

Northern Periphery & Arctic 2014-2020

Operational Programme

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1. Programme Area

1.1 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.

In the EU member states the programme area covers Northern and Eastern Finland, Western Ireland, Northern Ireland excluding the larger Belfast region, Northern Sweden, and Highlands & Islands and Dumfries & Galloway regions in Scotland. Of the Non-EU member states, Faroe Islands, Greenland, Iceland, Northern and Western Norway and Svalbard belong to the programme area. A complete list of eligible regions and adjacent regions in Russia and Canada can be found in the Annex (table X).

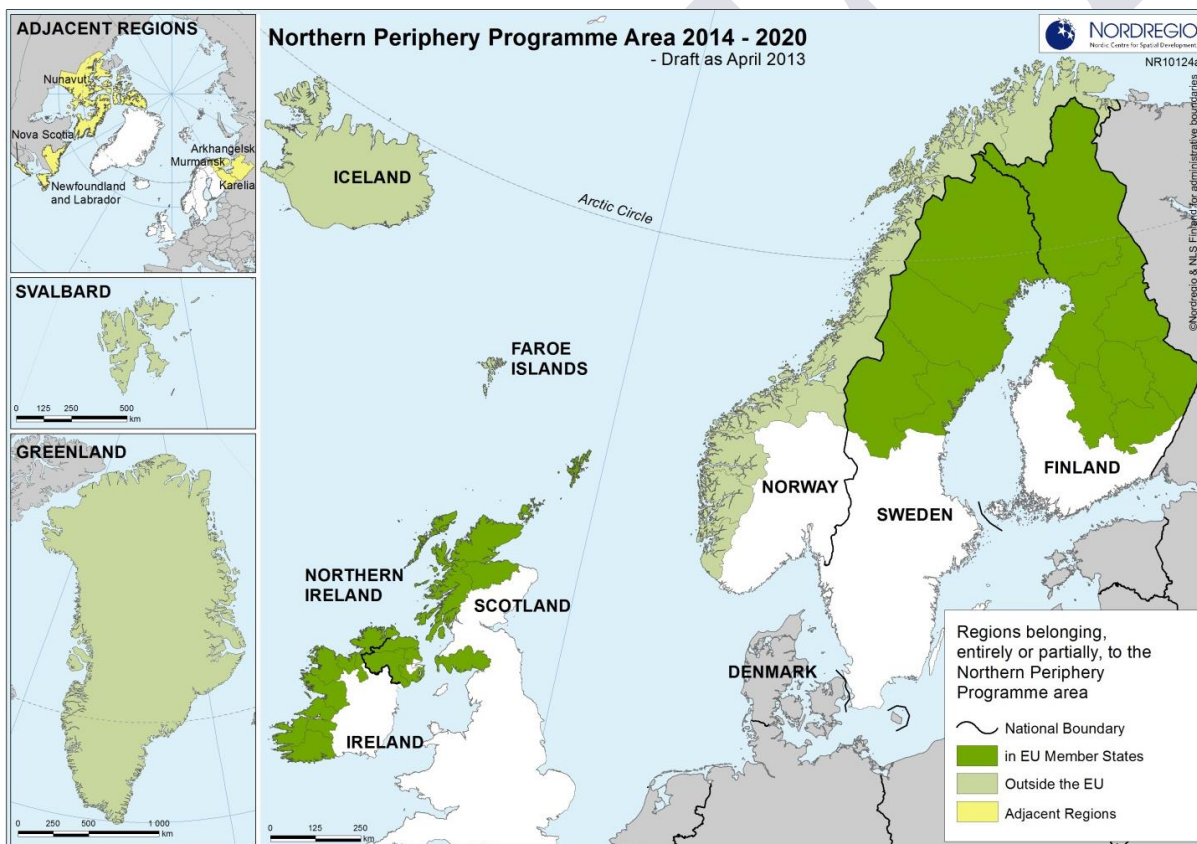


Figure 1 Northern Periphery and Arctic Programme Area 2014-2020

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, a dispersed business base, the long distances and physical barriers between the communities, difficulties for communications and accessibility, and extreme climates. Furthermore, the Programme area suffers from a relatively low economic diversity.

Besides these common challenging characteristics, the Programme area is characterised by common potentials as abundance of natural resources, high quality of the biophysical environment across the area and a versatile business sector. These common characteristics will be specified in the following:

Low population density

Taken as a region, the average population density in the ice-free part of the NPP land area is 6 inhabitants per km² - compared to the European Union average of 117 inhabitants per km². Only smaller sparsely populated areas exist in other places in Europe. In that sense the Programme area is unique in a European context.

Besides low population density, the Programme area in general has an unevenly distributed and increasingly concentrated population. That means that a small number of bigger cities and towns on the one hand will have a still more dominant position; while on the other hand, peripheral areas suffer from out-migration, brain drain and above average levels of ageing.

Low accessibility

Extreme low population density implies long distances between small and scattered settlements and low accessibility to large conurbations. Even here, the Programme's reality differs from other places in Europe. 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 further 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. However many areas suffer from poor connectivity, - understood in that way that air routes often only connect peripheral areas with capital regions and few other bigger cities.

Lack of connectivity reduces market access and is an obstacle to achieve critical mass. In addition, the Faroe Islands, Greenland and Iceland face the specific challenges of islands economies with long sea distances separating them from their neighbouring countries.

Low economic diversity

Seen in a historical perspective most of the NPP territory always has been dependent on natural resources and the exploitation of these, fish, wood and energy play key roles for many of the local economies. Mining has a growing role together with nature-oriented tourism.

In addition, the public sector plays a crucial role as a major employer in many areas, and often the public sector is the only opportunity locally for higher-skilled workers.

Abundant natural resources

The Arctic part of the programme area 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 Arctic¹. Besides the oil and gas reserves, considerable mineral reserves can be found in Greenland, northern Finland, Sweden and Norway.

The rising interest for international investments in e.g. new mega size 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, northern part of Iceland and the other Nordic countries to oceanic climate in Faroe Islands, coastal Norway, Scotland, Northern Ireland and Ireland. However, projection of the climate change² temperatures will rise higher and

¹ US Geological Survey 2008

² Intergovernmental Panel on Climate Change: Forth Assessment Report: Climate Change 2007, Synthesis Report 2008

earlier particularly in the Arctic region and adjacent areas than in rest of the world. In addition to the rise in temperature, it is expected that levels of the precipitation will rise. Altogether, the climate change will affect a broad range of human activities and welfare in different ways and to different extents. According to the OECD a distinctive characteristic of the effects of climate change is that they probably will be mixed; both negative but at the same time opening up new potentials for the regional economies. Furthermore, OECD states that the long-term economic development will depend on timely adaptation and reasonable management of the region's environment and natural resources³.

All these challenges and potentials are to a great extent interrelated meaning that they cannot be treated as individual or independent problems or possibilities. Besides that, they 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.

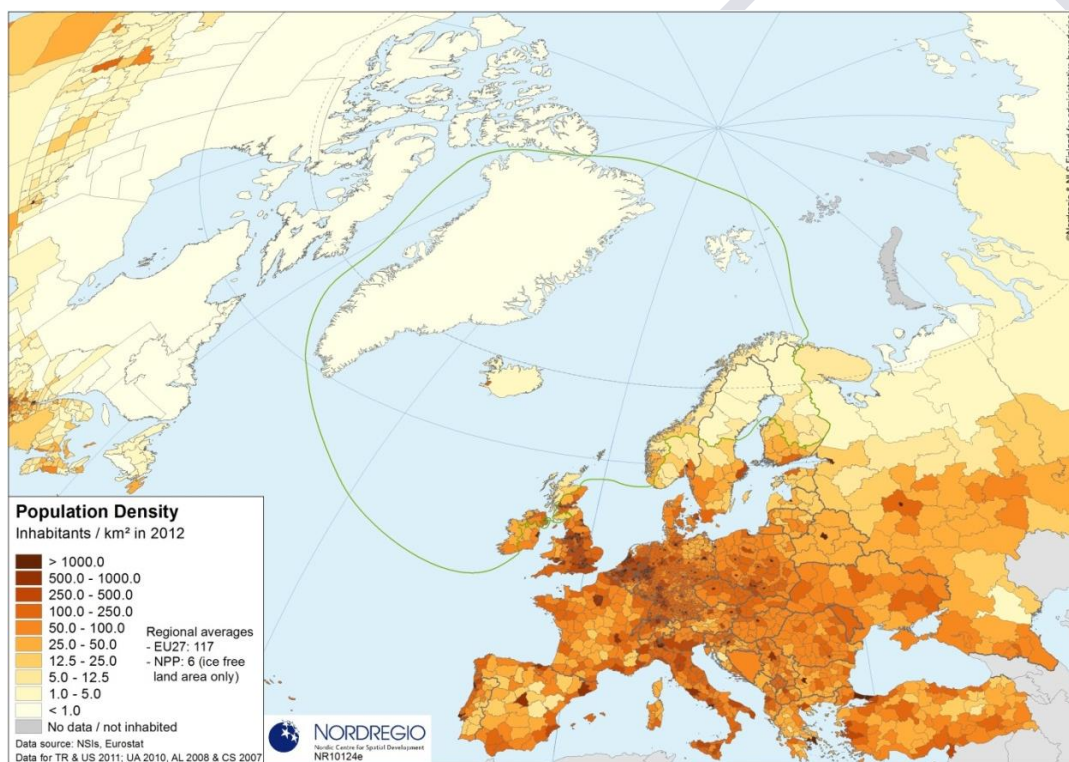


Figure 2 Population density in programme area and adjacent regions in Russia and Canada, 2012

