7: LIST OF ELIGIBLE REGIONS

Programme partner country	NUTS code or equivalent	Eligible regions
EU Member States		
Finland	FI193	Keski-Suomi
Finland	FI1D	Pohjois- ja Itä-Suomi
Ireland	IE01	Border, Midland and Western (County Donegal, County Galway, County Leitrim, County Mayo, County Sligo)
Ireland	IE02	Southern and Eastern (County Clare, County Cork, County Kerry, County Limerick)
Northern Ireland	UKN0	Northern Ireland (excluded Belfast and Outer Belfast)
Scotland	UKM32	Dumfries and Galloway
Scotland	UKM6	Highlands and Islands
Sweden	SE32	Mellersta Norrland
Sweden	SE33	Övre Norrland
Non-Member States		
Faroe Islands	FO	Faeroerne
Greenland	GL	Greenland
Iceland	IS	Island
Norway	N043	Rogaland
Norway	N005	Vestlandet
Norway	N006	Trondelag
Norway	N007	Nord-Norge
Norway	SJ	Svalbard and Jan Mayen

7.2 Indicators and categories of intervention

7.2.1 Indicator tables

TABLE 8: PROGRAMME-SPECIFIC RESULT INDICATORS (BY SPECIFIC OBJECTIVE)

Priority Axis 1 – INNOVATION							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
1.1	Degree of transnational collaboration between SMEs and R&D	Composite index aggregating sub-indicators from a scoreboard	100	2015	181.70	Regional expert panels constituted for each result indicator from 3 representative regions on NUTS3 level	2017, 2019, 2023
1.2	Awareness and attitudes among health professionals towards the use of eHealth technologies	Composite index aggregating sub-indicators from a scoreboard	100	2015	293.10	Regional expert panels constituted for each result indicator from 3 representative regions on NUTS3 level	2017, 2019, 2023

Priority Axis 2 – ENTREPRENEURSHIP							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
2.1	Conditions for start ups in remote and sparsely populated areas	Composite index aggregating sub-indicators from a scoreboard	100	2015	132.70	Regional expert panels constituted for each result indicator from 3 representative regions on NUTS3 level	2017, 2019, 2023
2.2	Awareness of the business opportunities beyond local markets	Composite index aggregating sub-indicators from a scoreboard	100	2015	139.50	Regional expert panels constituted for each result indicator from 3 representative regions on NUTS3 level	2017, 2019, 2023

Priority Axis 3 – RENEWABLES AND ENERGY EFFICIENCY							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
3	Awareness of energy efficiency opportunities and renewable solutions in housing sector and public infrastructures in remote and sparsely populated areas	Composite index aggregating sub-indicators from a scoreboard	100	2015	111.10	Regional expert panels constituted for each result indicator from 3 representative regions on NUTS3 level	2017, 2019, 2023

Priority Axis 4 – PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
4	Preparedness of responsible authorities in remote, sparsely populated areas for environmental management in relation to climate change and impacts of new investments in exploitation of natural resources	Composite index aggregating sub-indicators from a scoreboard	100	2015	131.30	Regional expert panels constituted for each result indicator from 3 representative regions on NUTS3 level	2017, 2019, 2023



Methodology to establish 'baseline values'

Programme results monitoring has become the centrepiece of the evaluation framework for the 2014–2020 programming period. In order to monitor progress towards its objectives, the Northern Periphery and Arctic Programme has to define for each of the six specific objectives, result indicators ('how to measure the achievement of our objectives'), establish baseline values ('where do we stand now') and targets ('where do we want to be in 2017, 2019 and 2023'). 'Tentative' indicators were defined in the Cooperation Programme and approved by the European Commission. They are based on a realistic estimate of what the programme can achieve given the vastness of the programme area and the limited budget and time. Result indicators, however, cannot be monitored by the use of existing statistical data, not least because of the lack of consistent and timely statistical data on NUTS3 level and across EU Member States and non-member countries.

As a result of these data constraints, the programme has decided to work with panels of regional experts who are asked to describe and assess the regional status-quo in quantitative and qualitative terms in 2015 and assess the progress towards the achievement of objectives in 2017, 2019 and 2023. Rather than monitoring the entire programme area, a sample of three regions, defined on NUTS3 level, was selected and an expert panel constituted for each result indicator.

The tentative indicators defined in the Programme Strategy were translated into composite indicators, thus constructing a scoreboard per indicator, which captures the different dimensions of the original indicators. Conceiving of the indicators not as separate, but as conjoint dimensions allows constructing typical profiles for each region and paying attention to the variations within each regions rather than relying on a single measurement result.

