

INTERREG Northern Periphery & Arctic 2014-2020

Operational Programme

Version 9th January 2014

This template is based on it is based on the Draft Template and Guidelines for the content of the cooperation Programme, version 3 – 28th June 2013. In addition, it is based on Fiche 1B – Draft model for the Cooperation Programme under the European Territorial Cooperation Goal, version 2 – 28th June 2013.



European Union
European Regional Development Fund

ANNEX – Draft Model for the Cooperation Programme under the European Territorial Cooperation Goal

CCI

Title

Version

First Year

Last Year

Eligible From

Eligible To

EC Decision Number

EC Decision Date

Programme Decision Number

Programme Decision Date

Programme Entry Into Force Date

Regions covered by the Programme

DRAFT

Table of Contents

1. Executive Summary (citizens summary).....	4
2. Programme Area.....	5
2.1 Profile of the Programme Area.....	5
2.2 SWOT- analysis (strengths, weaknesses, opportunities, threats).....	8
3. Programme Strategy.....	10
3.1 Programme Vision.....	10
3.2 Rationale.....	10
3.3 Horizontal principles.....	25
4. Priorities.....	29
4.1 Introduction to the Priorities.....	29
4.2 Priority Axis 1.....	32
4.3 Priority Axis 2.....	35
4.4 Priority Axis 3.....	38
4.5 Priority Axis 4.....	40
4.6 Priority Axis Technical Assistance.....	42
5. Financing.....	43
5.1 Programme Financing.....	44
5.2 Intervention rate & Match funding.....	44
5.3 Eligibility of Expenditure.....	45
6. Implementation.....	46
6.1 Programme management structure.....	46
6.2 Programme implementation provisions.....	51
6.3 Project implementation provisions.....	54
7. Annexes.....	56
7.1 Mandatory tables.....	56
7.2 Tables and maps supporting the eligible area, area analysis and Programme strategy.....	63

1. Executive Summary (citizens summary)

<To be inserted>

DRAFT

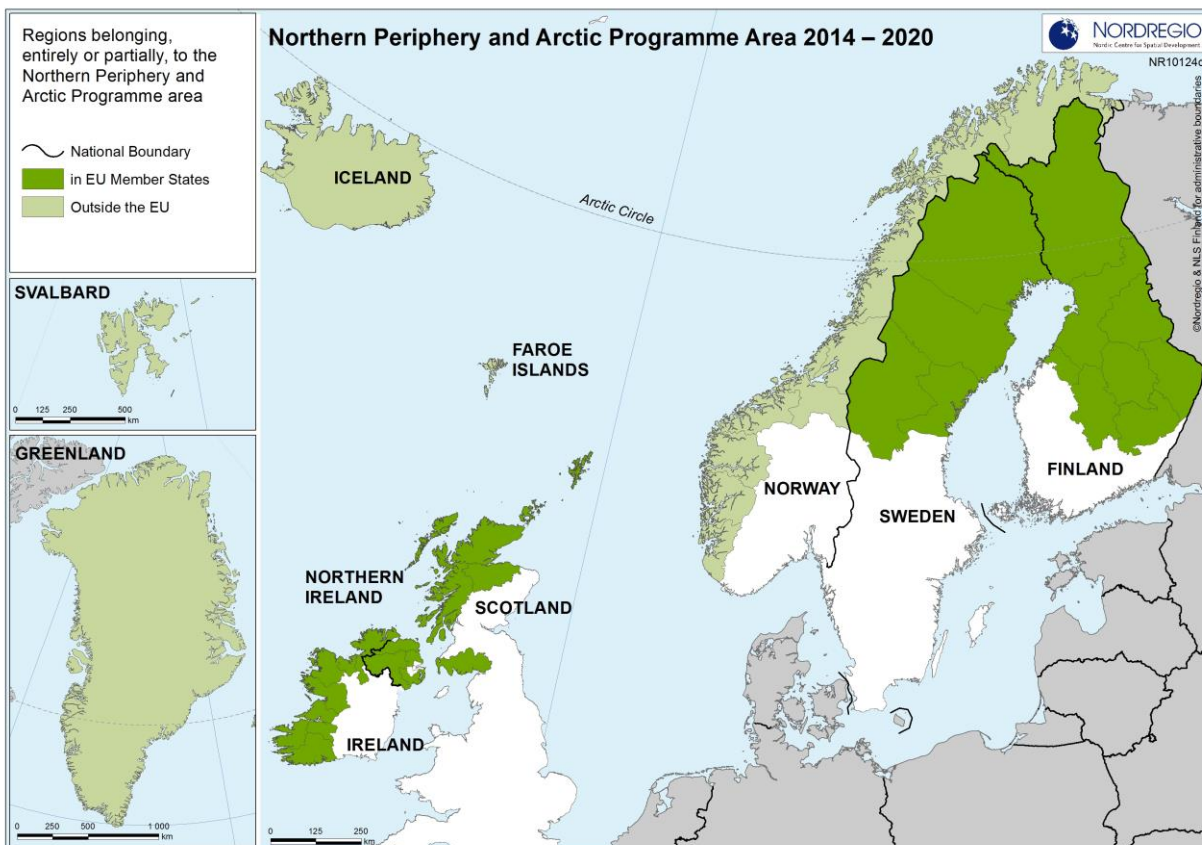
2. Programme Area

2.1 Profile of the Programme Area

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

In the EU member states, the Programme area covers Northern and Eastern Finland, Western Ireland, Northern Ireland excluding the larger Belfast region, Northern Sweden, and Highlands & Islands and Dumfries & Galloway regions in Scotland. In 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 can be found in Table 8 on page 63.

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, which means that the regions are dependent on relative few economic sectors, such as fishery or forestry.

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

Low population density

As a whole, the average population density in the ice-free part¹ of the NPA land area is 6 inhabitants per km² - compared to the European Union average of 117 inhabitants per km². Only "pockets" with similar sparsely populated areas can be found in a few other places in Europe. Thus, the Programme area is unique in a European context.

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

Low accessibility

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

Long distances, both internally between towns and settlements, and internationally mean that many communities are dependent on air transport. In addition, many areas suffer from extremely poor connectivity, - with air routes often only connecting peripheral areas with capital regions and few other bigger cities.

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

Low economic diversity

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

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

Abundant natural resources

The 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 Arctic².

¹ The area without the glaciers in Iceland and Norway and the Greenlandic ice cap.

² US Geological Survey 2008

Besides the oil and gas reserves, considerable mineral reserves can be found in Greenland, northern Finland, Sweden and Norway. In addition, the Programme area contains vast renewable resources as bio mass (wood, fish, seaweed) and renewable energy (wind, hydro, waves, geo thermal).

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

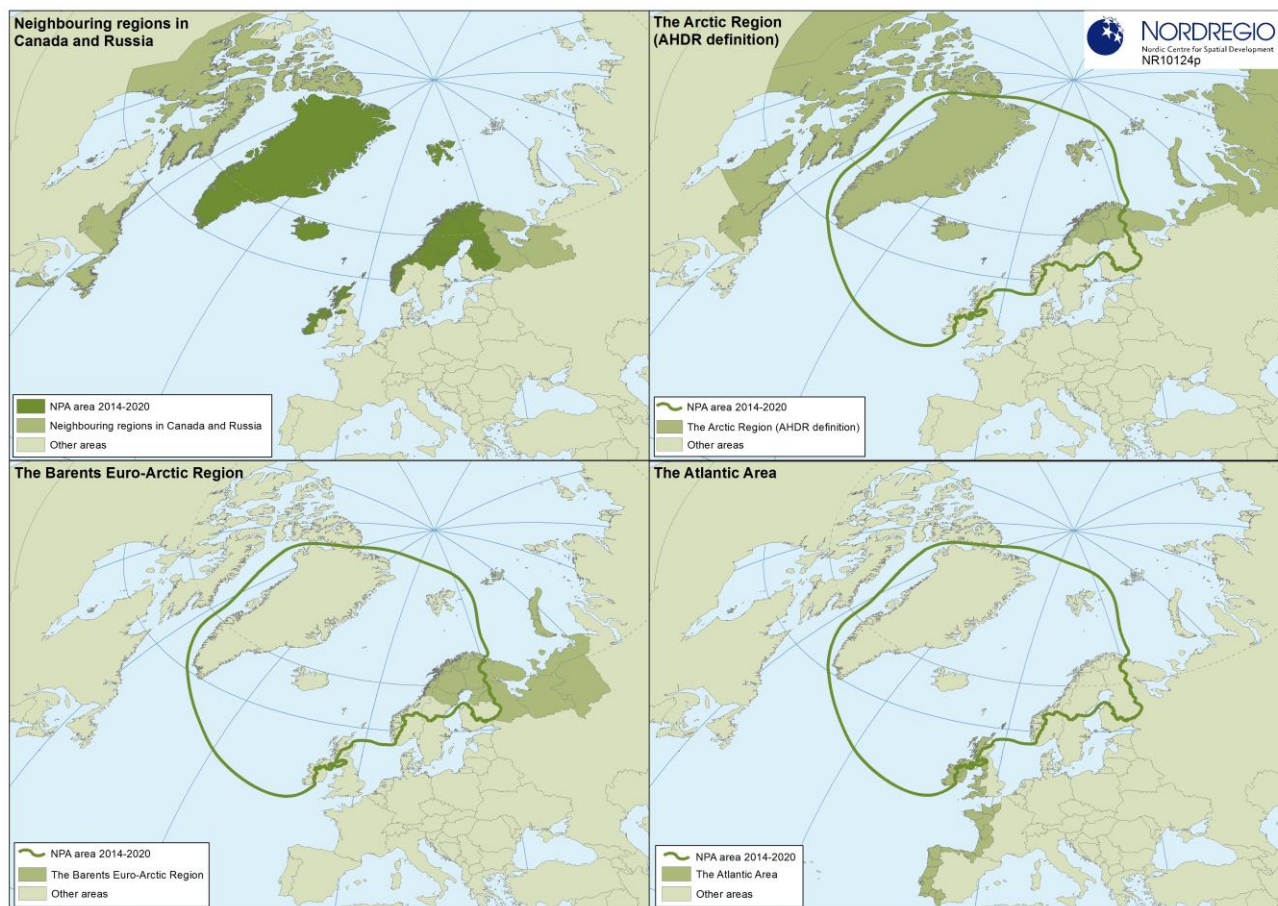
The climate varies considerably across the NPA-territories from an arctic climate in Greenland, the northern part of Iceland and the other Nordic countries to an oceanic climate in Faroe Islands, coastal Norway, Scotland, Northern Ireland and Ireland. However, climate change projections predict that ³ temperatures will rise higher and earlier in the Arctic region and neighbouring areas than in rest of the world. It is also expected that levels of precipitation will increase across the Programme area. Altogether, climate change will affect a wide range of human activities and welfare in different ways and to different extents. According to the OECD (2011), a defining characteristic of the effects of climate change is that they will be 'mixed'; increasing environmental challenges, but also new opportunities for regional economies. Furthermore, the OECD states that long-term economic development will depend on timely adaptation and reasonable management of the region's environment and natural resources.⁴

All of these challenges and potentials that have been highlighted in the preceding analysis are to a great extent interrelated, which means that they cannot be treated as individual or independent problems or possibilities. Crucially, they reach also 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.

