Northern Periphery & Arctic 2014-2020

Cooperation Programme
under the European Territorial Cooperation Goal

FINAL DRAFT
Version 2 - 11th April 2014

This version is based on the model for cooperation programmes under the European Territorial Cooperation Goal as presented in Annex 2 of Commission Implementing Regulation (EU) No 288/2014.

Note: Text proposed to be entered electronically into the SFC2014 system has been highlighted.
### References ETC Template

- **Identification info**

<table>
<thead>
<tr>
<th>CCI</th>
<th>2014TC16RFTN004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Northern Periphery and Arctic Programme 2014-2020</td>
</tr>
<tr>
<td>Version</td>
<td>Final draft</td>
</tr>
<tr>
<td>First Year</td>
<td>2014</td>
</tr>
<tr>
<td>Last Year</td>
<td>2023</td>
</tr>
<tr>
<td>Eligible From</td>
<td>01.01.2014</td>
</tr>
<tr>
<td>Eligible To</td>
<td>31.12.2023</td>
</tr>
<tr>
<td>EC Decision Number</td>
<td>N/A</td>
</tr>
<tr>
<td>EC Decision Date</td>
<td>N/A</td>
</tr>
<tr>
<td>MS decision Number</td>
<td>N/A</td>
</tr>
<tr>
<td>MS decision date</td>
<td>N/A</td>
</tr>
<tr>
<td>MS decision entry into force date</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### NUTS regions covered by the cooperation programme

- **EU Member States:**
  - Finland: Länsi-Suomi (Keski-Suomi), Pohjois-ja Itä-Suomi
  - Ireland: Border, Midland and Western (County Donegal, County Galway, County Leitrim, County Mayo, County Sligo), Southern and Eastern (County Clare, County Cork, Country Kerry, County Limerick)
  - United Kingdom:
    - Northern Ireland (excluded Belfast and Outer Belfast)
    - Scotland: South Western Scotland (Dumfries and Galloway), Highlands and Islands
  - Sweden: Mellersta Norrland, Övre Norrland

- **Non Member States:**
  - Faroe Islands: whole country
  - Greenland: whole country
  - Iceland: whole country
  - Norway: Vestlandet, Trøndelag, Nord-Norge, Rogaland, Svalbard and Jan Mayen
# Table of Contents

1. Executive Summary (citizens summary) .......................................................... 4
2. Programme Area .................................................................................................. 6
   2.1 Profile of the Programme Area ....................................................................... 6
   2.2 SWOT- analysis (strengths, weaknesses, opportunities, threats) .................. 9
3. Programme Strategy ............................................................................................ 11
   3.1 Programme Vision .......................................................................................... 11
   3.2 Rationale ......................................................................................................... 11
   3.3 Horizontal principles ...................................................................................... 30
4. Priorities ................................................................................................................ 35
   4.1 Introduction to the Priorities ......................................................................... 35
   4.2 Priority Axis 1 - Using Innovation to Maintain and Develop Robust and Competitive Communities 39
   4.3 Priority Axis 2 - Promoting Entrepreneurship to Realise the Potential of the Programme Area’s Competitive Advantage ......................................................... 42
   4.4 Priority Axis 3 - Fostering Energy-Secure Communities through Promotion of Renewable Energy and Energy Efficiency .................................................. 47
   4.5 Priority Axis 4 - Protecting, promoting and developing cultural and natural heritage ............ 49
   4.6 Priority Axis Technical Assistance ................................................................ 51
5. Financing ............................................................................................................... 53
   5.1 Programme Financing ..................................................................................... 53
   5.2 Intervention rate & Match funding .................................................................. 53
   5.3 Eligibility of Expenditure ............................................................................... 54
6. Implementation ....................................................................................................... 55
   6.1 Programme management structure ................................................................. 55
   6.2 Programme implementation provisions ......................................................... 67
   6.3 Project implementation provisions .................................................................. 71
7. Annexes ............................................................................................................... 74
   7.1 Mandatory tables ............................................................................................ 74
   7.2 Tables and maps supporting the eligible area, area analysis, Programme strategy, and Implementation ................................................................. 92
1. Executive Summary (citizens summary)

References ETC Template
- ANNEXES (uploaded to electronic data exchange systems as separate files),
  - A citizens’ summary of the cooperation programme (as appropriate)

The Northern Periphery and Arctic Programme 2014-2020 forms a cooperation between 9 programme partner countries; the Member States of Finland, Ireland, Sweden and the United Kingdom (Scotland and Northern Ireland) in cooperation with the Faroe Islands, Iceland, Greenland and Norway. This means that the programme area encompasses the Euro-Arctic zone, parts of the Atlantic zone and parts of the Barents region, neighbouring on Canada in the West and Russia in the East.