³ OECD Territorial Reviews, NORA Region 2011

1.2 SWOT- analysis (strengths, weaknesses, opportunities, threats)

In order to develop the strategic rationale and focus of the Programme on a transparent and consultative basis, a number of steps were implemented.

- Area analysis
- SWOT-analysis

The SWOT's challenges and opportunities were prioritised in dialogue with the regional partnerships (Regional Advisory Groups)⁴ during the programming process.

The process took place in the period from September 2012 to May 2013. An important precondition for the process was the guidelines from the Commission and the ambition that the SWOT and the area analysis should result in an elaborated overview of shared issues and areas of activity where transnational territorial cooperation can contribute.

⁴ 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>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>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>Demographic drivers</p> <ul style="list-style-type: none"> · Positive in-migration from abroad in many regions · Some regions with a young population <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>Governance strengths</p> <ul style="list-style-type: none"> · Small and efficient public authorities · In principle high level of regional and local independence 	<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>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>Shrinking rural areas</p> <ul style="list-style-type: none"> · Increasing centralisation · Growing urban-rural dichotomy <p>Demographic challenges</p> <ul style="list-style-type: none"> · Sparse population · Youth out-migration · Ageing (most regions) <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 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>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>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>Governance</p> <ul style="list-style-type: none"> · International cooperation with neighbours (incl. Russia and Canada) and further engagement in international networks <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>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>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>Demography</p> <ul style="list-style-type: none"> · Increased Youth out-migration <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"> · Rising prices for traditional modes of transport

2. Programme Strategy

2.1 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, longstanding 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, and 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 1st class region to live, study, work, visit and invest.

The programme will 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
- Fostering Resilient And Sustainable Communities by Promoting resource efficiency and protection of natural and cultural heritage

2.2 Rationale

2.2.1 Ranking of Identified Challenges and Potentials

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

Ranking development challenges and needs, prioritising actions and focussing 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), consultation with Member States and regional representatives and ex ante evaluation team.

The results of this process are set out and explained in tables 1 and 2. As these tables highlight the Programme area's development challenges and potentials are large-scale, interrelated and go far beyond local, regional, and often national borders. Individual actors and organisations typically will not have the capacity or the competences to independently deal with these complex challenges and potentials. Transnational territorial cooperation is key to overcome this shortcoming:

- The NPA is well placed to foster cooperation between relevant stakeholders across the programme area and open the horizon towards the rest of the world utilizing the opportunities of a still 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 the NPA area has.
- By working on a transnational cooperative basis, the NPA Programme has a unique function that complements nationally focussed policies and programmes to foster smart, sustainable and inclusive growth.

Challenges

Weaknesses:



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

Threats:

- Globalisation and increased competition
- Environment & climate change

See Annex X for a further explanation of these challenges.

Potentials

Strengths:



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

Opportunities:

- More targeted development of local and regional economies
- The Green Economy & capitalising on the opportunities from climate change

See Annex X for further explanation of these potentials.

Development challenges

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 influences the NPA region's local economies, rural development, demography, labour markets and governance.

Development strengths

In terms of the key development opportunities and strengths, 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 particular, developments in the Arctic 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 sub-Arctic regions in particular.

Emerging opportunities for 2014-2020

Looking to the future, the globalisation processes and climate change 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 intensifies the need for promoting the green economy and low carbon solutions. The NPA area has considerable potential for renewable energy and sustainable utilisation of natural resources. Climate change could lead to major new opportunities for new transport and communication routes, linked to changes in Arctic sea ice. Yet, a greener economy also implies that the obvious conflicts between protection and utilisation of natural and cultural heritage have to be balanced at an acceptable and sustainable level.

As well as considering contemporary conditions in the Programme area, **the pace of economic change and uncertainties linked to climate change** have to be taken into account. In this context, a versatile business sector is identified as a key for future economic growth. The need for even more dynamic local economies across the Programme area implies that a **higher external orientation and interaction at firm level and a better utilisation of the existing innovation capacity and a higher level of entrepreneurship** will be vital. For example for the private sector, the increased cooperation and interaction between e.g. SMEs across the Programme area and out of the Programme area will help these SMEs to manage the disadvantages of long distances. The 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 multi-national companies and other global players. However, the balanced, long-term development of the NPA must also be based on **promoting existing economic strengths** within the Programme Area, e.g. in connection with food and drink production, the creative sectors and tourism.

As these examples suggest, the programme area faces large-scale development issues that reach far beyond local, regional, and often national borders, and demand coordinated cooperative action. For isolated actors and organisations in remote and peripheral locations seeking to address/ manage these issues, the NPA Programme can support and build cooperation across long distances and across national borders.

For example, regional economies in the NPA area have a high proportion of small and micro enterprises scattered over a huge geographical area. Due to long distances and administrative borders (national, regional and local), only a very limited number of enterprises have 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 can help to overcome some of these challenges. In relation to climate change, and new opportunities to exploit natural and mineral resources, the development of new approaches, exchange of knowledge, and expertise across borders is key to managing the numerous complex, environmental questions and issues linked any future developments. The NPA can foster exchange of experience and capacity building through transnational territorial cooperation. 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 a more smart, sustainable and inclusive social development.

A better gender-balanced labour market where the peripheral areas can attract and maintain higher educated young persons will be an important result of such a strategy.

For the public sector transnational cooperation can compensate for lack of human resources to cover, for example, the needed expertise to handle the very complicated questions in relation to the themes balanced utilisation of natural resources and climate change adaptation.

Seen relation to the Arctic and subarctic parts of the Programme area the above mentioned challenges and solutions are highly relevant as well:

- 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.
- The overall intention is that NPA projects shall contribute to economically more robust local communities and regions, which are of importance to people, including indigenous people, living in the Arctic area.

2.2.2 Lessons from the past

Transnational territorial cooperation has a strong base to build on in the NPA area. During especially the two latest programme periods, the Northern Periphery programmes have retained a particularly strong, distinct identity and rationale. In particular the theme of peripherality 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 period and enhancing the functionality of the Programme area was a focus. Similarly, the NPP 2007 – 2013 was also developed against a background of economic growth. However, it later faced the challenge of the financial crisis and the long lasting aftermath with recession. During this period, innovation and entrepreneurship was a particular the focus. Based on the experience of these Programmes, a number of lesson learned and areas of strength can be highlighted and build up on for the 2014-2020 Programme.⁵

I. Distinct Programme identity

⁵ 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

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 had 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 to the scope to make a positive impact in the Programme area. However, the Programme has always needed to be focussed 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 has enjoyed good commitment rates.

IV. New geography & new partners

The process of integrating the new Programme areas and partners was well managed by the Programme and in the new areas themselves. The 2007-13 Programme covers an expanded area in comparison to the 2000-06 NPP. New partners have been integrated well. Yet, 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 programme 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 adopted, the focus on delivering products and services is distinctive, the Programme has adapted well to covering an enlarged area, and 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 2007-13 NPP has 'pushed the boundaries' of INTERREG programmes for the current programme period. 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. Looking to the future, the Programme seeks to build on this experience and maintain high participation rates from all parts of the programmes areas. The call for preparatory projects in the spring 2013 already demonstrates that the interest among potential partners is there. However, a challenge for the new NPA 2014 – 2020 programme will be to a higher extent to seek an involvement with private enterprise, especially SMEs. In addition, it will be a challenge to obtain participation of new partners from outside the programme area, from Russia and Canada in particular.