³ Intergovernmental Panel on Climate Change: Forth Assessment Report: Climate Change 2007, Synthesis Report 2008

⁴ OECD Territorial Reviews, NORA Region 2011

Figure 2 Geographical context of the NPA Programme area

2.2 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)⁵ 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.

⁵ 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 in parts of the Programme area 	<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

3. Programme Strategy

3.1 Programme Vision

“The Cool North”

The Northern Periphery and Arctic Programme Area is the focus of increasing popular and political attention linked to climate change and its impacts throughout the Programme area. In addition, 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.

To counteract the overwhelming challenges 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
- Protecting, promoting and developing cultural and natural heritage

3.2 Rationale

3.2.1 Introduction

In the following sections, 3.2.2 to 3.2.7, the identified challenges and potentials will be ranked, where after the future role of the NPA 2014 – 2020 is discussed seen in the light of experiences from the previous Programmes. In continuation, four out of eleven thematic objectives set out by the EU are selected and the selection is justified in relation to the specific profile of the NPA Programme area. The possible contribution of the NPA 2014 – 2020 to the Europe 2020 Strategy and other important strategies and policies is discussed and concluded with an overview of the possible contribution of transnational cooperation in general.

3.2.2 Programme focus: 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 summarised below and set out in greater detail in the Annex, section 7.2.2 on page 64.

Challenges (= weaknesses and threats)

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

Weaknesses:

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

Threats:

- Globalisation and increased competition
- Environment & climate change

See Table 9 on page 64 for a further explanation of these challenges.

Potentials (= strengths and opportunities)

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

In a prioritised order the strengths and opportunity hereafter can be ranked as follow:

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 Table 10 on page 65 for further explanation of these potentials.

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.

Climate change could also lead to major new opportunities for utilisation of natural resources together with new transport and communication routes, linked to changes in Arctic sea ice. However, the 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.

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

This can be justified by the fact that the NPA area has a high proportion of small and micro enterprises⁶ scattered over a huge geographical area. Due to long distances and administrative borders (national, regional and local), only a very limited number of enterprises has established economic interaction and cooperation across the Programme Area. Lack of critical mass and lack of ability to utilise innovation and new technologies are related consequences. Transnational territorial cooperation through the NPA Programme can help to overcome some of these challenges.

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

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 other**

⁶ According to "The new SME definition, User guide and model declaration" published by DG Enterprise and Industry in 2005, micro, small and medium –sized enterprises (SMEs) are defined in relation to three parameters: number of employees, annual turnover and/or annual balance sheet. Micro enterprises have below 10 employees and a turnover not exceeding EUR 2 million, while small enterprises have below 50 employees and a turnover not exceeding EUR 10 million. Medium sized enterprises have below 250 employees and a turnover not exceeding EUR 50 million. The overwhelming part of all enterprises in the Programme Area is either micro- or small sized enterprises.

existing economic strengths within the Programme Area, e.g. in connection with food and drink production, the creative sectors and tourism.

Altogether, the strategy of the Programme is to foster more robust and dynamic local communities based on the abundance natural resources and a versatile business sector.

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. In addition 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.

For 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.

In summary 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. Thus, transnational territorial cooperation is key to overcome these shortcomings:

- 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.

3.2.3 Programme evolution: 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 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.⁷

I. Distinct Programme identity

The 2007-13 Programme has retained a strong, distinct ‘identity’ and rationale, which provides a strong foundation for the current and future Programmes. With its strong thematic focus on peripherality, the preceding NPP Programmes have distinguished themselves from other European territorial Cooperation Programmes. Crucially, this theme 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 Programmes have been particularly successful in recognising and responding to change. Over time, transnational cooperation has also been able to develop, evolve and innovate. For instance, a more strategic approach to managing the Programme has been 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 NPP 2007-2013 has ‘pushed the boundaries’ of INTERREG Programmes for the current Programme period. Both increased domestic

⁷ 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

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 Programme 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.

DRAFT

INTERREG IIIB Northern Periphery Programme 2000 -2006⁸

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 - 2013⁹

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

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

⁸ Based on the Update of the Mid-term Evaluation, Final Report to the managing Authority, EPRC 2005

⁹ Based on The evaluation of the Northern Periphery Programme, 2007 – 2013, Draft Final Evaluation Report, ERCP 2012

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 follows¹⁰:

- Development of transboundary results- 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 actions that are able to foster the needed changes in relation to the identified and prioritised challenges for the Programme area.*** This implies a higher external orientation and interaction at organisation level and a better utilisation of the existing innovation capacity and a higher level of entrepreneurship.

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 changes.

3.2.4 Justification for Selection of Themes (Incl. Their Financial Allocation)

The NPA 2014- 2020 draws on close consideration of the needs of the Programme Area, past experience and its position relative to other EU and domestic interventions. However, it has also 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 Programme has taken the Europe 2020 Strategy and accompanying guidance as anchor point for the programming process. In this context the EU has set 11 thematic objectives in the Common Strategic Framework, of 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 in terms of their relevance to the Programme Area, their fit with the capacity and resources of the Programme and its scope to deliver results.

¹⁰ 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

Table 2 Relevance of thematic objectives for NPA

Thematic Objective	Evaluation of relevance for the NPA-Programme area ¹¹
1 Strengthening research, technological development and innovation	This theme is regarded as particularly versatile. It can be used in different contexts and can cover a wide range of areas of interventions. 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 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.
3 Enhancing the competitiveness of SMEs	SMEs ¹² 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
4 Supporting the shift towards a low-carbon economy in all sectors	The Programme area has a high potential for the further development of renewable energy. In particular, a valuable area of Programme activity is to focus on how remote communities and business can work to address the issue and support actions under thematic objective 1 and 3.
5 Promoting climate change adaptation, risk prevention and management	The Programme Area is facing the immediate and direct impacts of climate change. The area holds specific expertise within this field. However, many of the significant and substantive measures required to respond to climate change are beyond the scope of the Programme. Therefore, the Programme goals have to be set in line with its resources. Suitable interventions that do address this issue and are in line with the Programme's resources and rationale could be funded through thematic objective 1. Furthermore, seen in relation to the proposed investment priorities (mainly direct investments in relation to climate change adaptation) the thematic objective has minor relevance for the NPA.
6 Preserving and protecting the environment and promoting resource efficiency	The Programme Area contains unique environments and numerous primary resources to be handled in a sustainable and sensitive manner. However, the reality is hyper-complex and large scale, and the 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.
7 Promoting sustainable transport and removing bottlenecks in key network infrastructures	Transport and links to major urban centres is a key concern for the NPA area. However, the region has very few large urban areas and does not have major parts of the TENs network. Therefore, the scope for the Programme to deliver results and address the issues in question is limited. The relatively modest financial resources available to the Programme also mean that, in contrast to other EU Programme, there is limited scope for the NPA to deliver results in this area.

¹¹ Based on the Ex-ante evaluation of NPA 2014 – 2020.....

¹² See footnote 6 on page 14.

<p>8, 9 & 10 Promoting sustainable and quality employment and supporting labour mobility</p> <p>Promoting social inclusion, combating poverty and discrimination</p> <p>Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure.</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 of public authorities and stakeholders and 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>

As Table 2 highlights, in principle all 11 thematic themes can be viewed as relevant to the Programme Area. However, the Programme's financial resources must be focussed within maximum four thematic objectives. The specific focus of some of the proposed investment priorities was judged to be less relevant for the Programme Area. The distribution of the Programme funds across the priorities can be found in [Table X](#) Overview of the Programme investment strategy.

As a result of the analysis the 'best fit' for the Programme is 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. Preserving and protecting the environment and promoting resource efficiency

3.2.5 Contribution to EU2020 and Cohesion Policy

As been noted, the NPA Programme has been developed in line with and will contribute to the Europe 2020 Strategy and accompanying strategies, guidance and regulations. 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 Area¹³. As a result the following links can be identified.

¹³ Ex Ante Evaluation of the Northern Periphery and Arctic Programme 2014 – 2020...

Smart growth will be addressed for example by:

- Supporting initiatives targeted cooperation and increased interaction between SMEs, here specifically micro and small enterprises receive much attention
- Supporting cooperation between SMEs and bigger firms e.g. in combination with research institutes

The majority of all SMEs within the Programme Area is either a micro or small enterprise¹⁴. In general, these enterprises are more locally oriented in terms of market and business relations compared to similar enterprises in urbanised areas. This lower level of external orientation of SMEs within the Programme Area can for example result in a lower level of competitiveness and a lower intake of new technology compared to more densely populated and urbanised areas.