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

The Northern Periphery and Arctic Programme 2014-2020 aims to expand the regions’ horizons, building on concrete outcomes and enabling the programme area to be a 1st class region to live, study, work, visit and invest. It is the programme’s vision is to help to generate vibrant, competitive and sustainable communities, by harnessing innovation, expanding the capacity for entrepreneurship and seizing the unique growth initiatives and opportunities of the Northern and Arctic regions in a resource efficient way.

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


The development needs and potentials of the programme area, together with the policy and historic context have resulted in 4 priority axes to achieve the programme vision:
1. Using innovation to maintain and develop robust and competitive communities
2. Promoting entrepreneurship to realise the potential of the programme area’s competitive advantage
3. Fostering energy-secure communities through promotion of renewable energy and energy efficiency
4. Protecting, promoting and developing cultural and natural heritage

The sparsely populated communities of the programme area are the focus point of all 4 priority axes.

---

1 Regulation (EU) No 1299/2013 of the European Parliament and of the Council of 17 December 2013 on specific provisions for the support from the European Regional Development Fund to the European territorial cooperation goal.
This programme document has been developed in consultation with regional and national stakeholders from the programme area. All programme partner countries have agreed on the strategy and the provisions for joint implementation and financing of the programme.

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

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

**Figure 1 Chapter structure Cooperation Programme**
2. Programme Area

References ETC Template

- Section 1.1.1. Description of the cooperation programme’s strategy for contributing to the delivery of the Union strategy for smart, sustainable and inclusive growth and for achieving economic, social and territorial cohesion. Limitations: max 70000 characters
- ANNEXES (uploaded to electronic data exchange systems as separate files)
  - A map of the area covered by the cooperation programme (as appropriate)

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 Greater Belfast region, Northern Sweden, and Highlands & Islands and Dumfries & Galloway regions in Scotland. In the Non-EU member states, the Faroe Islands, Greenland, Iceland, Northern and Western Norway and Svalbard belong to the Programme area, see Figure 2 below. A complete list of eligible regions can be found in Table 19 on page 92.
The Programme area is in many respects diverse. A considerable part of the Programme area is located north of the Arctic Circle, while other areas belong to the subarctic or the northern temperate zone. The area has an extensive coastline, numerous islands and a high proportion of mountainous regions.

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

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

**Low population density**
As a whole, the average population density in the ice-free part of the NPA land area is 6 inhabitants per km² - compared to the European Union average of 117 inhabitants per km². Only “pockets” of similarly sparsely

---

2 The area without the glaciers in Iceland and Norway and the Greenlandic ice cap.
populated areas can be found in other parts of the EU. 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. As a result, the Programme area’s small number of bigger cities and towns have an increasingly dominant position, while more peripheral areas suffer from out-migration, brain drain and ageing populations.

**Low accessibility**

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

Long distances, both internally between towns and settlements and internationally, mean that many communities are dependent on air transport. In addition, many areas suffer from extremely poor connectivity, - with air routes often only connecting peripheral areas with capital- city regions and 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, for example, fish, wood and energy resources playing a key role in many of the local economies. More recently, industries based on natural resources such as mining nature-based tourism have become increasingly important which underlines that the NPA still depends on the exploitation of natural resources.

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

**Abundant natural resources**

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

Linked to these resources, the rising interest from international investments in e.g. new mega size mining projects results in tensions between economic, social and environmental interests.