Draft scoreboards were developed based on desk research and the mapping of conditions and factors that are known to influence the composite indicators. Out of these, a number of sub-indicators were proposed, close to the typical types of interventions of NPA projects. Wherever applicable, indicators and definitions are based on existing (EU, Eurostat, OECD, etc.) survey methodologies, guidelines and studies. To ensure 'calibrated' assessments, five expert panel meetings were conducted between mid May and mid June 2015 to finalise the scoreboards based on the experts' feedback on the proposed indicators and on their ability to assess them. In addition, tentative scores and targets were set per indicator, which were then revised after the meeting by the experts, often by consulting other regional experts.

By convention, one baseline value and one target value per result indicator have to be reported to the European Commission. For each indicator a composite index was calculated for the base year 2015 and the year 2023, by aggregating the unweighted and normalised sub-indicators of all three expert assessments.

Progress towards the specific objectives of the programme will be measured in 2017, 2019 and 2023 based upon the baseline

assessments. The method will be the same, except that follow-up measurements will be carried out 'remotely' via email. Experts will be asked to justify their assessment to capture an upward or downward trend, even if the score has remained the same. Attention will be paid to gathering also anecdotal evidence of change.

TABLE 9: COMMON AND PROGRAMME-SPECIFIC OUTPUT INDICATORS (BY INVESTMENT PRIORITY)³⁶

Priority Axis 1 – INNOVATION					
ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
1B	Number of enterprises receiving support (1)	Enterprises	32	NPA Projects	Annually
	Number of enterprises cooperating with research institutions (26)	Enterprises	16	Programme monitoring	
Priority Axis 2 – ENTREPRENEURSHIP (3A & 3D)					
ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
3A/3D	Number of enterprises receiving support (1)	Enterprises	32	NPA projects	Annually
3A/3D	Number of enterprises supported to introduce new to the market products (28)	Enterprises	16	Programme monitoring	
Priority Axis 3 – RENEWABLES AND ENERGY EFFICIENCY					
ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
4C	Number of households with improved energy consumption classification (31)	Households	250	NPA projects Programme monitoring	Annually
Priority Axis 4 – PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE (6C)					
ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
6C	Productive investment: Number of research institutions participating in cross-border, transnational or interregional research projects (42)	Organisations	11	NPA projects Programme monitoring	Annually
ID (Investment priority)	Indicator (Programme Specific)	Measurement unit	Target value (2023)	Source of data	Frequency of reporting
6C	Number of organisations introducing a decision-making tool or governance concept facilitating sustainable environmental management	Organisations	22	NPA projects Programme monitoring	Annually

³⁶ Please note that additional programme specific output indicators have been defined for the Programme's own monitoring purposes. They can be found in the Programme Manual.

TABLE 10: OUTPUT INDICATORS TECHNICAL ASSISTANCE

ID	Indicator	Measurement unit	Target value (2023) (optional)	Source of data
1	Number of simplification measures implemented	Simplification measures	TBD	Studies
2	Number of project development support activities	Events and activities	TBD (as part of project development support strategy to be adopted by the MC)	Annual Reports
3	Number of information and communication activities (broken down by type and stakeholder group)	Information and communication measures (publications, events, promotional materials, videos, etc.)	TBD (as part of annual communication plans to be approved by the MC). In accordance with the implementing act, at least one major communication activity per year.	Annual Reports
4	Number of employees (full-time equivalents) whose salaries are co-financed by technical assistance.	Full-time equivalents	TBD	Annual Reports

TABLE 11: THE PERFORMANCE FRAMEWORK OF THE PRIORITY AXES

Indicator type	Priority Axis	Indicator	Measurement unit	Milestone for 2018	Final target (2023)	Source of data	Explanation of the relevance of indicator
Output	1	Number of enterprises receiving support (common indicator 1)	Enterprises	6	32	NPA projects, programme monitoring	Based on experiences from the previous programme and, where possible, previously funded projects addressing relevant themes.
	1	Number of enterprises cooperating with research institutions (common indicator 26)	Enterprises	3	16		
	2	Number of enterprises receiving support (common indicator 1)	Enterprises	6	32		
	2	Number of enterprises supported to introduce new to the market products (common indicator 28)	Enterprises	3	16		
	3	Number of households with improved energy consumption classification (common indicator 33)	Households	50	250		
	4	Number of research institutions participating in cross-border, transnational or interregional research projects (common indicator 42)	Organisations	2	11		
	4	Number of organisations introducing a decision-making tool or governance concept facilitating sustainable environmental management (programme specific)	Organisations	4	22		
Financial	1	Total certified expenditure for Priority Axis 1 (ERDF + national contribution)	EUR	3 267 506	21 783 372	Annual Implementation Reports	Based on previous rates of implementation
	2	Total certified expenditure for Priority Axis 2 (ERDF + national contribution)	EUR	3 267 506	21 783 372		
	3	Total certified expenditure for Priority Axis 3 (ERDF + national contribution)	EUR	2 178 337	14 522 247		
	4	Total certified expenditure for Priority Axis 4 (ERDF + national contribution)	EUR	2 178 337	14 522 247		