Expertise related to cold climate and harsh conditions, 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:

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

More specifically, 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.

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 alongside other underrepresented groups
- 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- 2013¹⁵.

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

The NPA 2014-2020 Programme covers a large geographical area and many individual countries. The Programme Area so to speak bridges the Arctic, the Barents region and the Northwest Atlantic areas. As a result, the Programme has a vast number of policies and strategies to take into account. In this context, a case by case in depth analysis of precise complementarities of each Programme, strategy or framework has not been possible.

¹⁴ See footnote 6 on page 14.

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.

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

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

3.2.7 Contribution to Other Strategies and Policies

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. As mentioned above, it is important to avoid overlapping with other programmes and to strengthen the complementarity between programmes. 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 national and EU Programmes. The current macro-economic situation with shrinking public budgets and expectations for relatively low economic growth 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 and strategies

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 strategies	Baltic Sea Region Strategy Action plan for a Maritime Strategy for the Atlantic area (North Sea Region Strategy)
--	--

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 northern- and westernmost coastal and sparsely populated areas of Europe, including 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.

More general the NPA 2014 – 2020 can contribute to the cross border Programmes in coastal and/or low densely 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 densely 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 northern- or westernmost 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 coastal or peripheral and sparsely populated parts of the Programme areas. Of specific interest is the partly thematic overlap between the Action plan for a Maritime Strategy for the Atlantic and the NPA 2014 – 2020, where the development potentials within the maritime and the marine sectors have a high attention, as well as the thematic overlap with the EU Strategy for the Baltic Sea Region, where innovation and management of natural resources receive much attention.

Cooperation in the Arctic area

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

Arctic cooperation takes place in a number of international fora e.g. the Arctic Council, the Barents 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 foster changes, which are of importance to people, including indigenous people, living in the Arctic area.

To explore and develop the Arctic dimension of the NPA Programme a preparatory project, *Arctic Dimension in the Northern Periphery Cooperation*, was carried out in 2012 – 2013. In parallel, the so-called “Bodø process” took place. This initiative was taken by the Norwegian members of the NPA Programme Planning Group with the overall aim to contribute to regional development and cooperation through a strategic and coordinated use of different European and other programmes within the Arctic area. A number of workshops and seminars have been held with this purpose and the process may result in a more institutionalised cooperation between the programmes that cover the Arctic area.

Partnership Agreements

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

Most Member States are still drafting the Partnership Agreements; however, based on the drafts, the following themes are very much in line with the priorities of the NPA¹⁶:

- 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.

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. Other examples are the Integrated Maritime Policy for the European Union and the EU Blue Growth Strategy. 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.

¹⁶ Ex-ante evaluation of the Northern Periphery and Arctic Programme 2014-2020, Status Report.. + Strategic Overview

Domestic policies and strategies

The major factor influencing current economic development policies is the economic crisis. The NPA will operate in a quite different economic and political context compared to the one pertaining in 2006, when the current NPP 2007-2013 was drafted. The economic crisis has triggered a shift in economic fortunes across the region and led to major changes in macroeconomic policy¹⁷. 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.

3.2.8 Concepts of Transnational Cooperation

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 from the previous Northern Periphery Programme 2007-2013 remains that the individual supported project has to deliver tangible and measurable results, often in the format of new products and services. However, the ambition is also that the Programme as such has to foster changes within the wider Programme Area, not only for the individual actors directly involved in the supported projects. This implies that the results of individual supported project have to contribute to the Programme area wide changes. The results, the new products and services, shall in that sense offer solutions to address the identified Programme Area specific problems and needs.

¹⁷ 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

Types of changes fostered by the programme include change of attitude and of actual behaviour in relation to innovation processes, entrepreneurship and market behaviour among SMEs in the low densely populated areas outside the regional centres.

Another type of change is to enhance the ability and preparedness of local and regional communities to handle the risks connected to climate change and large scale exploitation of natural resources. .

3.3 Horizontal principles

The Northern Periphery and Arctic Programme aims to be a first class region 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.

3.3.1 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

3.3.2 Inclusion and Diversity

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

As observed in the Programme area analysis, the regions involved in the NPA are 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. It has therefore opted to focus on the positive dimension of the principle of non-discrimination, which is *inclusion and diversity*.

The Northern Periphery and Arctic Programme shall contribute to a more inclusive and cohesive development by means 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.

Within the NPA Programme area there are two indigenous groups, Inuit in Greenland and Sami in Norway, Sweden and Finland. The NPA Programme recognizes that these groups are entitled to special rights under the United Nations Declaration on the Rights of Indigenous Peoples, and European Union law. For example, the right for indigenous peoples to live off the natural resources available, such as taking products of sealskin to the market, and the right. The NPA Programme looks for a more extensive cooperation with the Arctic Council Indigenous Peoples Secretariat as well as with representative organizations of the main indigenous peoples in the programme area, such as the Inuit Circumpolar Conference and the Sami Council . 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.

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

- 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 a supply of “social enterprise”¹⁸ services
- Adopt homeworking, IT solutions for transnational cooperation

¹⁸ Definition: “Social enterprises are businesses that trade to tackle social problems, improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community”, source: www.socialenterprise.org.uk.

- 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.

3.3.3 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 attractive labour market for women, 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.

4. Priorities

4.1 Introduction to the Priorities

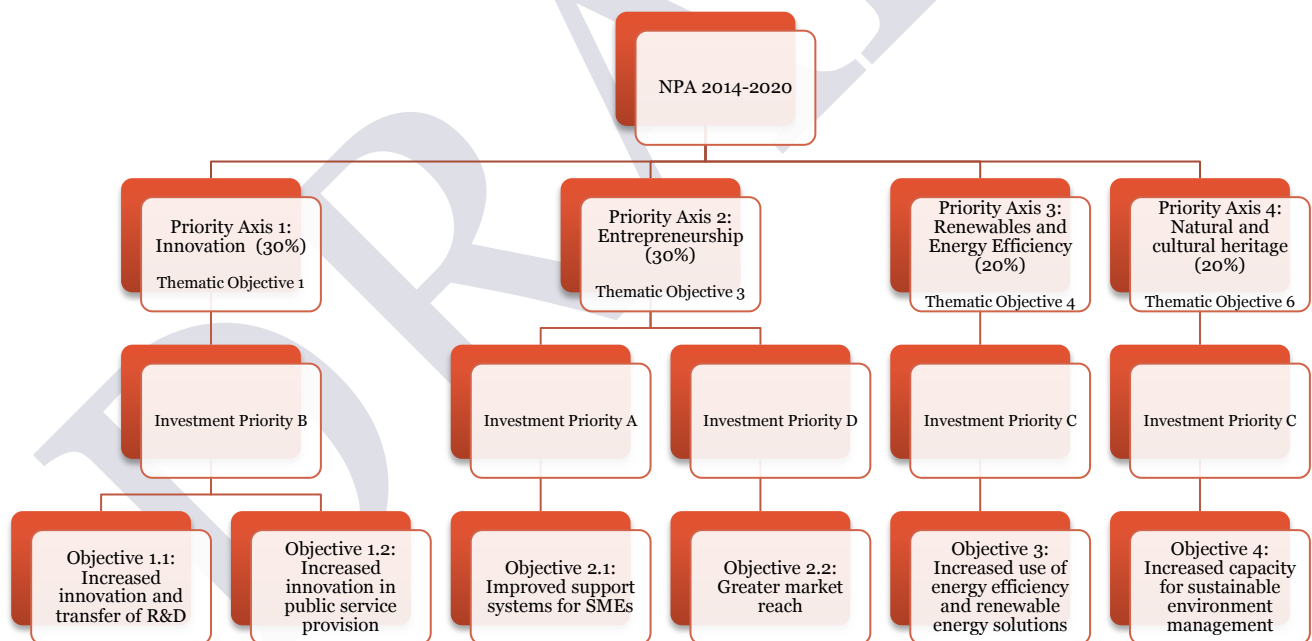
Figure 3 illustrates a graph of the 4 priorities of the Northern Periphery and Arctic Programme 2014-2020, in accordance with the selection of themes in the Programme Strategy and reflecting the choice of the Programme partners and other stakeholders.

Priorities:

1. 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.

Figure 3 - Structure Priority Axes 1-4



4.1.1 Guiding principles for the selection of operations

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

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

Quality Objectives

- **Concrete:** The main project outputs are recognisable as a tangible solution (most commonly a product or service) which address identified challenges within the Programme area. In addition, it is clear how project outputs will facilitate or contribute to a concrete Programme result such as increased awareness, attitude change or behaviour change.
- **Innovative:** The project output is new or innovative to the partner organisations, the partner countries involved, or the Programme area.
- **Focused:** Projects can demonstrate a link between the development challenges or opportunities they address and the relevant Programme specific objective, and they can state the changes they intend to bring about. The design of project outputs (functionality, usability) is in line with the specific objective the project is addressing and the result it seeks to achieve.
- **Relevant:** Project outputs take into account relevant conditions in each part of the project's target area. This means that the project outcomes:
 - Demonstrate a *high relevance for the development needs and opportunities* in the target area.
 - Take into account the *level of maturity in the field* of intervention for each part of the target area.
 - *Demand-driven:* The development of project outputs is based on demonstrable stakeholder demand and include stakeholder involvement (interface)
- **Responsible:** The design of project outputs takes into account the 3 horizontal principles of environmental sustainability, inclusion and diversity, and equality between men and women.
- **Viable:** Project outputs are supported by appropriate business and dissemination models that allow the project output to become self-sustaining when the project support ends. (Actual implementation and a first review of the model are expected during the project lifetime.) Business models describe:
 - *Marketing plans* for the project output to reach identified relevant target groups. Note: project branding should focus on project outcomes, not on promoting the project as such.
 - *Realistic provision/delivery models.* For example, ensuring that that the project output is delivered by organisations with the right competences, and well integrated, etc.
- **Transnational:** The design of project outputs clearly draws on the results of transnational cooperation, e.g. transferring models/knowledge/technology from one region to another, partners complementing each others' competences and resources, combining different regional skill sets, gaining a critical mass, etc.
- **Strategic:** Project outputs contribute to the EU2020 Strategy priorities of smart growth, sustainable growth and inclusive growth. If applicable, project outputs should also facilitate the implementation of national or regional development policies/strategies or inform them.
- **Value-for-money:** the development and implementation of the project output is proportional to the challenge or opportunity addressed and the expected benefit/impact/return on investment. Also, the money generating/money saving aspect can be demonstrated.