---

3 US Geological Survey 2008
**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 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.¹

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

### 2.2 SWOT- analysis (strengths, weaknesses, opportunities, threats)

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

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

---

² OECD Territorial Reviews, NORA Region 2011
⁶ Regional Advisory Groups (RAGs) were established in the NPP 2007 – 2013 in each Programme partner country. These groups have an advisory role e.g. in the assessment procedure for project applications. The members of the RAGs have different fields of expertise upon which they base their recommendations.
Table 1 Programme Area SWOT

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Abundance of natural resources</strong></td>
<td><strong>Peripherality</strong></td>
</tr>
<tr>
<td>* Unspoilt environment and nature</td>
<td>* Low access to international key markets</td>
</tr>
<tr>
<td>* Important part of global potentials of energy- and mineral resources</td>
<td>* Long internal distances</td>
</tr>
<tr>
<td>* Huge potential for renewable energy production</td>
<td>* Lack of internal and external connectivity</td>
</tr>
<tr>
<td>* Rich bio-resources, maritime, forest etc.</td>
<td>* High costs of transport and vulnerable transport connections</td>
</tr>
<tr>
<td><strong>Versatile business sector</strong></td>
<td>* High cost of service delivery and operating business</td>
</tr>
<tr>
<td>* High proportion of SMEs</td>
<td><strong>Fragile local economies</strong></td>
</tr>
<tr>
<td>* Innovative clusters, in particular knowledge-based industries</td>
<td>* Dependency on public and primary sector employment</td>
</tr>
<tr>
<td>* Arctic expertise</td>
<td>* Vulnerable industrial regions</td>
</tr>
<tr>
<td>* Good triple helix experience in some regions</td>
<td>* Restricted capacity for R&amp;D, innovation and entrepreneurship</td>
</tr>
<tr>
<td>* Ability to attract foreign investments in specific regions and sectors</td>
<td>* Limited ability to make use of the regions research capacity</td>
</tr>
<tr>
<td><strong>Strong regional centres</strong></td>
<td>* Low rate of new firm formation and few home-grown large or export firms</td>
</tr>
<tr>
<td>* With international links and networks in public policy, academia and industry</td>
<td>* Low value added of goods and services</td>
</tr>
<tr>
<td>* Strong well integrated universities in some regions</td>
<td>* Lack of customer base</td>
</tr>
<tr>
<td><strong>Demographic drivers</strong></td>
<td><strong>Shrinking rural areas</strong></td>
</tr>
<tr>
<td>* Positive in-migration from abroad in many regions</td>
<td>* Increasing centralisation</td>
</tr>
<tr>
<td>* Some regions with a young population</td>
<td>* Growing urban-rural dichotomy</td>
</tr>
<tr>
<td><strong>Labour market assets</strong></td>
<td><strong>Demographic challenges</strong></td>
</tr>
<tr>
<td>* Good and expanding job opportunities for specific skills</td>
<td>* Sparse population</td>
</tr>
<tr>
<td>* Well educated women mainly in the public sector</td>
<td>* Youth out-migration</td>
</tr>
<tr>
<td>* Ageing (most regions)</td>
<td>* Insular labour markets</td>
</tr>
<tr>
<td><strong>Governance strengths</strong></td>
<td>* Lack of study and career opportunities ; brain drain</td>
</tr>
<tr>
<td>* Small and efficient public authorities</td>
<td>* Shortage of labour with appropriate skills</td>
</tr>
<tr>
<td>* In principle high level of regional and local independence in parts of the Programme area</td>
<td><strong>Governance challenges</strong></td>
</tr>
<tr>
<td>* Centralised strategic decision making at national level</td>
<td>* Lack of capacity e.g. to integrate big scale investments into regional local economy</td>
</tr>
<tr>
<td>* Unspoilt environment and nature</td>
<td>* Centralised strategic decision making at national level</td>
</tr>
<tr>
<td>* Important part of global potentials of energy- and mineral resources</td>
<td><strong>Opportunities</strong></td>
</tr>
<tr>
<td>* Huge potential for renewable energy production</td>
<td><strong>Globalisation and increased competition</strong></td>
</tr>
<tr>
<td>* Rich bio-resources, maritime, forest etc.</td>
<td>* Small, open economies and small domestic markets</td>
</tr>
<tr>
<td><strong>Versatile business sector</strong></td>
<td>* Underdeveloped capacity of SMEs for competition and internationalisation</td>
</tr>
<tr>
<td>* High proportion of SMEs</td>
<td>* Lack of access to finance for small businesses</td>
</tr>
<tr>
<td>* Innovative clusters, in particular knowledge-based industries</td>
<td>* Decline in employment in traditional sectors, leading to increased social exclusion and skill waste</td>
</tr>
<tr>
<td>* Arctic expertise</td>
<td>* Lack of ability to integrate immigrant workers</td>
</tr>
<tr>
<td>* Good triple helix experience in some regions</td>
<td><strong>Environment &amp; climate change</strong></td>
</tr>
<tr>
<td>* Ability to attract foreign investments in specific regions and sectors</td>
<td>* Failure to exploit natural resources in a sustainable way</td>
</tr>
<tr>
<td><strong>Strong regional centres</strong></td>
<td>* Manmade disasters in connection with extreme weather</td>
</tr>
<tr>
<td>* With international links and networks in public policy, academia and industry</td>
<td>* Extreme costs for adaptation to climate change</td>
</tr>
<tr>
<td>* Strong well integrated universities in some regions</td>
<td>* Loss of bio-resource base</td>
</tr>
<tr>
<td><strong>Demographic drivers</strong></td>
<td>* Natural disasters implied by climate change</td>
</tr>
<tr>
<td>* Positive in-migration from abroad in many regions</td>
<td><strong>Demography</strong></td>
</tr>
<tr>
<td>* Some regions with a young population</td>
<td>* Increased Youth out-migration</td>
</tr>
<tr>
<td><strong>Labour market assets</strong></td>
<td><strong>Governance</strong></td>
</tr>
<tr>
<td>* Good and expanding job opportunities for specific skills</td>
<td>* Centralisation of services and budget reductions</td>
</tr>
<tr>
<td>* Well educated women mainly in the public sector</td>
<td>* Shrinking understanding of the challenges in the periphery</td>
</tr>
<tr>
<td><strong>Governance strengths</strong></td>
<td><strong>Access</strong></td>
</tr>
<tr>
<td>* Small and efficient public authorities</td>
<td>* Rising prices for traditional modes of transport</td>
</tr>
<tr>
<td>* In principle high level of regional and local independence in parts of the Programme area</td>
<td><strong>Sparsity &amp; demography</strong></td>
</tr>
<tr>
<td>* Centralised strategic decision making at national level</td>
<td><strong>Environment &amp; climate change</strong></td>
</tr>
</tbody>
</table>