TABLE 12: ENVIRONMENTAL INDICATORS (BY PRIORITY AXIS)

Priority axis	Indicator name	Measurement Unit	Target value	Source of data
Priority Axis 1	Uptake of new technology leading to improved resource efficiency and/or reduced climate change impact	Solutions	Increase	NPA projects Programme monitoring
Priority Axis 2	Adoption of green business models	Models	Increase	NPA projects Programme monitoring
Priority Axis 3	Efficient consumption of natural resources	Volume of natural resource saved (appropriate unit for natural resource)	Increase	NPA projects Programme monitoring
Priority Axis 4	Utilisation of environmental management tools or methodologies	Tools/methodologies	Increase	NPA projects Programme monitoring

7.2.2 Categories of intervention

TABLE 13: CATEGORIES OF INTERVENTION PRIORITY AXES 1–5

Dimension 1 Intervention field		
Priority axis	Code	Amount (EUR)
1 INNOVATION	055	2 359 866
	062	2 359 865
	063	2 359 865
	064	2 359 865
	065	2 359 865
	081	2 359 866
2 ENTREPRENEURSHIP	046	200 000
	066	1 769 899
	067	3 539 798
	071	1 769 899
	072	1 769 899
	073	1 769 899
	076	1 769 899
	082	1 569 899
3 RENEWABLES AND ENERGY EFFICIENCY	013	7 079 596
	014	2 359 865
4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE	085	2 359 865
	087	2 359 865
	088	2 359 865
	095	2 359 866
5 TECHNICAL ASSISTANCE	121	2 575 768
	122	60 252
	123	376 573

Dimension 2 Form of finance		
Priority axis	Code	Amount (EUR)
1 INNOVATION	01	14 159 192
2 ENTREPRENEURSHIP	01	14 159 192
3 RENEWABLES AND ENERGY EFFICIENCY	01	9 439 461
4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE	01	9 439 461
5 TECHNICAL ASSISTANCE	01	3 012 593

Dimension 3 Territory type		
Priority axis	Code	Amount (EUR)
1 INNOVATION	07	14 159 192
2 ENTREPRENEURSHIP	07	14 159 192
3 RENEWABLES AND ENERGY EFFICIENCY	07	9 439 461
4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE	07	9 439 461
5 TECHNICAL ASSISTANCE	07	3 012 593

Dimension 6 Territorial delivery mechanisms		
Priority axis	Code	Amount (EUR)
1 INNOVATION	07	14 159 192
2 ENTREPRENEURSHIP	07	14 159 192
3 RENEWABLES AND ENERGY EFFICIENCY	07	9 439 461
4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE	07	9 439 461

7.3 Financial tables

TABLE 15: OVERVIEW OF THE INVESTMENT STRATEGY OF THE COOPERATION PROGRAMME

Priority Axis	ERDF support (in EUR)	Proportion (%) of the total Union support for the Cooperation Programme (by Fund)			Thematic objective / Investment priority / Specific objective	Result indicators corresponding to the specific objective
		ERDF ³⁷	ENI ³⁸ (where applicable)	IPA ³⁹ (where applicable)		
1	14 159 192	28,20%	0,00%	0,00%	<p>1 Strengthening research, technological development and innovation</p> <ul style="list-style-type: none"> • 1b Promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies <p>> 1.1 Increased innovation and transfer of new technology to SMEs in remote sparsely populated areas</p> <p>> 1.2 Increased innovation within public service provision in remote, sparsely populated areas</p>	[1.1, 1.2]
2	14 159 192	28,20%	0,00%	0,00%	<p>3 Enhancing the competitiveness of SMEs</p> <ul style="list-style-type: none"> • 3a Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators <p>> 2.1 Improved support systems tailored for start-ups and existing SMEs in remote and sparsely populated areas</p> <ul style="list-style-type: none"> • 3d Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes <p>> 2.2 Greater market reach beyond local markets for SMEs in remote and sparsely populated areas</p>	[2.2, 2.1]
3	9 439 461	18,80%	0,00%	0,00%	<p>4 Supporting the shift towards a low-carbon economy in all sectors</p> <ul style="list-style-type: none"> • 4c Supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector <p>> 3 Increased use of energy efficiency and renewable energy solutions in housing and public infrastructures in remote, sparsely populated areas</p>	[3]
4	9 439 461	18,80%	0,00%	0,00%	<p>6 Preserving and protecting the environment and promoting resource efficiency</p> <ul style="list-style-type: none"> • 6c Conserving, protecting, promoting and developing natural and cultural heritage <p>> 4 Increased capacity of remote and sparsely populated communities for sustainable environmental management</p>	[4]
5	3 012 593	6,00%	0,00%	0,00%	<p>5 Leaner Programme management and more effective Programme implementation</p>	n/a