4.1.2 Performance Framework

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

DISCLAIMER: Currently, the performance framework is based on assumptions, and is still under development until financial allocations are confirmed.

Project milestones

Following assumptions are based on implementing a programme in the order of **100 MEUR** total Programme funding including all funding sources including public match funding, and a NPA 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 2 MEUR. Under this assumption, approximately 50 main projects could be funded for an approximate cost of 94 MEUR.
2. The milestones for completed main projects would be approximately 15 in 2018 and 50 main project as a final target in 2023

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

- It is proposed that 30% of the funds are allocated to Priority axis 1, which equals approximately 28 MEUR for 15 main projects
- It is proposed that 30% of the funds to Priority Axis 2, which equals approximately 28 MEUR for 15 main projects
- It is proposed that 20% Priority Axis 3, which equals approximately 18 MEUR for 10 main projects
- It is proposed that 20% Priority Axis 4, which equals approximately 18 MEUR for 10 main projects

Output milestones

Following the assumption above that 50 projects will be funded:

- By 2018, approximately 18 enterprises have been supported by completed projects
- By 2018, approximately 18 products and services have been developed by completed projects
- By 2023, approximately 42 enterprises have been supported by completed projects
- By 2023, approximately 100 project outputs have been developed by completed projects

Financial milestones

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

- By 2018, second N+3 target met
- By 2018, approximately 60% of funding has been allocated or 60 MEUR
- In 2020, approximately 100% allocation of Programme funding
- By 2023, all payment claims made

Implementation milestones

Following the above assumptions, and for example:

- Approximately 6 project calls by 2018 – for main projects
- Approximately 60 projects received by 2018
- Approximately 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 7, on page 62.

4.2 Priority Axis 1

Using Innovation to Maintain and Develop Robust and Competitive Communities¹⁹

The Priority Axis consists of 2 specific objectives.

4.2.1 Specific Objective 1.1

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

Result sought

SMEs, among these in particular micro enterprises²⁰, in remote and sparsely populated communities commonly suffer from lack of critical mass and weak external links to access innovation support.

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

Key drivers of this process include the following:

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

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to an **improved innovation environment in peripheral areas**, with support infrastructures that encourage SMEs in these regions to participate in innovation processes, and contribute to **more outward-looking attitudes towards innovation**, which facilitate interaction between SMEs and R&D actors across regional and national borders. A tangible Programme-level result in the medium term will be changing attitudes to innovation and changing behaviour among SMEs and intermediary actors. In the longer term, the result will

¹⁹ Priority Axis 1 addresses Thematic Objective 1, Investment Priority B “*promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies;*”

²⁰ See footnote 6 on page 14.

be a higher level of innovation and competitiveness in remote and sparsely populated areas. Result indicators can be found in Table 5, page 56.

Actions supported

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

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

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

Main target groups (end users)

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

Local and regional SMEs, among these specifically micro enterprises in remote and sparsely populated areas. Local communities, in particular in terms of opportunities for high skilled jobs for young people and local residents resulting from increased innovation. Furthermore, it is the Programme's ambition to involve underrepresented groups into SME innovation processes.

Types of beneficiaries (project partners)

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

Actors in the innovation system (or the innovation cycle), including knowledge brokers such as universities and research institutes, organisations representing SMEs, intermediary bodies (public or private) involved in clustering SMEs, and the business services sector, including the creative sector. In addition, larger companies may play a role as R&D providers.

Common and specific output indicators can be found in Table 6, page 58.

4.2.2 Specific Objective 1.2

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

Result sought

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

Transnational cooperation can facilitate the transfer and the development of innovative organisational models, processes and solutions to address the viability of public service provision and the provision of basic goods and services, e.g. through private-public partnerships, urban-rural cooperation, social enterprises²¹ and other innovative approaches to pooling competences and resources.

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

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to **an increased awareness of and openness to new approaches to providing and consuming public services that will meet future demands** in remote and sparsely populated areas. A more tangible result in the medium term will be development of new concepts for public service provision. In the longer term, transnational cooperation shall contribute to a “future proofing” of public service in remote, sparsely populated areas. Result indicators can be found in in Table 5, page 56.

Actions supported

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

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

- Transfer and development of innovative models or solutions addressing viability and low critical mass in public service provision in remote and sparsely populated areas.
- Transfer and development of technology-driven solutions for public service provision in remote and sparsely populated areas.

Main target groups (end users)

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

Local communities in remote and sparsely populated areas.

²¹ Definition: “Social enterprises are businesses that trade to tackle social problems, improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community”, source: www.socialenterprise.org.uk.

Types of beneficiaries (project partners)

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

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

Common and specific output indicators can be found in in Table 6, page 58.

4.3 Priority Axis 2***Promoting Entrepreneurship to Realise the Potential of the Programme Area's Competitive Advantage²²***

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

4.3.1 Specific Objective 2.1***Improved support systems tailored for start-ups and existing SMEs in remote and sparsely populated areas******Result sought***

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

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

- Business support systems will focus on removing barriers and bottlenecks for SMEs, for example by facilitating campus incubator support and other types of business support over distance, promoting innovative funding mechanisms to attract internal and external investments such as crowd-funding, creating support networks of peers, developing inclusive business models and jobs/training positions based on recognising and utilising people's different talents and skills, and targeted use of public procurement.
- Business support systems will also focus on realising the potential of 'place-based' development opportunities. For example, the Programme area's unique cultural and natural heritage is a basis for tourism and experience industries based on the area unique natural environment, indigenous

²² 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 D "*Supporting the capacity of SMEs to grow in regional, national and international markets and to engage in innovation processes*".

lifestyles, and creative industries. This also includes business opportunities offered by the Green Economy and Blue Growth.

- In addition, NPA interventions will aim to support and encourage entrepreneurship among underrepresented groups.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to an **improved entrepreneurial business environment** supporting start-ups and existing companies in remote and sparsely populated areas. A tangible result in the medium term will be development of new business support systems. In the longer term, transnational cooperation will contribute to a higher frequency and success rate of start ups and survival of existing SMEs in remote, sparsely populated areas. Result indicators can be found in Table 5, page 56.

Actions Supported

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

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

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

Main target groups (end users)

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

New start-up and existing SMEs, self-employed individuals, and social enterprises²³. It is the Programme's ambition to encourage entrepreneurship, especially among underrepresented groups.

Types of beneficiaries (project partners)

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

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

Common and specific output indicators can be found in Table 6, page 58.

²³ The NPA 2014-2020 uses the EU definition of SMEs. However, in the NPA context, social or community enterprises are considered key target groups and beneficiaries and relevant for raising the overall level of entrepreneurship and business environment in the Programme area. Definition: "Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community", source: www.socialenterprise.org.uk.

4.3.2 Specific Objective 2.2

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

Result sought

In addition to the well-recognised challenges faced by entrepreneurs, SMEs, among these more specifically micro enterprises in remote and sparsely populated areas, are faced by particular challenges, such as a small local customer base and long distances to market. In addition, micro enterprises - SMEs with fewer than 10 employees - commonly lack experience or a tradition of cooperation with enterprises outside the local area.

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

- Marketing models will be used to transnationally cluster SMEs with a complementary product or service portfolio. For example, exclusive product or service packages can be developed to attract high-end customers; a joint market approach can be used for high quality natural products of the Programme area, such as Arctic products, or products aimed at the growing global market in health products, cosmetics, pharmaceuticals and regional food and drinks; business can even form their own networks to take advantage of trends such as increasing cruise tourism in the Programme area or use market research to discover new consumer markets..
- Crucially, marketing models will focus on the use of ICT solutions, e-commerce and social media, and cooperation on logistics to overcome barriers such as distance to markets.
- Marketing models will be used to realise the potential of 'place-based' development opportunities. For example, the Programme area's unique cultural and natural heritage is a basis for tourism and experience industries based on the area unique natural environment, indigenous lifestyles, and creative industries. Further place-based opportunities include cold climate testing facilities for equipment and vehicles, a first-mover advantage in the Silver Economy, locally derived eco-products, new products based on Blue Growth, and natural resources, such as fisheries, forestry and agriculture.
- Marketing models will also focus on capturing spinoffs from local or regional large-scale investments, such as models to reduce risks for SMEs in up-scaling their production and delivery capacity.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to an **increased awareness of and increased capacity to act on business opportunities beyond local markets** to overcome challenges faced by SMEs in remote and sparsely populated areas, such as a small customer base and long distance to market. A tangible result in the medium term will be changed attitudes and market behaviour among SMEs in remote, sparsely populated areas. In the longer term, transnational cooperation will contribute to an enhanced integration of the Programme area within the global economy. Result indicators can be found in Table 5, page 56.

Actions Supported

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

These actions are envisaged to be mainly based on, but not limited to, shared characteristics such as climate conditions, demographic profile, abundance of natural resources, rich cultural and natural heritage. The actions are also viewed as appropriate for mega investments, such as new mining projects or new wind farms. They are viewed as especially appropriate for reaching an international customer base, beyond the NPA area:

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

Main target groups (end users)

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

Existing SMEs, including those organised as cooperatives, self-employed individuals, and social enterprises²⁴. It is the Programme's ambition to encourage entrepreneurship, especially among underrepresented groups.