**Development of local- and regional economies**
- 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

**The Green Economy & capitalising on the opportunities from climate change**
- 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

**Sparsity & demography**
- 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 migrants

**Governance**
- International cooperation with neighbours (incl. Russia and Canada) and further engagement in international networks

**Access**
- Realising the opportunities of high speed broadband
- Development of new transport corridors
- New and more efficient modes of transport, new sea ports
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 help to generate vibrant, competitive and sustainable communities, by harnessing innovation, expanding the capacity for entrepreneurship and seizing the unique growth initiatives and opportunities of the Northern and Arctic regions in a resource efficient way.

This will be achieved through:

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

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

3.2 Rationale

References ETC Template

- Section 1.1.1. Description of the cooperation programme’s strategy for contributing to the delivery of the Union strategy for smart, sustainable and inclusive growth and for achieving economic, social and territorial cohesion. Limitations: max 70000 characters

---

7 This section will only be included in the electronic submission if character limits allow.
3.2.1 Introduction

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

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 that 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, see Chapter 2.2 on page 9. The results of this process are summarised below and set out in greater detail in the Annex, section 7.2.2 on page 93.

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 20 on page 93 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, are viewed as the other main opportunity for fostering place-based economic development. Identified strengths and opportunities can be can be ranked as follows:

**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 21 on page 94 for further explanation of these potentials.

**NPA: Emerging opportunities for 2014-2020**

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

Taking the example of globalisation processes and climate change, both will shape the area’s development challenges and opportunities - both positively and negatively. Both processes have specific implications for the Programme Area and particular relevance for transnational territorial cooperation. For example, climate change and international agreements on climate change mitigation intensify the need for promoting the green economy and low carbon solutions. Climate change will also lead to major new opportunities for utilisation of natural resources together with new transport and communication routes, linked to changes in Arctic sea ice. In addition, the developments in the Arctic also mean that economic utilisation of natural resources is likely to dramatically change social, economic and environmental conditions in the Programme Area, and for the Arctic and sub-Arctic regions in particular.