Interreg IIIB Northern Periphery Programme 2000 -2006⁶

Three priorities with each two main areas of intervention. In total 46 main projects and 62 preparatory projects were funded.

Priorities:

- 1:** Communications
- 2:** Strengthen Sustainable Economic Development
- 3:** Community Development

Important lesson learnt:

- Broader themes/measures as *Sustainable use of nature and natural resources* more “popular” than more narrow and technical oriented themes as *Transportation, Logistics and Transport Infrastructure*
- Progress was less positive concerning developing micro projects and initiatives targeted indigenous people
- Growing interest for projects addressing innovation and entrepreneurship
- Projects with SME partners had the highest levels of achievement

Recommendations from the evaluations:

- More pro-active and strategic programme management and project development, especially in addressing future challenges
- Clearer roles for the main actors within the programme organisation (the PMC, Managing Authority, Programme Secretariat, Regional Contact Points)
- Promote better understanding among the beneficiaries of the transnational character of the programme

Northern Periphery Programme 2007 - 2013⁷

Two priorities with each two main areas of intervention. In total 47 main projects and 55 preparatory projects funded.

Priorities:

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

⁶ Based on the Update of the Mid-term Evaluation, Final Report to the managing Authority, EPRC 2005

⁷ Based on The evaluation of the Northern Periphery Programme, 2007 – 2013, Draft Final Evaluation Report, ERCP 2012

Important lessons learnt:

- Concentration on only two main priorities represents a tighter focus compared to previous programmes
- Relatively narrow subthemes such as *maritime safety* or *urban-rural partnerships* have not been as popular among the applicants as broader and more general themes such as *implementation of ICT or modernisation and innovation within industries and business*
- The process of integrating the new Programme areas has been a success; partners from the new Programme areas have been involved more than sufficiently.
- Thematic flexibility an important prerequisite for adaptation to unforeseen macro-economic changes
- Strategic project development activities (the use of preparatory projects, how to apply seminars, lead partner events etc.) give better and more tangible results
- Combined with demands on that new products and services have to be the outcome of the projects

Recommendations from the ongoing evaluation:

- Important that ongoing support is offered to partners across the Programme area
- Efforts should be made to widen the involvement of different types of partners
- Identify strategic projects/potential project clusters, early on in the Programme period
- Introduce an extended project negotiation period, - in order to increase the influence that programme bodies have
- Carry out a mid-term evaluation of projects and provide an opportunity to enhance the strategic aspects of projects
- Linkages to other territorial cooperation programmes, national Main Stream Programmes etc. can be improved
- The role Regional Advisory Groups and Regional Contact Points are crucial in terms of providing the regional context for strategic goals

Building on experience

Taking this experience and lessons from wider transnational cooperation, the key areas where the Programme has scope to deliver substantial, transnational, results can be grouped as follows⁸:

- development of transboundary products - working together to produce a new product or service that has a 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.

The Programme aims to ***support the development of new services and products to set new standards and provide new solutions seen in relation to the identified and prioritised challenges for the Programme area.***

⁸ 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

Cooperation in and development of new (transnational) networks and innovation systems will be tools for the programme. Similarly, exchange of experience, development of new role models and capacity building will be also important approaches. Transnational learning, pooling of competences and innovation of new ways of organising services and use of new technology will also be important means for the Programme. However, the outcome of these efforts will be tangible and measurable products and services.

2.2.3 Justification for Selection of Themes (Incl Their Financial Allocation)

The NPA 2014 – 2020 has been developed in line with the EU strategic frameworks and objectives, which emphasise the need for strategic focus, combined with an even stronger results orientation compared with previous programmes. The EU Commission has identified 11 thematic objectives, among which the programme was encouraged to select maximum four.

These 11 thematic objectives together with the proposed investment priorities have been analysed and discussed throughout the programming process by the Ex ante evaluators and the Programme Planning Group. The ranked challenges and opportunities and the Ex ante evaluation altogether have resulted in a ranking of the 11 thematic objectives, which can be found in the table below.

In principle, all 11 thematic themes - as overall themes - can be viewed as relevant for the NPA to some degree. However, the main part of the resources of the Programme has to be used within maximum four thematic objectives. In addition, some of the thematic objectives are less relevant for the NPA area seen in relation to the investment priorities proposed by the European Commission. Therefore, the best fit will be a combination of the following four thematic objectives:

1. Strengthening research, technological development and innovation
3. Enhancing the competitiveness of SMEs
4. Supporting the shift towards a low-carbon economy in all sectors
6. Protecting the environment and producing resource efficiency

Table 2 Relevance of thematic objectives for NPA

Thematic Objective	Evaluation of relevance for the NPA-Programme area ⁹
1 Strengthening research 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. Further, it is in specific 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 and micro firms 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 already have had a strong presence. While ICT remains vital to the Programme area, it is now a firmly embedded element of Programme all activities. Large-scale investments in this area will be addressed through national and other EU Programmes.

⁹ Based on the Ex-ante evaluation of NPA 2014 – 2020.....

<p>3 Enhancing of the competitiveness of SMEs</p>	<p>Small and micro-enterprises are the heart of regional economies across the Programme area. Focus on SMEs boosts the private sector and in specific targeting enterprises, operating in remote and peripheral regions will support the ambition of more robust and sustainable local economies</p>
<p>4 Supporting the shift towards a low-carbon economy in all sectors</p>	<p>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 business can work to address the issue and support actions under thematic objective 1 and 3.</p>
<p>5 Promoting climate change adaptation, risk prevention and management</p>	<p>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 in relation to climate change adaptation) the thematic objective has minor relevance for the NPA.</p>
<p>6 Protection the environment and promoting resource efficiency</p>	<p>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 needed interventions often beyond the capacity of local and regional authorities. The NPA can here foster exchange of experiences and capacity building among public actors.</p>
<p>7 Promoting sustainable transport and removing bottlenecks in key network infrastructures</p>	<p>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 are limited. The relatively modest financial resources available to the programme also mean that, in contrast to other EU programme, there is limited scope for the NPA to deliver results in this area.</p>
<p>8, 9 & 10 Promoting employment and supporting labour mobility Promoting social inclusion and combating poverty Investing in education, skills and lifelong learning.</p>	<p>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.</p>
<p>11 Enhancing institutional capacity and an efficient public administration.</p>	<p>This theme has relevance for the Programme Area but will mainly be addressed through thematic objective 1 and 6.</p>

2.2.4 Contribution to Eu2020 and Cohesion Policy

The NPA Programme has been developed in line with and will contribute to the Europe 2020 Strategy. The 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's targets are ambitious and the issues they address are substantial. Nevertheless, due to the comparatively small scale of the NPA's budget and large programme area, the NPA 2014 – 2020 cannot according to the Ex ante evaluation be expected to make a substantial, direct, easy-measurable contribution to Europe 2020 as a whole. The programme needs to be 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 Area¹⁰.

Smart growth will be addressed for example by:

- Supporting initiatives targeted cooperation and increased interaction between SMEs, here in specific micro enterprises have high attention
- Supporting cooperation between SMEs and bigger firms e.g. in combination with research institutes

It can be observed that SMEs in remote and low densely populated areas tend to have a lower productivity compared to similar SMEs in regional centres and bigger cities. Some of the explanation is that SMEs in remote areas are more local oriented and are lagging behind in new technology and intake of innovation compared to similar firms in more urbanised areas¹¹.

Higher levels of interaction between SMEs across local and in specific regional and national borders can help the SMEs in the periphery to overcome the disadvantages of remoteness and long distances.

Higher levels of cooperation and interaction outside of the local area will also open the way for SMEs in peripheral areas to interconnect with the innovation environments that exist within the regional centres within the Programme area. Better utilisation of existing innovation capacity within the Programme area will together with a higher level of application of new technology developed in areas outside the Programme area further contribute to Europe 2020's dimension on smart growth.

Expertise related to cold climate and harsh conditions, specially is the case for the Arctic and subarctic parts of the Programme area, will be an extra advantage for SMEs that go for cooperation with firms outside the Programme area. This might result in higher local and regional impact 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:

- Development of new products and services where the sustainability dimension is integrated

More specific, sustainable growth will be addressed through:

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

¹⁰ Ex Ante Evaluation of the Northern Periphery and Arctic Programme 2014 – 2020...