Types of beneficiaries (project partners)

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

Intermediary bodies dealing with the private sector, such as the public sector, regional development agencies, Chambers of Commerce, education and training providers, associations and other bodies representing the private sector. In addition, actors in the export chain, such as export agencies, international Chambers of Commerce, trade organisations, sector specific organisations, representatives of logistics and distribution companies, port authorities, business services including marketing as well as business services provided by the creative industries and civil society organisations. In addition, projects could cooperate with technical partners, such as eBay, Google and so on.

Common and specific output indicators can be found in Table 6, page 58.

4.4 Priority Axis 3

Fostering Energy-Secure Communities through Promotion of Renewable Energy and Energy Efficiency²⁵

The Priority Axis consists of 1 specific objective.

4.4.1 Specific Objective 3

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

Result sought

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

²⁴ The NPA 2014-2020 uses the EU definition of SMEs. However, in the NPA context, social or community enterprises are considered key target groups and beneficiaries and relevant for raising the overall level of entrepreneurship and business environment in the Programme area. Definition: "Social enterprises are businesses that trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community", source: www.socialenterprise.org.uk.

²⁵ Priority Axis 3 addresses Thematic Objective 4, Investment Priority C "Supporting energy efficiency, smart energy management and renewable energy use in public infrastructures, including in public buildings, and in the housing sector;"

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

A change in awareness and public policy is required to achieve a higher uptake of energy efficiency measures and renewable energy solutions in housing and public infrastructures²⁶. Relevant actions could include incentives for retrofitting houses, changes of demands on constructing houses, a change of urban planning, a change of energy policy, and so on.

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

- Facilitating the transfer and development of models and approaches to help communities access and utilise renewable energy solutions for housing and public infrastructures and for cold climates and dispersed settlements. For example, opportunities include enabling communities to use energy sources based on local natural resources, ‘symbiotic’ solutions can be developed, using the by-products of one activity to provide energy for public infrastructures or housing, e.g. using cooling water to heat buildings.
- Facilitating the transfer and development of new energy efficiency concepts for constructing, maintaining and running housing and public infrastructures, suitable for cold climates and dispersed settlements. These include new housing concepts and the innovative use of building materials and other energy efficiency measures, such as using low energy building materials based on natural products from the Programme area, recycling buildings and building materials, and the promotion of low/zero energy housing, in particular in the Arctic.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to **increased awareness about and increased readiness to invest in energy efficiency measures and renewable energy solutions suitable for constructing, maintaining and running housing and public infrastructures** in cold climates and dispersed settlements. A tangible result in the medium term will be development of a number of new concepts for energy saving and use of renewable energy suited for small dispersed settlements and public infrastructures in cold climates. In addition, such a shift to new concepts could create business opportunities for companies developing and installing such solutions. In the longer term, transnational cooperation will contribute to higher energy efficiency in remote, sparsely populated areas. Result indicators can be found in Table 5, page 56.

Actions Supported

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

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

Main target groups (end users)

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

²⁶ This includes community assets, such as heritage buildings owned by NGOs.

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

Types of beneficiaries (project partners)

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

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

Common and specific output indicators can be found in Table 6, page 58.

4.5 Priority Axis 4

Protecting, promoting and developing cultural and natural heritage.²⁷

The Priority Axis consists of 1 specific objective.

4.5.1 Specific Objective 4

Increased capacity of remote and sparsely populated communities for sustainable environmental management²⁸

Result sought

The NPA area is characterised by a high quality but fragile natural environments and a rich cultural heritage. However, local communities in the Programme area are also faced by the impacts of major global trends, such as climate change impacts on people, and rapid economic and environmental changes as large-scale industrial projects. These developments can lead to major environmental, as well as associated economic and social, upheavals. The scale of the issues is often beyond the scope of the individual communities to cope with on their own, and requires a wide range of competences and expertise.

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

Remote and sparsely populated communities should be empowered to find a dynamic balance between environmental, economic, and social interests to sustain their welfare and viability. Sustainable environmental management not only helps to prevent and mitigate damage to natural and cultural heritage sites as a result of economic, social and environmental change. It also fosters the awareness that effective environmental

²⁷ Priority Axis 4 addresses Thematic Objective 6, Investment Priority C “*Conserving, protecting, promoting and developing cultural and natural heritage;*”

²⁸ Sustainable environmental management is based on the idea that the concept of sustainable economic growth is the key to striking the balance between conserving the environment and maintaining prosperity in the developed world while achieving economic development in underdeveloped countries. Taken from the abstract of “Sustainable environmental management: principles and practice” by Kerry Turner, R. 1988.

management is needed to continue to be able to make use of natural in general, and natural and cultural heritage sites in specific as assets to achieve sustainable growth in the community.

Transnational cooperation can help these communities by:

- Facilitating the transfer of best-practice models and the transnational pooling of competence and expertise to build capacity, share knowledge, and know-how and develop tools to help local authorities and remote and sparsely populated communities with sustainable environmental management to address the economic, environmental and social tensions arising from major developments (often accessing natural resources) and to derive socio economic benefit from such developments.
- Facilitating the transfer and development of decision-making tools and solutions to help local authorities and communities in remote and sparsely populated areas deal with sustainable environmental management to capitalise on the development opportunities presented by the environmental and cultural heritage of the NPA.
- Facilitating the transfer and development of concepts and models for the protection, promotion and sustainable development of the natural and cultural heritage according to promote a more dynamic interpretation of sustainable environmental management.

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to an **increased preparedness for community-based sustainable environmental management. This enhanced management shall facilitate community development whilst at the same time balancing environmental, economic and social interests** in remote and sparsely populated areas. In particular, this shall be seen in relation to exploitation of natural resources and big new investments, for example within the mineral and renewable energy sectors. A tangible result in the medium term perspective will be development of new management processes and competence development activities within public authorities. A longer term result of transnational cooperation will be a higher level of capability to handle changes that impact the cultural and natural heritage within the Programme area. Result indicators can be found in Table 5, page 56.

Actions Supported

These actions are envisaged to be mainly focused on, but not limited to, issues such as land use, fresh water supply, coastal management, natural resource management, biodiversity, natural hazards, and climate change impacts. <May be updated on the basis of the Strategic Environmental Assessment>

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

- Development and transfer of best-practice models and solutions for “up skilling” local authorities and community groups, focusing on skills and competences like negotiation skills, change management skills, expertise on climate change impacts, environmental impacts, social impacts, and economic impacts.
- Development and transfer of new organisational models, such as pooling of competences across regional and national borders, facilitating local authorities and community groups for sustainable environmental management.
- Development and transfer of decision-making tools and solutions, such as new types of environmental assessments, to help local authorities deal with sustainable environmental management.
- Development and transfer of new governance concepts that involve all groups of civil society in the decision and policy making process

- Development and transfer of concepts models for the protection, promotion and development of natural and cultural heritage according to a more dynamic interpretation of sustainable environmental management.

Main target groups (end users)

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

Types of beneficiaries (project partners)

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

Public sector organisations, education and training providers, private organisations and representative bodies, private-public partnerships, social enterprises, and third sector organisations.

Common and specific output indicators can be found in Table 6, page 58.

4.6 Priority Axis Technical Assistance

The Priority Axis Technical Assistance consists of 1 specific objective.

4.6.1 Specific objective 5

Leaner Programme management and more effective Programme implementation

Result sought

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

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

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

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

Note: According to Art 7 .c. of the ETC Regulation, expected results and result indicators with baseline value and target value is not needed since the TA does not exceed EUR 15 000 000.

Actions Supported

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

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

Main target groups (end users)

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

Programme stakeholders, such as national and regional authorities, project promoters, project partners, policy makers in the Programme area, financiers, and other organisations that are affected by the Programme.

Types of beneficiaries (project partners)

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

Programme bodies, such as the Managing Authority, Joint Programme Secretariat, Audit Authority, Regional Contact Points, Programme Monitoring Committee, Programme Management Group.

Suggested indicators

Output indicators

- Number of simplification measures implemented
- Number of project development support activities
- Number of calls held
- Number of applications received
- Number of approved projects
- Number of projects involving Arctic partners
- Number of projects in interregional cooperation developed and implemented to reinforce the effectiveness of cohesion policy (Common Indicator)
- Number of information and communication activities (broken down by type and stakeholder group)

Focus areas for the evaluation strategy

- Performance on stakeholder engagement through information and communication measures and project development support measures:
 - For example, through surveys measuring awareness and attitude regarding Programme/projects/results, measuring how well administrative procedures are understood, measuring performance of communication between Programme bodies, measuring the degree to which the Programme attracts new project partners, etc.
- Average time to process a claim
- Error rate

5. Financing

5.1 Programme Financing

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

The Member State financing consists of **xxxx** MEUR from the European Regional Development Fund (ERDF) and **xxxx** MEUR of national match funding. The *national* match funding is calculated to be **xx**% for Priority 1, **xx**% for Priority 2 **etc...**

The Non Member States financing consists of **xxxx** MEUR from ERDF equivalent funds from Norway, Iceland, Greenland and the Faroe Islands. The national match funding for Non Member States financing is calculated to be **xx**% for Priority 1, **xx**% for Priory 2 **etc....**

Further detail on the Programme financing can be found in the financial tables, as shown in Annex **7.2** (mandatory tables according to the draft ETC OP template)

5.2 Intervention rate & Match funding

The ERDF co-financing rate for partners in Member States is *in general* up to **xx**% of eligible costs.

The co-financing rate for partners in Non Member States shall *in general* be **xx**% of eligible costs.

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

5.2.1 Match funding

National match funding is a pre-requisite for receiving Northern Periphery **funding...**

5.2.2 Geographical flexibility

In accordance with Article 19 of the draft ETC Regulation, the Northern Periphery Programme values cooperation with partners outside the Programme area if this is for the benefit of the Programme area. The total ERDF amount allocated to finance expenditure incurred by partners outside the Union part of the Programme area, cannot exceed 20% of the support from the ERDF at Programme level.