Uncertainties linked to the specific impacts of climate change and future economic trends mean that a versatile business sector in general is key for future economic growth. This presupposes even more dynamic local economies across the Programme area and implies:
a need for a more outward-looking enterprises, a better utilisation of the existing innovation capacity within the Programme Area, and a higher level of entrepreneurship.

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

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

• foster more robust and dynamic local communities based on the abundance 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 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, expertise required to handle complex development issues linked to balanced utilisation of natural resources and climate change adaptation.

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

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

---

8 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.
Based on this assessment of the large-scale, interrelated and dynamic issues facing the Programme area, it is clear that:

- The NPA is well placed to foster cooperation between relevant stakeholders across the Programme area and 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.
- The NPA can support adaptation and responses to changing conditions across the area.

### 3.2.3 Programme evolution: Lessons from the past

Transnational territorial cooperation has a strong base to build on in the NPA area. Especially during the two most recent Programme periods, the Northern Periphery Programmes have retained a particularly strong, distinct identity and rationale. In particular, the theme of peripherality has successfully linked together the areas that make up the Programme’s large geographical area. The INTERREG IIIB, 2000 – 2006 Northern Periphery Programme (NPP) was developed and implemented during a period of economic growth period and enhancing the functionality of the Programme area was a focus. Similarly, the NPP 2007 – 2013 was also developed against a background of economic growth. However, it later faced the challenge of the financial crisis and its long lasting aftermath. During this period, innovation and entrepreneurship was a particular the focus. Based on the experience of these Programmes, a number of key lessons learned and areas of strength can be highlighted and built up on by the 2014-2020 Programme.9 A detailed overview can be found in section 7.2.3 on page 95.

**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.

---

9 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
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 programme area was extended in the two previous programme periods. The process of integrating new areas and partners was well managed by the Programme and in the new areas themselves. 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 pressures for value for money and emerging Commission guidance on the delivery of tangible results suggest that the Programme has been ‘ahead of the curve’ in pursuing this approach. The focus on delivering tangible results in the form of products and services, although initially demanding to deliver, has proved to be a defining characteristic of the Programme. The potential to not only develop products and services but to further promote their adoption, application and dissemination could be a development of the Programme’s approach.

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

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

- 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. 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 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. In doing so, the programme will continue to support actions that are able to foster the needed changes in relation to the identified and prioritised challenges for the Programme area. For the 2014-2020 Programme, this implies a greater external orientation and interaction at organisational level and a better utilisation of the existing innovation capacity and a higher level of entrepreneurship.

### 3.2.4 Programme Coherence

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

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

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

---

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

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

References ETC Template

- Section 1.1.2. Justification for the choice of thematic objectives and corresponding investment priorities, having regard to the Common Strategic Framework, based on an analysis of the needs within the programme area as a whole and the strategy chosen in response to such needs, addressing, where appropriate, missing links in cross-border infrastructure, taking into account the results of the ex-ante evaluation
  
  - Table 1: Justification for the selection of thematic objectives and investment priorities

- Section 1.2 Justification for the financial allocation. Justification for the financial allocation (i.e. Union support) to each thematic objective and, where appropriate, investment priority, in accordance with the thematic concentration requirements, taking into account the ex-ante evaluation. Limitations: max 7000 characters

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

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

Table 2 Relevance of thematic objectives for NPA

<table>
<thead>
<tr>
<th>Thematic Objective</th>
<th>Evaluation of relevance for the NPA-Programme area(\textsuperscript{12})</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Strengthening research, technological development and innovation</td>
<td>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.</td>
</tr>
</tbody>
</table>