¹¹ Alexandre Dubois, 2013: Managing Distance, Small Firm Networks at Geographical Margins. Stockholm University.

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

- Initiatives that target female entrepreneurs and innovation activities that also are attractive for women
- More efficient and innovative public and private service provision so 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 NPP 2007 – 2013¹².

2.2.5 Linkages and Synergies (Incl. Coordination with other Instruments)

The NPA 2014-2020 Programme covers a large geographical area and many individual countries. Because of that, 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 a complex strategic and institutional environment. Therefore a key element of the Programming process was a strategic review of the strategic and policy environment and how the NPA 'fits'.

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 here ideally function as a catalyst while national and EU CSF programmes may deliver investments that are more substantial.

2.2.6 Contribution to Other Strategies and Policies (Incl Macro-Regional/Sea Basin)

Contribution to EU Territorial cooperation programmes

Seen in relation to other territorial cooperation programmes that cover parts of the NPA area it has been considered how a better coherence between the NPA and the other programmes can be obtained. Here coordinated calls and coordinated decisions according to selection of the funded projects may be the way to go. A minimum effort is to ensure a high level of information and awareness within the Programme Secretariat and the Programme Monitoring Committee concerning potential synergies between NPA funded projects and projects funded by other territorial cooperation programmes.

Furthermore, the territorial cooperation programmes are dependent on a relatively high match-funding rate from the project partner's side compared to other types of programmes. The current macro-economic situation with shrinking public budgets and continued economic recession in some countries therefore puts an extra pressure on the Programme to become relevant and to address highly prioritised themes also seen from the project partner's side, if the Programme should be successful.

Seen in perspective, stakeholders have to be more engaged in the wider frameworks and be open to new opportunities as a means to ensure the durability and sustainability and impact of their activities.

Table 3 EU-territorial cooperation programmes

Cross border programmes	Nord Botnia-Atlantica Sverige – Norge Northern Ireland, Border Region of Ireland and Western Scotland
Transnational programmes	Baltic Sea North Sea Atlantic Area
Macro regional and sea basin programmes	Baltic Sea Region Atlantic Ocean Area (North Sea Region)

See annex **x** concerning a more detailed comparison with the other territorial cooperation programmes.

All the EU territorial cooperation programmes have each their own very specific focus and the NPA can contribute to all of them even the NPA Programme is unique due to its emphasis on the northernmost sparsely populated areas of Europe and coverage of the Arctic and Subarctic areas.

Seen in relation the **cross-border cooperation** programmes the NPA can for example contribute in relation to the Nord Programme. In specific to the Sàpmi sub-programme by linking this to other initiatives addressing indigenous people and communities in general at the North calotte.

More general the NPA 2014 – 2020 can contribute to the cross border programmes in extreme low dense populated areas where cooperation at local and regional level can be widened and strengthened into a more international context. The individual cross border area with NPA-overlap will so to speak get access to a wider and deeper pool of experience and human resources.

Seen in relation to **transnational programmes** there are considerable differences between the NPA Programme and the other programmes in their thematic focus. The Baltic Sea and the North Sea programmes partly cover peripheral and low dense populated areas. Here the NPA 2014 – 2020 also mainly can contribute with the specific approach and focus on e.g. innovation and SMEs in peripheral settings. Further the specific Arctic dimension of the NPA will make a contribution to the northernmost areas within the other transnational programmes, e.g. in relation to protecting, promoting and developing cultural and natural heritage.

In relation to the **macro regional and sea basin strategies** the NPA is likely to contribute mainly at project level: and mainly where these projects cover the northernmost, peripheral and sparsely populated parts of the programme areas.

Contribution to Arctic strategies

Cooperation in the Arctic is another area of particular strategic importance for the NPA-Programme.

Arctic cooperation takes place in a number of international fora e.g. the Arctic Council and the EU ARCTIC Forum.

The interest of the EU in the Arctic Region was in 2012 addressed 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 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 the civil society’s point of view. This opinion highlights the importance of involvement of the civil society including the indigenous people.

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 intension is that NPA projects shall develop products and services, which are of importance to people, including indigenous people, living in the Arctic area.

Partnership Agreements

According to the legislative proposals for the Cohesion policy, 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 PAs, however, based on the drafts, the following themes are very much in line with the priorities of the NPA¹³:

- Innovation and R&D;
- SME competitiveness and cooperation;
- Management and protection of marine resources
- Eco-innovation and the
- 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.

¹³ Ex-ante evaluation of the Northern Periphery and Arctic programme 2014-2020, Status Report.. + Strategic Overview

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 operationalized through a NPA project or opposite a NPA project might contribute the development of a Horizon 2020 project. However, the scale of the NPA area, the sheer number of “other” EU Programmes means that a fully comprehensive in depth assessment is not possible.

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 was drafted. The economic crisis has triggered a shift in economic fortunes across the region and led to major changes in macroeconomic policy¹⁴. The implications of these conditions will be more restricted public budgets for match funding of NPA funded projects in addition it could mean weaker opportunities for private enterprises for engagement on transnational projects because they have to attend more focus 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 that light possible synergies between the NPA funded projects and individual national policies are realistic and furthermore underlines the need for that the NPA Programme communicates its specific mission clearly and efficiently to national policy makers and other national stakeholders.

2.2.7 Concepts of TNC

Based on experiences from transnational programmes in general, the key areas where the Programme has scope to deliver substantial, transnational, results can be grouped as follows^[1]:

- **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;
- **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 are still relevant for the NPA 2014- 2020. Nevertheless, based on the NPP 2007- 2013 in particular it is noted that the focus on the delivery of products and services within a few prioritised areas has been successful. Seen in the light of an even stronger EU focus on results for the new programme, the ambition is to develop the ‘product and service approach’ further.

First of all the ambition is through supporting the development of new services and products to set new standards and provide new solutions seen in relation to the identified and prioritised challenges for the Programme area.

¹⁴ Ex ante evaluation status report ...

[1] 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

Seen in relation to economic development and smart growth it is the peripherality; long distances, lack of critical mass and the scattered pattern of economic activities that have to be managed.

Here, the ambition is to change attitudes and behaviour in specific in relation to innovation processes, entrepreneurship and market behaviour among SMEs in the low dense populated areas outside the regional centres.

Cooperation and development of new (transnational) networks and innovation systems out of the local area and out of the region will be of the most efficient tools for the programme. However, the outcome of these efforts shall always be in the format of tangible and measurable new products and services.

Seen in relation to sustainable development and growth it is the risk of overexploitation of natural resources; loss of the bio-resource base; and risk of natural disasters as a consequence of climate change that shall be kept in focus and here the ambition of the Programme is **to enhance the ability and preparedness of local and regional communities to handle these risks.**

Exchange of experience, development of new role models and capacity building will be important means of the Programme.

Seen in relation to inclusive growth ageing and outmigration are the drivers behind a growing mismatch between demand of public services and the ability also in the future to deliver these at an acceptable level. Here the ambition of the Programme is **to foster innovation of public services and to make the peripheral communities more attractive for young women.**

Transnational learning, pooling of competences and innovation of new ways of organising services and use of new technology will be important means for the Programme. Seen in relation to make peripheral communities more attractive for young women an important mean will be transnational learning and development of new concepts according to inclusion of women into innovation processes and as start-ups.

2.3 Horizontal principles

The Northern Periphery and Arctic programme aims to be a first class region to live, study, work, visit and invest, with the ambition of generating vibrant, competitive and sustainable communities. The possibility to achieve this vision is strongly linked with the possibility to realise an individual's full potential, which in turn is made possible by ensuring an equal and fair prospect to access opportunities available in an environmentally healthy society. Environmental sustainability, equality and non-discrimination are therefore important components of smart, sustainable and inclusive growth.

In terms of integration of the horizontal principles into the political, economic and social spheres, the NPA programme regions are amongst the better ranked in Europe. Means for reducing the gender gap and achieve a more inclusive society are integral part of policies and practices, in some cases showing great innovation and vision. A future looking approach also distinguishes the programme area as far environmental sustainability is concerned, with high skills developed e.g. in the clean-tech sector. Having this context as a reference, the programme focuses on efforts for fine-tuning and mainstreaming horizontal principles to daily operations, striving for a more fair, inclusive and sustainable area.