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

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

5.3 Eligibility of Expenditure

In accordance with Article 55 (1) of the draft Common Provisions Regulation, expenditure shall be eligible if it has been incurred and paid by a beneficiary between the date of submission of the Programme to the European Commission or from 1 January 2014, whichever is earlier, and 31 December 2022.

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

According to Article 17 of the draft ETC Regulation, the Monitoring Committee will, if needed, establish additional eligibility rules for the NPA 2014-2020 as a whole. Only in cases where expenditure is not covered by the rules above, national rules of the country, where the expenditure is incurred and paid, shall apply.

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

Disclaimer: this text is subject to final approval by the Programme Monitoring Committee.

6. Implementation

6.1 Programme management structure

6.1.1 Identification of the relevant authorities and bodies

Table 4 Identification of and contact details for the relevant authorities and bodies

Authority/body	Name of the authority/body	Head of the authority/body	Address	Telephone	e-mail address
Managing authority	County Administrative Board of Västerbotten	Ms Anneli Nilsson	Storgatan 71B, SE-901 86, Umeå, Sweden	+46 10 225 44 93	anneli.nilsson@lansstyrelsen.se
[Certifying authority, where applicable]					
Audit authority	Ekonomistyrningsverket		Drottninggatan 89, Box 45316, SE-104 30, Stockholm, Sweden	+46 8 690 4300	registrator@esv.se
Body or bodies designated to carry out control tasks					
Body or bodies designated to be responsible for carrying out audit tasks					

6.1.2 Procedure for setting up the Joint Secretariat

In accordance with Article 22 of the ETC Regulation, the Managing Authority, after consultation with the Member States and third countries participating in the Programme, shall set up a Joint Secretariat.

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

Contact information for Joint Programme Secretariat

Postal address:

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

Phone: +45 3283 3784

Fax: +45 3283 3775

6.1.3 Summary description of the management and control arrangements

Note: The demands in connection to the fact that ETC Programmes shall set up a computerised monitoring system in order to collect all information on project and Programme progress (art. 114 (d) of draft Common Provisions Regulation) and that the Programmes shall provide their beneficiaries with a system allowing submission of information in electronic form (art. 112(3)), imply that the organisation and working routines within the entire Programme organisation shall be reviewed in relation to previous experiences.

Managing Authority

The Managing Authority shall carry out the functions laid down in Articles 114 of the Common Provisions Regulation.

Insert list of tasks in Art 114

Furthermore, the Managing Authority shall satisfy itself that the expenditure of each beneficiary participating in an operation has been verified by a designated controller.

The managing authority shall also be responsible for carrying out the function of the certifying authority according to Art 115 of the CPR Regulation:

Insert list of tasks in Art 115

Furthermore, the managing authority shall receive the payments made by the Commission and shall make payments to the lead beneficiary in accordance with Article 122 of the CPR Regulation.

The Managing Authority shall be funded from the Technical Assistance budget within the limits pursuant to Article xx in the ETC Regulation. **Approximately xx% of the technical assistance budget will be set aside for the Managing Authority operations.**

Audit Authority incl. Group of Auditors

The Audit Authority shall perform its tasks in accordance with Article 116 of the Common Provisions Regulation.

Group of Auditors

In accordance with Art 23 of the ETC Regulation, the Audit Authority shall be assisted by a Group of Auditors composed by a representative from each Member State and third country participating in the Programme.

The group of auditors shall be set up within three months of the decision approving the cooperation Programme. It shall draw up its own rules of procedure, which will ensure coordination among the members of the Group, and shall be chaired by the audit authority for the cooperation Programme. With regard to the Faroe Islands and Greenland, a special agreement shall be set up. The auditors shall be functionally independent of controllers who carry out verifications under Article 22 of the ETC Regulation.

The Audit Authority shall be funded from the Technical Assistance budget within the limits pursuant to Article xx in the ETC Regulation. Approximately xx% of the technical assistance budget will be set aside for the Audit Authority operations.

Joint Secretariat

The Joint Secretariat shall assist the Managing Authority, the monitoring committee and the audit authority in carrying out their respective functions. The Joint Secretariat shall also provide information to potential beneficiaries about funding opportunities under cooperation Programmes and shall assist beneficiaries in the implementation of operations.

It shall be responsible for the following tasks:

- a. to distribute information and implement publicity measures on the Programme to support generation, development and implementation of projects;
- b. to advise (potential) beneficiaries and lead beneficiaries on the Programme;
- c. to manage the project application process including information and advice to applicants, checking and technical assessment of applications and advising partners of decisions; including support of applicants in the use of the electronic application system
- d. to act as secretariat to the Monitoring Committee, i.e. organise its meetings, draft the minutes, prepare, implement and follow up its decisions, including development and conducting preparatory projects etc.; the same shall apply with regard to the Programme Management Groups and any other Groups or task forces set up by the Monitoring Committee;
- e. to monitor progress, including financial progress, made by selected projects by checking reports; (part of new e-monitoring system)
- f. to perform general coordination of the work of the Regional Contact Points, to issue guidelines for the Regional Contact Points and support them in their tasks;
- g. to establish close links with the Chairpersons/secretaries of the Regional Advisory Groups and support them in their tasks;
- h. to co-operate with organisations, institutions and networks relevant to the objectives of the Programme. In doing so, the JPS should focus on the Northern Periphery Programme area.

The tasks of the Joint Secretariat shall be carried out under the responsibility of the Managing Authority. The Joint Secretariat shall be funded from the Technical Assistance budget within the limits pursuant to Article xx in the ETC Regulation. Approximately xx% of the Technical Assistance budget will be set aside for the secretariat operations.

Other Bodies

- **Programme Monitoring Committee**

To be inserted at a later stage

- **Programme Management Group**

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

- **Regional Contact Points**

Due to the large Programme area, Regional Contact Points (RCPs) shall be established to assist the JPS with its information, promotion and advisory tasks. The RCPs shall also provide technical support to the Regional Advisory Groups in assessing project applications within the framework established by the Programme Monitoring Committee. The RCPs will be located in the Programme area. They will form a network that will work in close cooperation with the JPS and the JPS shall be responsible for issuing guidelines and terms for the work of the RCPs. The RCPs will be partially funded from the Technical Assistance budget. **Approximately xx% of the Technical Assistance budget will be set aside for RCP operations.** Terms of reference will be decided by the PMC.

- **Regional Advisory Groups**

In line with the partnership principle, Regional Advisory Groups (RAGs) shall be established to assist the Programme Monitoring Committee in assessing project applications. The RAGs shall be composed of regional representatives and is expected to include bodies, such as **competent regional, local, urban and other public authorities, economic and social partners, and bodies representing civil society, including representation of environmental authorities, non-governmental organisations, and bodies responsible for promoting equality and non-discrimination.** The tasks of the RAGs shall be determined by the Programme Monitoring Committee, Terms of Reference for the RAGs will be decided by the PMC.

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

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

Procedures for applications and selections for the different types of projects

Project selection shall be carried out by the Programme Monitoring Committee following open calls for applications. Calls for applications shall be launched regularly and as a general rule there will be up to **X** calls per year from 2014 until 2020. In line with its pro-active approach, the Programme Monitoring Committee may decide on a special focus or specific requirements for individual calls. The end dates for main project applications will be published on the Programme website and will also be widely publicised as part of the information and publicity requirements of the JPS and RCPs. Before the first call for applications is launched, the JPS shall prepare and the PMC shall adopt an information and application package for applicants.

Selection procedure

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

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

Financing

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

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

Conflict of interest

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

6.1.4 Apportionment of liabilities among MS and third countries

According to Art 25 of the ETC Regulation, the managing authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead or sole beneficiary. Beneficiaries shall repay the lead beneficiary any amounts unduly paid.

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

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

- Each Member State, as well as Norway and Iceland, bears the possible financial consequences of irregularities committed by the partners, associated participants, the Managing Authority and the Joint Secretariat in compliance with Article 25 of the ETC Regulation.

- The Member State as well as Norway and Iceland will jointly bear the financial consequences, whereby each Member State/Norway/Iceland shall be responsible in proportion to the ERDF/Norwegian/Icelandic contribution of the respective national project partners involved;

ERDF equivalent funding

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

- Each country bears the possible financial consequences of irregularities committed by the partners and the associated participants in compliance with Art 25 of the ETC regulation.
- In case of amounts lost to the Programme budget, or systemic irregularity, the countries will bear the financial consequences, whereby each country shall be responsible in proportion to the ERDF equivalent contribution to the respective national project partners involved.

6.1.5 Use of the Euro

The Euro will be used for all transactions in the Programme. In accordance with Art 61 of the ETC Regulation, expenditure incurred in a currency other than the Euro shall be converted into Euros by the beneficiaries using the monthly accounting exchange rate of the European Commission in the month during which expenditure was submitted for verification to the national controller in accordance with Art 22. This method shall be applicable for all beneficiaries.

6.2 Programme implementation provisions

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

Programme Preparation (based on OP NPP 2007-2013)

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

The inclusion of an open public consultation process involving the participating regions has also been key to the development process.

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

Body		Role
Programme Monitoring Committee 2020	PMC 2020	The main decision body, with the same structure as the PMC 2007-2013. In addition, observers representing countries with adjacent areas in Russia and Canada, as well as other relevant observers identified. This body was responsible for initiating the final consultation process of the Operational Programme and final submissions/ agreement of the Operational Programme.
Programme Planning Group	PPG	The main coordinating body for reaching agreement between partner countries and ensuring that a joint new Programme is produced and delivered on time. This includes responsibility for ensuring multi-level contributions to the document and arrangement of the Ex Ante evaluation.
Secretariat		Responsible for coordinating the Programme bodies and drafting of the Operational Programme. Responsibility delegated to the □ Northern Periphery Programme 2007-2013 Secretariat.