\(\textsuperscript{12}\) Based on McMaster, I., Hallin, G. et al (2013) Draft Final Ex Ante Evaluation report of the NPA 2014-2020 Programme, EPRC, University of Strathclyde.& Kontigo AB,
<table>
<thead>
<tr>
<th></th>
<th>Theme</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Enhancing access to, and use and quality of, ICT</td>
<td>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.</td>
</tr>
<tr>
<td>3</td>
<td>Enhancing the competitiveness of SMEs</td>
<td>SMEs(^{13}) 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.</td>
</tr>
<tr>
<td>4</td>
<td>Supporting the shift towards a low-carbon economy in all sectors</td>
<td>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.</td>
</tr>
<tr>
<td>5</td>
<td>Promoting climate change adaptation, risk prevention and management</td>
<td>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.</td>
</tr>
<tr>
<td>6</td>
<td>Preserving and protecting the environment and promoting resource efficiency</td>
<td>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.</td>
</tr>
<tr>
<td>7</td>
<td>Promoting sustainable transport and removing bottlenecks in key network infrastructures</td>
<td>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.</td>
</tr>
<tr>
<td>8</td>
<td>Promoting sustainable and quality employment and supporting labour mobility</td>
<td>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.</td>
</tr>
<tr>
<td>9</td>
<td>Promoting social inclusion, combating poverty and discrimination</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Investing in education, training and vocational training for skills and lifelong learning by developing education and training infrastructure.</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Enhancing institutional capacity of public authorities and stakeholders and efficient public administration.</td>
<td>This theme has relevance for the Programme Area but will mainly be addressed through thematic objective 1 and 6.</td>
</tr>
</tbody>
</table>

\(^{13}\) See footnote 8 on page 14.
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 are expected to be focussed within maximum four thematic objectives. Based on the Programme’s assessment, the specific focus of some of the proposed investment priorities was judged to be less relevant for the Programme Area. As a result of the Programme’s analysis, the ‘best fit’ for the Programme is a combination of the following four thematic objectives:

**Thematic Objective 1:** Strengthening research, technological development and innovation
**Thematic Objective 3:** Enhancing the competitiveness of SMEs
**Thematic Objective 4:** Supporting the shift towards a low-carbon economy in all sectors
**Thematic Objective 6:** Preserving and protecting the environment and promoting resource efficiency.

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

**Table 3 Justification for the selection of thematic objectives and investment priorities (ETC template table 1)**

<table>
<thead>
<tr>
<th>Selected thematic objective</th>
<th>Selected investment priority</th>
<th>Justification for selection</th>
</tr>
</thead>
</table>
| Thematic Objective 1: “Strengthening research, technological development and innovation” | Investment priority 1(b): “promoting business investment in R&I, developing links and synergies between enterprises, research and development centres and the higher education sector, in particular promoting investment in product and service development, technology transfer, social innovation, eco-innovation, public service applications, demand stimulation, networking, clusters and open innovation through smart specialisation, and supporting technological and applied research, pilot lines, early product validation actions, advanced manufacturing capabilities and first production, in particular in key enabling technologies and diffusion of general purpose technologies” | • Area analysis: Need for more innovative SMEs on the one side and Innovative clusters; Arctic expertise; Triple helix in some regions, Small innovative public sector on the other side.  
• Europe 2020 – key role of innovation in growth  
• Transnational role – addressing a barrier to innovation through promoting cooperation across borders  
• Policy links & synergies – added value and beneficial links to national and EU policy interventions |
| Thematic Objective 3: “Enhancing the competitiveness of SMEs” | Investment priority 3(a): “promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and fostering the creation of new firms, including through business incubators” | • Area analysis: High proportion of SMEs, Weak access to wider and in particular international markets, Challenge of distance to markets, High transport costs, Dependence on primary sector, Small customer base, Low rate of new firm formation, New economic development opportunities linked to changing environments  
• Europe 2020 – entrepreneurship as a key element of growth  
• Transnational role – means to address key shared challenges in programme areas for SMEs. Focus on improvements to the effectiveness of SME support policies in rural areas (including support to start-ups),
Selected thematic objective | Selected investment priority | Justification for selection
--- | --- | ---
Thematic Objective 3: "Enhancing the competitiveness of SMEs" | Investment priority 3(d): "supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes" | • Policy links & synergies - SMEs are the focus of numerous regional economic development intervention, for regional operational programmes and also in other INTERREG programmes