The concepts of gender equality, inclusion and environmental sustainability have been expressed in actions and indicators that are concretely feasible and measurable at project and programme level, looking for stimulating a change in attitude and behaviour. In the selection of operations the programme will evaluate how the horizontal principles are addressed by each proposal in line with the approach described below and reflected in the 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.

Indicators

Compulsory indicator

- Number of participants in projects promoting gender equality, equal opportunities and social inclusion across borders

Non-exhaustive list of optional indicators that can be adopted by projects when applicable

Environmental sustainability

- Number of Green Procurement Procedure carried out
- Number of organisations having adopted procedures inspired by the EMS/EMAS certification
- Number of green business models developed
- Qualitative evaluation of the impact on sustainable development
- Ratio between number of virtual meetings and number of total meetings carried out during the project

Inclusion and diversity

- Number of young people employed/trained/involved during the project (aged between 16 and 25)
- Number of elderly people involved/addressed by the project (aged above 65)
- Number of flexible working solutions implemented during the project
- Qualitative assessment of the project, products, services and impact generated

Gender equality

- Number of women and men participating in activities and events organized by the projects

2.3.1 Environmental Sustainability

The Northern Periphery and Arctic Programme encompasses territories that are resource-based economies, with local economies making a living out of fisheries, wood, energy, mining and tourism. The Programme area is also a hub of innovative clusters, particularly in knowledge-based industries acting in the context of good and expanding job opportunities for specific skills. As the programme area is one of the richest in terms of energy sources – as well as one of the most vulnerable to the effects of climate change – opportunities should be recognised for activities based on synergies between the different resources realizing win-win solutions, such as green economy, renewable energy and ecological tourism.

For the programming period 2014-2020, the focus has increased on the dynamics taking place in the Arctic. According to the Arctic Biodiversity Assessment made by the Arctic Council, climate change will represent the most serious threat to the Arctic biodiversity causing habitat degradation and spreading of invasive alien species. On the other hand, important advantages may occur as well from the effects of climate change. For example, the forests grow faster and the cultivation season runs over longer periods, which also allows the introduction of new crops. In the framework of environmental sustainability, this increased focus demands new skills and awareness regarding the potential impact and opportunities that operations can seize. The NPA can therefore also contribute to generating knowledge about the environmental and natural processes as well as initiatives promoting knowledge and information about what can be done at a local and regional level to preserve and protect the environment, nature and the seas in the Arctic region.

The NPA will undertake actions throughout the programme lifecycle, to avoid or reduce environmentally harmful effects of interventions and ensure results in net social, environmental and climate benefits 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 'life-cycle' costs of alternative options for investment are compared,
- (d) increasing the use of green public procurement.

In this respect the NPA priority axis 3 and 4 specifically address the topics of resources 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 minimize 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 organization and implementation of events;
- Giving preference to environmentally friendly mobility options for short travel distances;
- Follow the procedures described in the environmental management system and certification (EMAS)
- 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 development software, wikis, shared knowledge environments, new non-monetized markets);
- Regional supply chain (reducing supply chain length and CO₂ emissions).
- Use of video conference facilities

2.3.2 Inclusion and Diversity

In general, discrimination describes a situation where an individual is disadvantaged in some way because of his personal characteristics - that include sex, age, race ethnic group and family background, physical condition, religious belief or sexual orientation, as stems from Article 2 of the United Nations Universal Declaration of Human Rights.

As observed in the programme area analysis, the regions involved in the NPA are forerunners in the field of equal opportunities and non-discrimination. The programme can however still make an important contribution in supporting communities on the path of inclusive development, focusing on increasing accessibility and in recognising the value of diversity and talents.

The Northern Periphery and Arctic Programme shall contribute to a more inclusive and cohesive development by mean of increasing opportunities that stimulate and maximize individual talents. In particular by a better understanding of people 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 in most regions 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. Possibilities such as distance learning or homeworking are solutions that open up high value opportunities and contribute to economic growth, ensuring that communities in peripheral areas remain attractive places to stay.

On the other side of the equation, the ageing population is composed of an increasing share of highly educated people, who are wealthier than younger generations affected by the impact of the economic crisis. Their role in society is therefore affecting the demand for services and products as well as the supply, opening up opportunities for the so-called "Silver economy".

Being under pressure of global economic forces now more than ever, the Northern Periphery and Arctic Programme may need a higher awareness of the risk of discrimination. Challenges are posed e.g. by mega-projects and multinational players that on one side bring new opportunities in terms of labour and investment, but on the other side impact on place and tradition based economies, run e.g. by indigenous communities. Along with mega projects, the highly innovative and dynamic economic environment present in the NPA area is attracting a new foreign workforce, increasing the diversity of the population. The NPA shall contribute to promote 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 grass roots. On this aspect, the NPA programme looks for a more extensive cooperation with the Arctic Council Indigenous Peoples Secretariat.

A list of indicative activities applicable under all the priority axes of the programme are:

- Open opportunities for working 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 barriers
- Consider the potential of the “Silver economy” both in terms of an adapted demand for products and services and as supply of “social enterprise” services
- Adopt homeworking, IT solutions for transnational cooperation
- When implementing their projects and developing products and services the partners shall consider if they inadvertently create barriers to access the opportunities on the basis of individuals’.
- Self-assessment/survey on the products and service based on the following questions: does the user feel competent? Part of something? Autonomous?
- Ensure that the implemented activities, products & services do not generate discrimination on the base of: sex, sexual orientation, disability, age, race, ethnicity, colour and membership of a national minority, nationality or national origin, religion or belief, language, social origin birth, property, political or other opinion.

2.3.3 Equality between men and women

Gender equality in broader economic terms means utilizing 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 has to deal with challenges such as:

- Youth out-migration
- Gender segregated labour market
- Lack of study and career opportunities, “brain drain”

These challenges are all related to gendered inequalities, within the Programme area they reach the highest levels in the most peripheral regions, causing gender imbalance. Young women have a higher out-migration frequency than young men. This is partly due to lack of education possibilities and a segregated labour market, dominated on one side by traditional male oriented industries and female oriented public services such as healthcare, welfare and education on the other side. This segregated labour market discourages young women, as well as young men, who prefer other kinds of careers.

Further, it is known e.g. from the Scandinavian and other OECD countries that women’s frequency as entrepreneurs is lower compared to men and this in specific is the case in the most peripheral areas. In general, approximately 30% of entrepreneurs in the OECD countries are women.

The Northern Periphery and Arctic Programme shall contribute to a higher level of equality between men and women and in that way contribute to a more fair and inclusive social development. Specifically, the Programme shall contribute to a more diversified and gender-balanced labour market, and at the same time contribute to better 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 into their activities equal participation of men and women.

3. Priorities

3.1 Introduction to the Priorities

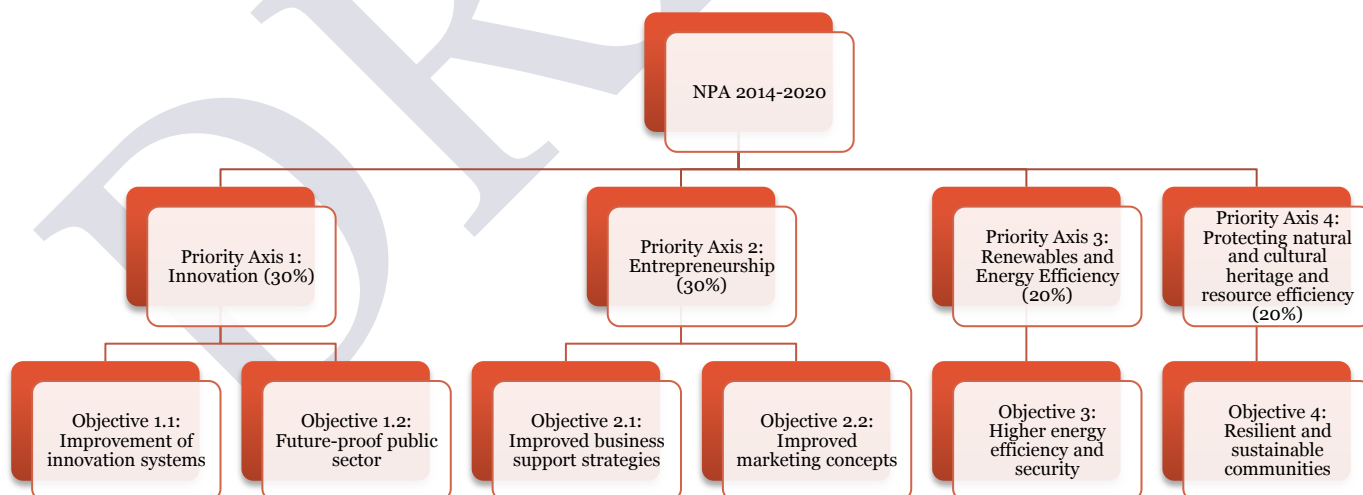
Below, you can find a graph of the draft priorities that have been developed for the Northern Periphery and Arctic Programme 2014-2020. These 4 priorities reflect the choice of themes that the committee preparing the new programme has selected, based on identified challenges and opportunities in the programme area. The NPP regions have contributed and reviewed the contents so far.