A timeline of the Programme drafting process and the various meetings held can be found in **Figure X (to be inserted)**. This shows the main milestones in the programming process and highlights that the partnership principle has been key to the drafting process with the opportunity to gain regional and local perspectives through open consultation procedures.

During the drafting process, Regional Advisory Groups in the Programme partner countries played a vital role in providing feedback on the draft priority texts. Two extensive consultations exercises took place in May and August 2013, to inform the choice and application of thematic objectives by the Programme Planning Group and the drafting team.

A consultation workshop in September 2013 in Skellefteå, Sweden attracted approx. 100 delegates from a wide range of backgrounds at national, regional and local level, and the workshops provided an excellent arena for valuable contributions.

Further, a wider public consultation took place in September-October 2013, organised by Regional Contact Points in the Programme partner countries, as well as an online survey, which was open to the public during the same period.

6.2.2 Monitoring & evaluation

Evaluation strategy

An evaluation strategy will be drafted for the NPA 2014-2020 (Draft CPR, Art 49). The purpose of the evaluation strategy will be to assess effectiveness, efficiency and impact of the implementation of the Programme, and its contribution to the objectives set for the priorities. Evaluation tools will be used to measure the change in the total result (result indicators), and measure which part of this change can be attributed to the impact of the Programme or other factors. Evaluation tools such as surveys and questionnaires are expected to be proportional to the size and resources of the Programme and will provide a qualitative evaluation approach.

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

Examples of evaluation methodologies:

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

6.2.3 Information and publicity

With reference to Articles 105, 107 and Annex VI (Draft CPR), a 7-year communication strategy will be developed and adopted by the Programme Monitoring Committee at their first meeting (including the elements listed in Annex VI, section 4). Also, provisions will be set up for yearly action plans to be reviewed by the PMC.

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

The communication strategy will be aimed at informing potential beneficiaries about funding opportunities, and publicizing to citizens the role and achievements of cohesion policy and of the Fund through information and communication actions on the result and impact of the Programme and its operations.

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

- a) A template for the list of operations in accordance with the stipulated requirements (Annex VI, section 1). Also, systems for updating this list on a quarterly basis (every 3 months) as stipulated.
- b) Publicity kits for beneficiaries, including templates in electronic format, to help beneficiaries to meet their obligations set out in section 2.2 (Annex VI, 3.2.2, Implementing act on the technical characteristics of information and communication measures for the operation...) as well as instructions about the publicity responsibilities of beneficiaries (for example through training events and a Programme Manual, etc.)
- c) Designation of a person responsible for information and publicity on operational Programme level, and informing the European Commission about this person.
- d) The project application form will request that projects describe their communication activities (Annex VI, 3.1.2 e)
- e) Identification and establishment of mechanisms to provide mandatory information to stipulated bodies on Member State level (single MS website/portal for all cohesion Programmes) and others outlined in Annex VI, 2.1.3.
- f) Systems for publishing information about the Programme's strategy, objectives and funding opportunities, project examples, the list of operations, updated information about Programme implementation and other mandatory communication measures. These systems should ensure the widest possible media coverage and be in line with the strategy to be developed.
- g) A Programme launch event. Also, provisions for a yearly major information activity.

6.3 Project implementation provisions

6.3.1 Project types

Preparatory projects

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

The main purpose of preparatory projects is to generate high-quality main project applications. They should mobilise broad and well-balanced partnerships and facilitate the development of joint project plans on themes that correspond to the objectives of the Programme. The minimum requirement to apply for preparatory project funding is to have **x** contributing partners from **x** countries and eligible match funding in place.

Budget

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

Selection and reporting procedure

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

6.3.2 Simplification measures

Main areas

Identification of approx. 3 main areas where simplification and harmonization will be sought:

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

Actions planned

Present main actions relating to the areas above:

- **Information & Communication measures**
A review of the NPP 2007-2013 has identified some potential simplifications for information and communication measures used by the Programme. As a result of technological developments, the NPA envisages a more interactive Programme website, with possible features such as guidance videos for applicants and projects, an interactive questions and answer section, live chat sessions and webinars, a roadmap for the project lifecycle, a better integration of social media. Other measures may include more targeted training seminars for groups like project partners and first level controllers. Further,

projects will be provided with communication toolkits, to make it easier for them to comply with publicity requirements affecting the eligibility of expenditure. It will also ensure a more coherent communication of the Fund, the Programme and the project towards external stakeholders and the general public.

- **Streamlining and harmonization of implementation tools (HIT)**

In accordance with the European Commission's goal to simplify cohesion policy and move towards a smooth delivery of results orientated Programmes, harmonizing and streamlining implementation tools with other ETC Programmes will benefit Programme management and involved beneficiaries. In response to this goal, the NPA Programme will translate this into the refinement, implementation, and utilization of packaged documents developed by INTERACT in conjunction with all ETC Programmes, under the name of Harmonized Implementation Tools (HIT).

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

- **E-cohesion tool**

In line with the requirements of art 112 (3) CPR, the Programme will implement an IT solution embedding a set of simplification measures based on IT technologies, so called "e-cohesion". The following measures will be included:

- Implementation of a communication platform that will allow any exchange of information between the beneficiaries and Programme bodies. The communication platform will ensure secure exchange of information in both directions: from the Programme to the beneficiaries and vice versa. Beneficiaries will be granted exclusive access to the platform through an online interface available without the need to download additional software. The portal will work as a unique information centre, where the beneficiary will be able to access the documentation relevant to their operation as well as submit the information required by the Programme. The communication portal will also allow exchange of information between relevant Programme bodies, so as to avoid information redundancy and reduce the risk of error (*application of the interoperability requirement*).
- Implementation of a core database that will collect input data in a secure system in accordance with Articles 112 (3), 114 (2) and (8). The database will be connected with the communication portal and will ensure that information already submitted by the beneficiary will be displayed anytime useful (*application of the only-once encoding principle*). Beneficiaries will therefore be provided with structured documents partly filled in for those fields that were completed once before in the life of the operation. Moreover, the database will be equipped with a set of automatic functionalities to ensure correctness and completeness of the information encoded.
- Simplification of procedures and Programme rules (Flat rate on overheads etc.)
- Lean management throughout all implementation processes

7. Annexes

7.1 Mandatory tables

7.1.1 Indicator tables

Table 5 Programme specific result indicators (by specific objective)

Priority Axis 1 - INNOVATION							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
1.1	Increased <i>transnational</i> collaborations between SMEs and R & D	No. of transnational collaborations between SMEs and R & D	(TBD)	2014	Increase in number of SMEs involved with R&D (expressed as a %)	Survey/questionnaire Regional statistics/ Eurostat	Bi-annually
1.2	Increased awareness about the use of technology driven public service provision in remote and sparsely populated areas	Awareness scale	(TBD)	2014	Increase awareness scale by 10%	Survey/questionnaire	Bi-annually

Priority Axis 2 - ENTREPRENEURSHIP							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
2.1	Perceived entrepreneurial business climate for start-ups in remote and sparsely populated areas	Entrepreneurship climate barometer	TBD	2014	Increase in number of SMEs start-ups as a %	Survey/questionnaire	Bi-annually
2.2	Increased awareness of business opportunities beyond local markets	Awareness scale	TBD	2014	Increase awareness scale by 10%	Survey/questionnaire	Bi-annually

Priority Axis 3 – RENEWABLES AND ENERGY EFFICIENCY							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
3	Increased awareness of energy efficiency and renewable solutions in housing sector and public infrastructures in remote and sparsely	Awareness scale	TBD	2014	Increase awareness scale by 10%	Survey/questionnaire	Bi-annually

	populated areas						
--	-----------------	--	--	--	--	--	--

Priority Axis 4 – PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE							
ID (Specific Objective)	Indicator	Measurement unit	Baseline value	Baseline year	Target value (2023)	Source of data	Frequency of reporting
4	Increased preparedness for sustainable environmental management in remote and sparsely populated areas	Preparedness scale	TBD	2014	Average increase of preparedness scale by 10%	Survey/questionnaire	Bi-annually

Methodology to determine “Baseline values”

The Programme is expected to impact the most remote and low densely populated parts of the Programme Area, and as such a monitoring concept will be developed, which in turn is based on an evaluation strategy.

Based on an evaluation strategy to determine impact(s) of the Programme’s interventions, evaluation tools will be used to measure the change in the result indicator, and measure change that can be attributed to the Programme or to other factors.

In the context of the NPA Programme, the scope to rely on quantitative measures of change at the Programme level is limited. Therefore, assessments are expected to rely on qualitative research approaches and tools such as surveys and questionnaires. It is also important to note that, in line with the principle of proportionality, the scale of the surveys, questionnaires and analysis are expected to be in proportion to the size and resources of the Programme.

To support the evaluation strategy and the establishment of “Baseline values” for result indicators, data will be gathered from the Programme partner countries, projects, peer review processes, and focus groups made up of key stakeholders. To verify the Programme’s impact, control group(s) may be used. This information will provide a basis for an effective evaluation of the Programme’s impact. Where possible, data will be ‘triangulated’ in order to strengthen its reliability. For example, survey results could be compared with any available quantitative data and reviewed by an expert group.