Thematic Objective 4: "Supporting the shift towards a low-carbon economy in all sectors" | Investment priority 4(c): "supporting energy efficiency, smart energy management and renewable energy use in public infrastructure, including in public buildings, and in the housing sector" | • Area analysis: Huge potential for renewable energy production, Huge potential for energy management. Well educated population, Extreme costs of adaption to climate change, Natural disasters linked to climate change, New employment opportunities linked to investment in renewables & green products

Thematic Objective 6: "Preserving and protecting the environment and promoting resource efficiency" | Investment priority 6(c): "conserving, protecting, promoting and developing natural and cultural heritage" | • Area analysis: Loss of bio-resource base; Unspoilt nature and environment; Failure to exploit natural resources in sustainable way. Natural and cultural assets as basis for quality of life, recreation & tourism; Expertise and interest in environmental protection

Programme Investment Strategy

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

The financial allocations to the priority axes can be found in Table 14 Overview of the investment strategy of the cooperation programme (ETC template table 2) on page 85.

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

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

**Justification:** More robust and dynamic local economies are the key to cope with the challenges within the Programme area. This implied among other things a higher innovation performance and a better utilisation of the existing innovation infrastructure. Investment priority 1(b) is therefore considered to cover a broad range of topics relevant for this purpose and it has been allocated a substantial share of the funds. Two separate specific objectives will address this investment priority, focusing on two areas of innovation relevant for the programme area; one focusing on R&D uptake among SMEs, and another focusing on innovative public service provision.

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

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

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

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

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

  **Justification:** Investment priority 6(c) is viewed to have to potential to cover quite a broad range of solutions in the field of sustainable environmental management, depending on the local specificities of the environment, the community and other interests. For this reason, sufficient resources are needed to meet the demand, although fewer resources than for thematic objectives being addressed by multiple investment priorities or multiple specific objectives.
3.2.6 Contribution to EU2020 and Cohesion Policy

By working within the four thematic objectives listed and narrowing its focus onto strategic issues where transnational territorial cooperation can best contribute, the NPA Programme is in line with and will contribute to the Europe 2020 Strategy and accompanying strategies, guidance and regulations. The Europe 2020 Strategy aims at more jobs and better lives by stimulating smart, sustainable and inclusive growth. Five key targets have been set covering employment; education; research and innovation; social inclusion and poverty reduction; and climate/energy. The Europe 2020 targets are ambitious and the issues they address are substantial. Nevertheless, 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. Therefore, the Programme has been selective in its focus, by considering where the Programme can effect positive change and where it can retain its distinct identity and links to the needs and challenges of the Programme Area.

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

**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 enterprise. 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

---


15 See footnote 8 on page 14.
• 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 2007-2013.

### 3.2.7 Linkages and Synergies (Incl. Coordination with other Instruments)

**References ETC Template**

• **Section 4.4.** Contribution of planned interventions towards macro-regional and sea basin strategies, subject to the needs of the programme area as identified by the relevant Member States and taking into account, where applicable, strategically important projects identified in those strategies (where appropriate) (Where Member States and regions participate in macro-regional and sea basin strategies). Limitations: max 7000 characters

• **Section 6 Coordination.** The mechanisms that ensure effective coordination between the ERDF, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and other Union and national funding instruments, including the coordination and possible combination with the Connecting Europe Facility, the ENI, the European Development Fund (EDF) and the IPA and with the EIB, taking into account the provisions laid down in the Common Strategic Framework as set out in Annex I to Regulation (EU) No 1303/2013. Where Member States and third countries participate in cooperation programmes that include the use of ERDF appropriations for outermost regions and resources from the EDF, coordination mechanisms at the appropriate level to facilitate effective coordination in the use of these resources. Limitations: max 14000 characters

• **Possibly also part of 1.1.1 programme strategy**

The scope the programme has to contribute to and link with Europe 2020 and other relevant frameworks, policies and priorities will be amplified by effective coordination.
The NPA 2014–2020 Programme covers a large geographical area and many individual countries. The Programme Area ‘bridges’ the Arctic, the Barents region and the Northwest Atlantic areas, see Figure 3 above. As a result, the Programme has a vast number of policies and strategies to take into account. In this context, a case by case in depth analysis of precise complementarities of each Programme, strategy or framework has not been possible. Nevertheless, the NPA must work effectively and efficiently within this complex strategic and institutional environment and has considered way in which this will be achieved and maintained.