In line with the new result orientation of the European Commission, the new programme will concentrate on fewer cooperation themes aligned with the EU2020 Strategy, in order to make a bigger impact in the programme area with the available resources.

Priorities:

1. Innovation
2. Entrepreneurship
3. Renewables and Energy Efficiency
4. Protecting natural and cultural heritage and resource efficiency

Inside of the 4 priorities, the programme will address 6 objectives.



3.1.1 Guiding principles for the selection of operations

The NPA 2014-2020 will apply quality objectives to all projects in all priorities to ensure that envisaged project outputs are meeting a quality standard to ensure that they are contributing to the results sought by the programme; they form the link between the programme and project intervention logic. The quality objectives

describe in a systematic way the character of the projects the programme wishes to initiate. They are informed by the principles for transnational cooperation outlined in the programme strategy, the horizontal principles and the indicators.

It is envisaged that these quality objectives will be operationalized into assessment forms, 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 results are recognisable as a concrete solution (useful product or service), attitude change or behaviour change.
- **Innovative:** the product/service is new or innovative to the partner organisations, the partner countries involved or the whole Programme area.
- **Focused:** the product/service design (functionality, usability) should be in line with the specific objective the project is addressing.
- **Relevant:** The products/services take into account the situation for each part of the 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 *level of maturity in the field* of intervention for each part of the target area.
 - *Demand-driven:* Product/service development should be based on demonstrable stakeholder demand and include stakeholder involvement (interface)
- **Responsible:** Product/service design should take into account the 3 horizontal principles of equal opportunities, gender equality and sustainable development.
- **Viable:** Products/services should be supported by realistic business models that allow the product/service to become self sufficient when the project support ends. (Actual implementation and a first review of the model is expected during the project lifetime.) Such business models should describe:
 - *Marketing plans* for the product/service 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 that the product/service is delivered by organisations with the right competences, and well integrated, etc.
- **Transnational:** Product/service design should demonstrably draw on the results of transnational cooperation, for example, transferring models/knowledge/technology from one region to another, combining different skill sets not available in one region, gaining a critical mass otherwise unattainable, etc.
- **Fit-for-purpose:** validation if the product/service is meeting the requirements of the end users, is actually being used (uptake by target group) and is having/likely to have the desired impact. For example, that an external evaluator should be able to assess the satisfaction with the product/service by surveying end users or the organisation that delivers it.
- **Strategic:** Products/services contribute to the EU2020 Strategy priorities of smart growth, sustainable growth and inclusive growth. If possible (higher ranking), products/services should facilitate the implementation of national or regional development policies/strategies or inform them.
- **Value-for-money:** the development and implementation of the product/service should be proportional to the challenge or opportunity addressed and the expected benefit/impact/return on investment. Also, the money generating/money saving aspect should be demonstrated.

3.1.2 Performance Framework

The performance framework for the NPA 2014-2020 has been developed based on project milestones, financial milestones and implementation milestones.

Project milestones

Following assumptions are based on receiving 100 MEUR total programme funding including all funding sources and public match funding, and a NPP grant intervention rate of 60%. A second assumption, 6% of total programme budget will be allocated to Technical Assistance budget (TA), making available 94 MEUR for project implementation.

1. Dividing the number of expected main projects by total expected programme funding, and assuming for example that each main project has a total budget on average of 1.96 MEUR. Under this assumption, approximately 48 main projects could be funded for an approximate cost of 94 MEUR.
2. The milestones for main projects would be 28 in 2018 and 48 main project as a final target in 2022.

Assuming the above, the proposed indicative distribution of funds across the priority axis is indicated in percentages and MEUR:

- It is proposed that 30% of the funds are allocated to Priority axis 1, which equals 29,4 MEUR for 15 main projects
- It is proposed that 30% of the funds to Priority Axis 2, which equals 29,4 MEUR for 15 main projects
- It is proposed that 20% Priority Axis 3, which equals 17,6 MEUR for 9 main projects
- It is proposed that 20% Priority Axis 4, which equals 17,6 MEUR for 9 main projects

Financial milestone

Following the assumption above that the total programme funding is 100 MEUR (including all priority axes and public match funding):

- By 2018, 60% of funding has been allocated or 60 MEUR
- In 2020, 100% allocation of programme funding

Implementation milestones

Following the above assumptions, and for example:

- 6 project calls by 2018 – for main projects
- 28 projects approved by 2018
- 60 projects received by 2018
- 3 Intervention support schemes – such focussed calls on priority axes and preparatory level

An overview of the performance framework per priority axis can be found in Table 6, page 43.

3.2 Priority Axis 1

Using Innovation to Maintain and Develop Robust and Competitive Communities¹⁵

The Priority Axis consists of 2 specific objectives.

3.2.1 Specific Objective 1.1

Establishment and improvement of innovation systems benefiting businesses in remote communities, based on R&D cooperation across regional and national borders.

Result sought

SMEs and in specific micro enterprises in remote and rural communities suffer from a lack of critical mass and external relations to be able to access innovation support.

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

Regional centres across the programme area where innovation actors are concentrated are important, such as university campuses with their innovation tradition and larger firms with R&D departments.

Also essential are intermediary actors that can help to cluster SMEs and connect them to research institutes, for example in a triple helix context.

Finally, it is recognised that creative industries and end-user demands can form drivers for innovative product and service design. An example of user-driven innovation is the development of clean technologies. The programme area has specific preconditions in relation to cold climate and climate change adaptation. In addition, there is expertise on innovation in relation to natural resources and renewable energy, fish, wood and minerals.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to a **better cooperation between firms and R&D across national borders**. Further, as a result of such better cooperation, the programme expects to contribute to a **higher productivity of firms involved**. Result indicators can be found in Table 4, page 37.

Actions supported

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

- Clustering SMEs in need of R&D input across regional and national borders.
- Facilitating SME demand-driven innovation support from R&D.
- Facilitating technology transfer to or across the programme area

¹⁵ Priority Axis 1 addresses Thematic Objective 1, Investment Priority B “*promoting business investment in innovation and research, and developing links and synergies between enterprises, R&D centres and higher education, in particular product and service development, technology transfer, social innovation and public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production in Key Enabling Technologies and diffusion of general purpose technologies;*”

- Facilitating transnational business networks to diversify and broaden the regional sector base
- Facilitating innovation in SMEs based on an exchange with the creative sector
- Facilitating user-driven innovation in SMEs
- HORIZONTAL: Facilitating activities aimed at making innovative sectors more attractive for underrepresented groups, such as young women.

Main target groups (end users)

Local and regional SMEs in specific micro enterprises in remote and rural areas. Furthermore it is the ambition to involve women into the innovation processes.

Types of beneficiaries (project partners)

Actors in the innovation system, 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.

Common and specific output indicators can be found in **Error! Reference source not found.**, page **Error! Bookmark not defined.**

3.2.2 Specific Objective 1.2

An innovative and future-proof public sector, enabling continued or improved public service provision in remote and sparsely populated areas.

Result sought

Public service providers are faced with the challenge to match limited resources and a lack of critical mass with an increasing demand for public service provision. In addition, provision of basic necessities by retail outlets in remote areas suffers from market failure.

Transnational cooperation can facilitate the transfer and the development of innovative (business) models/solutions to address the viability of public service provision and the provision of basic necessities, for example private-public partnerships, urban-rural cooperation, social enterprises and other innovative ways of pooling competences and resources.

In addition, innovative and distance-spanning technologies allow for new ways of delivering public services, such as mobile services to improve health and wellbeing in sparsely populated areas. This viewed as especially important in relation to programme area specific issues as ageing population, lifestyle diseases, cold climate and long distances.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to a **maintained public service provision level** in remote and sparsely populated areas. Further, as a result of such improved cooperation, the programme expects to contribute to a **higher productivity of firms involved**. Result indicators can be found in Table 4, page 37.