³⁷ European Regional Development Fund.

³⁸ European Neighbourhood Instrument.

³⁹ Instrument for Pre-Accession Assistance.



TABLE 16: FINANCIAL APPROPRIATION FROM THE ERDF (IN EUR)

Fund	2014	2015	2016	2017	2018	2019	2020	Total
ERDF	2 490 450	3 636 395	5 193 000	9 435 650	9 624 365	9 816 852	10 013 187	50 209 899
IPA amounts (where applicable)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
ENI amounts (where applicable)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total	2 490 450	3 636 395	5 193 000	9 435 650	9 624 365	9 816 852	10 013 187	50 209 899

TABLE 17: FINANCING PLAN (IN EUR)

Priority axis	Fund	Basis for calculation of Union support	Union support (a)	National counterpart (b) = (c) + (d)
1 INNOVATION	ERDF	Total	14 159 192	7 624 180
	IPA	0	0	0
	ENI	0	0	0
2 ENTREPRENEURSHIP	ERDF	Total	14 159 192	7 624 180
	IPA	0	0	0
	ENI	0	0	0
3 RENEWABLES AND ENERGY EFFICIENCY	ERDF	Total	9 439 461	5 082 786
	IPA	0	0	0
	ENI	0	0	0
4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE	ERDF	Total	9 439 461	5 082 786
	IPA	0	0	0
	ENI	0	0	0
5 TECHNICAL ASSISTANCE	ERDF	Total	3 012 594	3 012 593
	IPA	0	0	0
	ENI	0	0	0
Total	ERDF		50 209 899	28 426 525
	IPA		0	0
	ENI		0	0
Total	Total all Funds		50 209 899	28 426 525

TABLE 18: BREAKDOWN BY PRIORITY AXIS AND THEMATIC OBJECTIVE

Priority axis	Thematic objective	Union support	National counterpart	Total funding
1 INNOVATION	1 Strengthening research, technological development and innovation	14 159 192	7 624 180	21 783 372
2 ENTREPRENEURSHIP	3 Enhancing the competitiveness of SMEs	14 159 192	7 624 180	21 783 372
3 RENEWABLES AND ENERGY EFFICIENCY	4 Supporting the shift towards a low-carbon economy in all sectors	9 439 461	5 082 786	14 522 247
4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE	6 Preserving and protecting the environment and promoting resource efficiency	9 439 461	5 082 786	14 522 247
Total		47 197 306	25 413 932	72 611 238

Indicative breakdown of the national counterpart		Total funding (e) = (a) + (b)	Co-financing rate (f) = (a)/(e)	For information	
National Public funding (c)	National private funding (d)			Contributions from third countries	EIB contributions
7 395 455	228 725	21 783 372	65%	2 401 138	0
0	0	0	0		
0	0	0	0		
7 395 455	228 725	21 783 372	65%	2 401 138	0
0	0	0	0		
0	0	0	0		
4 981 131	101 655	14 522 247	65%	1 600 759	0
0	0	0	0		
0	0	0	0		
5 082 786	0	14 522 247	65%	1 600 759	0
0	0	0	0		
0	0	0	0		
3 012 593	0	6 025 186	50%	1 038 366	0
0	0	0	0		
0	0	0	0		
27 867 420	559 105	78 636 424	64%	9 042 160	0
0	0	0	0		
0	0	0	0		
27 867 420	559 105	78 636 424	64%	9 042 160	0

TABLE 19: INDICATIVE AMOUNT OF SUPPORT TO BE USED FOR CLIMATE CHANGE OBJECTIVES⁴⁰

Priority axis	Indicative amount of support to be used for climate change objectives	Proportion of the total allocation to the programme (%)
1	2 359 865,00	4,70%
2	1 769 899,00	3,53%
3	9 439 461,00	18,80%
4	3 303 811,00	6,58%
Total	16 873 036,00	33,60%

⁴⁰ This table is generated automatically on the basis of tables on categories of intervention under each priority axis.



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