Table 6 Common and Programme specific indicators (by investment priorities)

Priority Axis 1 – INNOVATION				
ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2023)	Source of data
1B	Number of enterprises receiving support (1)	Enterprises	30 (15 projects x 2 enterprises per project)	NPP Projects
	Number of enterprises cooperating with research institutions (28)	Enterprises	4 (2 projects x 2 enterprises per project)	
	Number of enterprises supported to introduce new to the market products(30)	Enterprises	12(6 projects x 2 enterprises per project)	
	Number of enterprises supported to introduce new to firm products (31)	Enterprises	12(6 projects x 2 enterprises per project)	
ID (Investment priority)	Specific Output	Measurement unit	Target value (2023)	Source of data
1B	Number of product and service opportunities to be developed, based on new or existing R&D	Products and services	30 (15 project x 2 products and/or service)	NPP projects
	Number of supported SMEs reporting productivity increase in %. (i.e. Increased sales, customer base and increased productivity)	SMEs	30 (15 projects x 2 supported firms per project)	
	Number of innovative models/solutions addressing viability and low critical mass in public service provision	Collaborations	18 (6 projects x 3 collaborations per project)	
	Number of innovative technology-driven solutions for public service provision in remote areas	Solutions	15 (15 projects x 1 solutions)	
	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 (2023)	Source of data
3A/3B	Number of enterprises receiving support (1)	Enterprises	30 (15 projects x 2 enterprises per project)	NPP projects
3A/3B	Number of new enterprises supported (5)	Enterprises	4(2 projects x 2 enterprises per project)	
3A/3B	Number of enterprises supported to introduce new to the market products (30)	Enterprises	12(6 projects x 2 enterprises per project)	
3A/3B	Number of enterprises supported to introduce new to the firm products(31)	Enterprises	12 (6 projects x 2 enterprises per project)	
ID (Investment priority)	Specific Output	Measurement unit	Target value (2023)	Source of data
3A	Number of business support solutions utilising place-based opportunities	Enterprises	30(15 projects x 2 solutions per project)	NPP projects
3A/3B	Number of new or sustained jobs reported	Jobs	70 Jobs (5 per project x 14= 70 jobs)	
3A	Number of business support solutions removing barriers for start-ups/existing SMEs	Business solutions	15(15 projects x 1 solutions per project)	
3B	Number of new solutions using technology to overcome long distances to market	Solutions	15 (15 projects x 1 solutions per project)	

Priority Axis 3 – RENEWABLES AND ENERGY EFFICIENCY				
ID (Investment priority)	Indicator (Common indicator)	Measurement unit	Target value (2023)	Source of data
4C	Number of households with improved energy consumption classification (33)	Household	>500 (>500 i.e. 100 households x 5 project)	NPP projects
	Decrease in annual primary energy consumption of public buildings (34)	KWh/year	Average decrease of annual energy consumption in public buildings of 1-5%	
ID (Investment priority)	Specific Output	Measurement unit	Target value (2023)	Source of data
4C	Number of models developed utilising by-products from economic activities as energy sources for public infrastructures and housing	Models	6 (2 projects x 3 partners x 1 models per project = 6)	NPP projects
	Number of renewable energy solutions for public infrastructures and housing	Solutions	9(3 projects x 3 partners x 1 solutions per project = 9)	
	Number of smart energy management solutions	Solutions	6 (2 projects x 3 partners x 1 models per project = 6)	

Priority Axis 4 – PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE (6C)				
ID (Investment priority)	Indicator (Programme Specific)	Measurement unit	Target value (2023)	Source of data
6C	Number of schemes/interventions involving sustainable environmental management	Schemes/interventions	9 (3 projects x 3 partners x 1 solutions per project = 9)	NPA projects
	Number of capacity building solutions to maintain the balance between competing environmental, economic and social interests	Solutions/models	9 (3 projects x 3 partners x 1 solutions per project = 9)	
	Number of solutions for the sustainable management of natural and cultural heritage.	Solutions/models	9(3 projects x 3 partners x 1 solutions per project = 9)	
	Number of new decision making tools or governance concepts facilitating sustainable environmental management	Tools/concepts	9 (3 projects x 3 partners x 1 solutions per project = 9)	

Table 7 The performance framework of the priority axis

Implementation steps, financial, output indicators	Measurement unit(where appropriate)	Milestone for 2018	Final target (2023)	Source of data	Explanation of the relevance of indicator (where appropriate)
Outputs	Enterprises supported in completed projects	18	42	NPA 2014 – 2020 – Implementation reports and project progress reports	Enterprises supported and products and services developed in completed projects present the most appropriate demonstration the impact of the NPA 2014 - 2020
	Products and services developed in completed projects	18	100		
Financial	Priority Axis 1. Expenditure (EUR millions)	N+3 approved allocation for 2014 – 2018 (TBD)	100% of approved allocation		
	Priority Axis 2. Expenditure (EUR millions)	N+3 approved allocation for 2014 – 2018 (TBD)	100% of approved allocation		
	Priority Axis 3. Expenditure (EUR millions)	N+3 approved allocation for 2014 – 2018 (TBD)	100% of approved allocation		
	Priority Axis 4. Expenditure (EUR millions)	N+3 approved allocation for 2014 – 2018 (TBD)	100% of approved allocation		
	Priority Axis 5. Expenditure (EUR millions)	N+3 approved allocation for 2014 – 2018 (TBD)	100% of approved allocation		
Implementation steps	Number of Application calls	6	10		

7.2 Tables and maps supporting the eligible area, area analysis and Programme strategy

7.2.1 List of eligible regions

List of areas and of NUTS level II regions eligible for funding from the European Regional Development Fund under the NPA 2014-2020 Programme.

Table 8 List of eligible regions

Programme partner country	NUTS code or equivalent	Eligible regions
EU Member States		
Finland	FI193	Keski-Suomi
Finland	FI1D	Pohjois- ja Itä-Suomi
Ireland	IE	County Clare (part of IE023 – Mid West)
Ireland	IE	County Cork (part of IE 25 – South West)
Ireland	IE	County Donegal (part of IE011 – Border)
Ireland	IE	County Galway (part of IE013 – West)
Ireland	IE	Country Kerry (part of IE025 – South West)
Ireland	IE	County Leitrim (part of IE011 – Border)
Ireland	IE	County Limerick (part of IE023 – Mid West)
Ireland	IE	County Mayo (part of IE013 – West)
Ireland	IE	County Sligo (part of IE011 – Border)
Northern Ireland	UKNo	Northern Ireland (excluded Belfast and Outer Belfast)
Scotland	UKM32	Dumfries and Galloway
Scotland	UKM6	Highlands and Islands
Sweden	SE32	Mellersta Norrland
Sweden	SE33	Övre Norrland
Non Member States		
Faroe Islands	FO	Faeroerne
Greenland	GL	Greenland
Iceland	IS00	Island
Norway	NO	Rogaland
Norway	NO05	Vestlandet
Norway	NO06	Trondelag
Norway	NO07	Nord-Norge
Norway	SJ	Svalbard and Jan Mayen

7.2.2 Identified Challenges and Potentials

Table 9 Most important challenges for the NPA area

Challenges	Explanation
Peripherality	Long distances to national and international centres and markets resulting in a number of disadvantages for citizens as well as business.
Fragile local economies	Small, local economies are often dependent on one or few economic sectors together with public employment. These economies are extremely vulnerable to market and structural changes and have little capacity to counteract these.
Shrinking rural communities	The rural population is declining because of outmigration and a low natural fertility rate.
Demographic challenges	Out-migration from communities is resulting in a growing gender imbalance, as young women have higher migration rates than young men. In addition, an ageing process is taking place in general within the Programme area. A continuation of outmigration together with ageing will threaten the social coherence.
Labour market challenges	Referring to the mismatch between the education level of the existing labour force within peripheral communities and the demand for new employees, e.g. in the health sector. In addition, many regions suffer from a gender-segregated labour market, which means labour markets dominated on the one hand by traditionally male dominated industries (in the primary sector) and on the other hand by female dominated public service jobs.
Globalisation and increased competition	Globalisation is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. In 2000, the International Monetary Fund (IMF) identified four basic aspects of globalization: trade and transactions, capital and investment movements, migration and movement of people and the dissemination of knowledge ²⁹ . For the NPA this means a wide range of challenges, e.g. that local firms have to compete on a much bigger market, that foreign investments become more and more common and that the economies are interlinked with and simultaneously impacted by fluctuations of leading world economies as the North American or Chinese.
Environment and climate change	The NPA area faces major challenges to the natural environment, such as climate change, cross-boundary water and air pollution, over-fishing of the

²⁹ International Monetary Fund. (2000). "Globalization: Threats or Opportunity."

	ocean, and the spread of invasive species. These challenges require transnational and, often, global solutions. In particular, the Arctic region is facing significant pressures. For example, increasing global demand for mineral and energy resources make resources within the NPA area highly attractive for exploitation, but with potential environmental impacts.
--	---

Table 10 Most important potentials for the NPA area

Potentials	Explanation
Abundance of resources	The NPA area holds vast and, in many cases, unexploited resources for energy, minerals, bio mass and nature and uninhabited areas in general.
A versatile business sector	The NPA area has a high number of SMEs as well as a number of world leading large-scale enterprises.
Strong regional centres	Although comparatively few in number, the NPA area does contain dynamic urban centres. Many have universities higher education institutions and research centres of international excellence. Throughout the area regional centres have well-developed triple-helix cooperation, often within specific areas of expertise e.g. clean tech, health care, the maritime sector or the energy sector.
Sectoral expertise	The NPA area has cutting edge expertise and long-standing experience within sectors such as fishery, forestry, energy and mining. All of which has been developed under demanding environmental and climatically challenging conditions, which have motivated innovative and specialist solutions
Demographic drivers	While the region suffers from out migration in many areas, specific areas are also experiencing considerable in-migration, e.g. linked to many job opportunities in new mega investments and the public sector.
Development of local- and regional economies	All local communities and regions within the Programme area have opportunities for economic development. However, these opportunities are very different and are based on the individual area's specific strength and opportunities. Here methods as Smart Specialisation can be utilised for a more place-based development policy at local and regional level.
Green economy and capitalising on the opportunities from climate change	The NPA area has specific, specialist resources, competence, experience and knowledge in addressing a greener economy e.g. in relation to renewable energy, clean tech, high quality and environmentally produced food, green tourism etc.