Actions supported

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

Viewed especially important for future-proof service provision of (renewable) energy, healthcare, social care and education.

- Innovative models or solutions addressing viability and low critical mass.

- Technology-driven solutions for public service provision in remote areas.

Main target groups (end users)

Local communities in remote and rural areas.

Types of beneficiaries (project partners)

Public sector organisations, private entities delivering a public service, private-public partnerships, social enterprises, and third sector organisations. In addition, innovation system actors, including knowledge brokers such as universities and research institutes, and the business services sector, including the creative sector.

Common and specific output indicators can be found in **Error! Reference source not found.**, page **Error! Bookmark not defined.**

3.3 Priority Axis 2

Promoting Entrepreneurship to Realise the Potential of the Programme Area's Competitive Advantage¹⁶

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

3.3.1 Specific Objective 2.1

Establishment and improvement of business support strategies and solutions overcoming challenges posed by a small customer base and long distance to market.

Result sought

In addition to the usual challenges faced by entrepreneurs, start-ups and existing SMEs and in specific micro enterprises in remote and sparsely populated areas are faced by a small local customer base and long distance to market. Besides that micro enterprises may have little or no experience or tradition of cooperation with enterprises outside the local area.

Transnational cooperation can contribute to a better entrepreneurial climate by facilitating the transfer and development business support strategies and solutions to overcome these challenges.

Business support can focus on removing barriers and bottlenecks for start-ups and existing businesses, for example by facilitating campus incubator support over distance, promoting innovative funding mechanisms to attract internal and external investments like crowd-funding, developing inclusive business models and jobs/training positions based on recognising and utilising people's different talents and skills and by targeted use of public procurement. Furthermore, support and encouragement of entrepreneurship among underrepresented groups and a better gender balance will be in the focus of the NPA.

In addition, business support can focus on realising the potential of place-based opportunities, such as the programme area's unique cultural and natural heritage, by fostering entrepreneurship in the tourism and experience industries based on the high quality nature, indigenous lifestyles, creative industries and other authentic experiences. Further place-based opportunities include cold climate testing facilities for equipment

¹⁶ Priority Axis 2 addresses two investment priorities inside 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 B "Developing and implementing new business models for SMEs, in particular for internationalisation".

and vehicles, a first-mover advantage in the “silver economy”, locally derived eco-products, and new products based on natural resources such as fisheries, forestry and agriculture.

Business support can also focus on capturing spinoffs from local or regional large-scale investments, such as models to reduce risks for SMEs scaling up their production and delivery capacity.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to an **increase in start-ups** and **total employment in exporting sectors**. Further, the programme expects to contribute to **increased access to key markets and wider markets**. Result indicators can be found in Table 4, page 37.

Actions Supported

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

Mainly based on shared characteristics such as climate conditions, demographic profile, abundance of natural resources, rich cultural and natural heritage. Also viewed appropriate for mega investments, such as new mining projects.

- Developing business support solutions removing barriers for start-ups/existing SMEs.
- Developing business support solutions utilising place-based opportunities in a new way.
- Developing business support solutions benefiting from large-scale investments in the local or regional community

Main target groups (end users)

New start-ups and existing SMEs/micro companies run by men as well as women.

Types of beneficiaries (project partners)

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

Common and specific output indicators can be found in **Error! Reference source not found.**, page **Error! Bookmark not defined.**

3.3.2 Specific Objective 2.2

Improved marketing concepts, providing SMEs in remote and sparsely populated areas with a better access to key markets and wider markets.

Result sought

In addition to the usual challenges faced by entrepreneurs, start-ups and existing SMEs hereunder the micro enterprises in remote and sparsely populated areas are faced by a small local customer base and long distance to market.

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

Marketing models can focus on transnationally clustering SMEs with a complementary product or service portfolio, for example exclusive product or service packages to attract high-end customers, a joint market approach for high quality natural products of the programme area, such as Arctic products, aiming at the

growing global market in health products, cosmetics, pharmaceuticals and regional food and drinks. In addition, business can form networks to take advantage of trends such as increasing cruise tourism.

In addition, marketing models can focus on the use of ICT solutions like e-commerce and social media to overcome the distance to markets.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to an **increase in start-ups and total employment in exporting sectors**. Further, the programme expects to contribute to **increased access to key markets and wider markets**. Result indicators can be found in Table 4, page 37.

Actions Supported

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

Viewed especially appropriate for reaching an international customer base

- Concepts for clustering and creating networks of SMEs to meet a larger-scale, more diverse and/or more complex demand.
- Facilitating the use of distance-spanning technology to overcome long distance to market.

Main target groups (end users)

New and existing SMEs/micro companies run by men as well as women.

Types of beneficiaries (project partners)

Intermediary bodies dealing with the private sector, such as the public sector, regional development agencies, Chambers of Commerce, associations and other bodies representing the private sector. In addition, actors in the export chain, such as export agencies, international Chambers of Commerce, representatives of logistics and distribution companies, port authorities, business services including marketing as well as business services provided by the creative industries. Moreover, civil society.

Common and specific output indicators can be found in **Error! Reference source not found.**, page **Error! Bookmark not defined.**

3.4 Priority Axis 3

Fostering Energy-Secure Communities through Promotion Of Renewable Energy And Energy Efficiency¹⁷

The Priority Axis consists of 1 specific objective.

3.4.1 Specific Objective 3

Higher energy efficiency and energy security in the public sector and housing sector in remote and sparsely populated areas.

Result sought

Ensuring a reliable and affordable energy supply can be particularly challenging in the remote and sparsely populated communities of the programme area, especially with a view to low critical mass and a harsh climate.

Transnational cooperation can help to address these challenges by facilitating the transfer and development of models that make it easier for these communities to utilise renewable energy solutions, for example based on

¹⁷ Priority Axis 3 addresses Thematic Objective 4, Investment Priority C “Supporting energy efficiency and renewable energy use in public infrastructures, including in public buildings and in the housing sector;”

local natural resources. In addition, symbiotic solutions can be sought whereby the by-products of one activity provide energy for public infrastructures or housing, such as using cooling water to heat buildings. In addition, the programme area's cold climate can reduce the need for climate control systems.

In addition, models can focus on energy efficient housing, 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 energy efficiency in housing sector and public buildings** in remote and sparsely populated areas. Result indicators can be found in Table 4, page 37.

Actions Supported

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

- Facilitating the decision making about and use of small-scale renewable energy solutions for public infrastructures and housing
- Developing models to utilise by-products from economic activities as energy sources for public infrastructures and housing
- Facilitating the reduction of energy consumption by promoting energy efficient buildings

Main target groups (end users)

Local communities, public sector. In addition, the private sector supplying products and services related to energy efficiency and renewable energy.

Types of beneficiaries (project partners)

Public sector organisations, private entities and representative bodies, private-public partnerships, social enterprises, and third sector organisations related to the public infrastructures or the housing sector. In addition, public and private entities and utility companies dealing with (renewable) energy supply and energy efficient products/services.

Common and specific output indicators can be found in **Error! Reference source not found.**, page **Error! Bookmark not defined.**

3.5 Priority Axis 4

Fostering Resilient and Sustainable Communities by Promoting resource efficiency and protection of natural and cultural heritage¹⁸

The Priority Axis consists of 1 specific objective.

3.5.1 Specific Objective 4

Resilient communities, with the capacity to balance economic, social and environmental interest in order to protect their natural and cultural heritage.

Result sought

Local communities in the programme area are faced by major changes, such as climate change impacts on people, demographic change, and major industrial projects.

¹⁸ Priority Axis 4 addresses Thematic Objective 6, Investment Priority C "Protecting, promoting and developing cultural and natural heritage;"

Transnational cooperation can help these communities by facilitating the transfer of best-practice models and solutions and the transnational pooling of competences to for capacity, such as competence, knowledge, know-how and tools for balancing economic, environmental and social interests. 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.

Solutions can focus on the promotion of resource efficiency, such as the sustainable management of natural resources and the use of by-products, wastes, residues and other food and non-food raw material.

In addition, solutions can focus on protecting the environment against pollution from economic activities, such as securing the supply of fresh water and mitigating soil contamination.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to an **increase in protection and promoting interventions**. Further, as a result of such interventions, the programme expects to contribute to **supported development in cultural and natural heritage**. Result indicators can be found in Table 4, page 37.

Actions Supported

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

- Strategies and solutions to build the capacity of local communities to maintain the equilibrium between competing economic, environmental and social interests.
- Solutions and models for protecting natural and cultural heritage, including the promotion of resource efficiency and protection against pollution

Main target groups (end users)

Local and regional communities, local businesses.

Types of beneficiaries (project partners)

Public sector organisations, private entities and representative bodies, private-public partnerships, social enterprises, and third sector organisations.

Common and specific output indicators can be found in **Error! Reference source not found.**, page **Error! Bookmark not defined.**

4. Indicator Tables

Table 4 Programme specific result indicators (by specific objective)

Priority Axis 1 - INNOVATION							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2022)	Source of data	Frequency of reporting
1.1	Increase <i>transnational</i> collaborations between firms and R & D across national borders	Composite indicator (TBD)	(TBD)	2011	Average increase of 1-5%	Survey/ Regional statistics/ Eurostats	Bi-annually
1.1	Increase in productivity of firms involved	Composite indicator (TBD)	(TBD)	2011	Average increase of 1-5%	Survey/ Regional statistics/ Eurostats	Bi-annually
1.2	Continued or improved public service provision in remote and sparsely populated areas	Composite indicator (TBD)	(TBD)	2011	Average increase of 1-5%	Survey/ Regional statistics/	Bi-annually

Priority Axis 2 - ENTREPRENEURSHIP							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2022)	Source of data	Frequency of reporting
2.1	Increase number of <i>transnational</i> start-ups in “exporting” sectors and total employment/GVA in “exporting” sectors	Composite index (TBD)	TBD	2011	28 (depends on baseline)	Regional statistics/ European industry standard classification system (NACE)	Bi-annually
2.2	Increased <i>transnational</i> access to key markets and wider markets	Composite index (TBD)	TBD	2011	Average increase of 1-5%	Survey/ Regional statistics/ * Based European industry standard classification system (NACE)	Bi-annually

Priority Axis 3 – RENEWABLES AND ENERGY EFFICIENCY							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2022)	Source of data	Frequency of reporting
3.1	Increase energy efficiency in housing sector and public	Mtoe (million tonnes of oil)	TBD	2011	Average decrease of annual energy	Regional statistics/ Eurostats	Bi-annually

	buildings	equivalent), Metres Sq. and k_Wh/year			consumption in public buildings of 1-5%		
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Priority Axis 4 – PROTECTING NATURAL AND CULTURAL HERITAGE AND RESOURCE EFFICENCY							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2022)	Source of data	Frequency of reporting
4.1	Increase in the protection and promoting interventions	Number of schemes/interventions	TBD	2011	Average increase of 1-5%	Survey/ Regional statistics/ Eurostats	Bi-annually
4.2	Increase of supported development in cultural and natural heritage	Number of schemes/interventions	TBD	2011	Average increase of 1-5%	Survey	Bi-Bi-annually

Table 5 Common and programme specific output indicators (by investment priorities)

Priority Axis 1 – INNOVATION				
ID (Investment priority)	Indicator (Common)	Measurement unit	Target value (2022)	Source of data
1B	Number of enterprises cooperating with research institutions (26)	Enterprises	28	NPA Projects
	Number of enterprises supported to introduce new to the market products(28)	Enterprises	28	
	Number of enterprises supported to introduce new to firm products (29)	Enterprises	28	
ID (Investment priority)	Indicator (Programme Specific)	Measurement unit	Target value (2022)	Source of data
1B	Number products and service opportunities to be developed, based on new or existing R&D	Products and services	28	NPA projects
	Number of clusters of SMEs/micro companies or public sector organisations to create better access and benefitting from R&D activities across borders.	Clusters	42	
	Number of supported firms reporting productivity increase in %. (i.e. Increased sales, customer base and increased productivity)	Firms	28	
	Increase in number of collaborations.	Collaborations	42	
	Number of transnational business networks diversified and broaden in regional sector base	Networks	42	
	Number of technology-driven solutions for public service provision in remote areas	Solutions	28	
	Number of citizens served by solutions for public service provision	Citizens	TBD	

Priority Axis 2 – ENTREPRENEURSHIP (3A & 3B)

ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2022)	Source of data
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3A/3B	Number of new enterprises supported (5)	Enterprises	28	NPA projects
3A/3B	Employment increase in supported enterprises (8)	Enterprises	Average increase of 1-5%	
3A/3B	Number of enterprises supported to introduce new to the market products (28)	Enterprises	28	
3A/3B	Number of enterprises supported to introduce new to the firm products(29)	Enterprises	28	
ID (Investment priority)	Indicator (Programme Specific)	Measurement unit	Target value (2022)	Source of data
3A/3B	Number of firms supported reporting productivity and employment increases in %	Enterprises	Average % increase 1-5%	NPA projects
3A/3B	Number of new or sustained jobs reported	Jobs	TBD (5 per project x 14= 70 jobs)	
3A/3B	Number of new products to the market	Products	28	
3A/3B	Number of new products to the firm	Products	28	
3A	Number of business support solutions removing barriers for start-ups/existing SMEs	Business solutions	28	
3A	Number of business support solutions utilising place-based opportunities	Enterprises	28	
3B	Number of clusters and networks of SMEs to meet a more complex demands.	Clusters/networks	28	
3B	Number of new solutions to using technology to overcome long distances to market	Solutions	28	

Priority Axis 3 – RENEWABLES AND ENERGY EFFICIENCY

ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2022)	Source of data
4C	Number of households with improved energy consumption classification (31)	Household	>500	NPA projects
	Decrease in annual primary energy consumption of public buildings	KWh/year	Average decrease of annual energy consumption in public buildings of	

ID (Investment priority)	Indicator (Programme Specific)	Measurement unit	Target value (2022)	Source of data
4C	Number of households increasing energy efficiency.	Household	TBD (>500 i.e. 100 households x 5 project)	NPA projects
	Metre Sq. of public buildings increasing energy efficiency	Metre Sq.	TBD (5 projects x 3 partners x 12 buildings x 1000 m2 = 180.000 m2)	
	Number of models developed utilising by-products from economic activities as energy sources for public infrastructures and housing	Models	TBD (2 projects x 3 partners x 3 models per project = 18)	
	Number of small-scale renewable energy solutions for public infrastructures and housing	Energy solutions	TBD (3 projects x 3 partners x 3 solutions per project = 27)	

Priority Axis 4 – PROTECTING NATURAL AND CULTURAL HERITAGE AND RESOURCE EFFICIENCY (6C)

ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2022)	Source of data
6C	Increase in expected number of visits at supported sites of cultural or heritage sites and attractions (9)	Visits	TBD (2 projects x 3 partners x 3 models per project = 18)	NPA projects
	Additional waste recycling capacity (17)	Tonnes per year	Average decrease of waste generation of average 1-5% per inhabitant	
	Surface of habitat supported to attain better conservation (23)	Hectares	TBD	
ID (Investment priority)	Indicator (Programme Specific)	Measurement unit	Target value (2022)	Source of data
6C	Number of site visits to cultural and heritage sites/attractions	Visits	TBD	NPA projects
	Number of schemes/interventions	Schemes/interventions	TBD	
	Increased annual recycling capacity in tonnes/year	Tonnes per year	Decrease of waste generation of average 1-5% per inhabitant	
	Number of hectares restored or	Hectares	TBD	

	achieving better conservation			
	Number of capacity building solutions to maintain the balance between competing economic, environmental and social interests.	Solutions	TBD (3 projects x 3 partners x 3 solutions per project = 27)	
	Number of solutions protecting natural and cultural heritage, including the promotion of resource efficiency and protection against pollution.	Solutions	TBD (3 projects x 3 partners x 3 solutions per project = 27)	

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Table 6 The performance framework of the priority axis

Implementation steps, financial, output or result indicators	Measurement unit(where appropriate)	Milestone for 2018	Final target (2022)	Source of data	Explanation of the relevance of indicator (where appropriate)
Total projects	Number of projects	28	48	NPA 2014 - 2020	Project, financial and implementation output are based on a 60% programme performance rate.
<i>Axis 1(30%)</i>	Number of projects	8	14		
<i>Axis 2(30%)</i>	Number of projects	8	14		
<i>Axis 3(20%)</i>	Number of projects	6	10		
<i>Axis 4(20%)</i>	Number of projects	6	10		
Financial	Expenditure (EUR millions)	60% of approved allocation	100% of approved allocation		
Implementation	Call	6	10		
	Approved projects	28	48		
	Received	60	100		