Foremost, the NPA Programme will contribute by initiating interaction between local and regional stakeholders across regional and national borders helping these stakeholders to overcome long distances and lack of critical mass. The Programme might 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; and
- during project implementation and clustering of projects.
Particular attention has been given to coordination with EU territorial cooperation programmes, coordination in the Artic area, links to Partnership agreements, contributions to other relevant EU policies, and domestic policies, as will be discussed.

**Complementarity with EU Territorial cooperation Programmes**

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

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

Compared to other types of national and EU Programmes, territorial cooperation Programmes are dependent on a relatively high match-funding rate from the project partner’s side. In addition, the current macro-economic situation, with expectations for relatively low economic growth in some countries, and cuts in public expenditure and budgets, puts additional pressure on the Programme to be relevant and to address high priority issues for project partners.

### Table 4 EU-territorial cooperation Programmes and strategies

<table>
<thead>
<tr>
<th>Cross border Programmes</th>
<th>Nord</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Botnia-Atlantica</td>
</tr>
<tr>
<td></td>
<td>Sverige – Norge</td>
</tr>
<tr>
<td></td>
<td>Northern Ireland, Border Region of Ireland and Western Scotland</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Transnational Programmes</th>
<th>Baltic Sea Region</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>North Sea Region</td>
</tr>
<tr>
<td></td>
<td>North West Europe</td>
</tr>
<tr>
<td></td>
<td>Atlantic Area</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Macro regional and sea basin strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltic Sea Region Strategy</td>
</tr>
<tr>
<td>Action plan for a Maritime Strategy for the Atlantic area</td>
</tr>
<tr>
<td>(North Sea Region Strategy)</td>
</tr>
</tbody>
</table>

All of the EU territorial cooperation Programmes covering parts of the NPA area each have their own very specific focus, as does the NPA, with its emphasis on the northern- and westernmost coastal and sparsely populated areas of Europe, including the Arctic and Subarctic areas. Nevertheless, the Programme can also contribute and link to other territorial cooperation programmes.
Cross-border cooperation programmes - The main aim of cross border cooperation is to reduce the negative effects of borders as administrative, legal and physical barriers, to tackle common problems, and to identify and exploit unused potential. Cross-border cooperation deals with a wide range of issues, some of which are similar to those of the NPA. The NPA 2014 – 2020 can complement the cross border Programmes in coastal and/or sparsely populated areas where cooperation at local and regional level will be widened and strengthened into a more international context. For example, through collaboration with the NPA individual cross border areas can gain access to a wider and deeper pool of experience and human resources.

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

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

Cooperation in the Arctic area

Cooperation in the Arctic area is another field of particular strategic importance for the NPA-Programme. Arctic cooperation takes place in a number of international fora 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 peoples. In March 2014, the European Parliament followed up with a resolution, listing numerous aspects that need to be included as the Commission develops the Arctic policy. Additionally, the Parliament calls for the development of more effective synergies between existing programmes, for instance under the Interreg programmes to clearly define investments priorities for engagement with the Arctic region and thereby to maximise effective interaction.

At national level most of the programme partner countries recently developed Arctic strategies or Arctic policy frameworks in general. Environment, climate change, economic development and the human dimension are some of the most important cross cutting themes in these national strategies.
The NPA Programme includes a strong European Arctic dimension and has a valuable role to play.

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

To explore and develop the Arctic dimension of the NPA Programme a preparatory project, *Arctic Dimension in the Northern Periphery Cooperation*, was carried out in 2012 – 2013. The main conclusion from the preparatory project is that the NPA Programme has the potential to add a regional development level to the EU Arctic Policy. In addition, a more collaborative approach between territorial cooperation programmes that cover the Arctic region would benefit the NPA activities and strategic objectives. Furthermore, it is concluded that the common challenges of the Northern Periphery Programme area, sparse population, peripherality, insularity and harsh conditions also apply to Arctic cooperation. Finally, it is concluded that there is a need to ensure that the NPA Programme does not become too overly focused on securing an “Arctic” imprint on the cooperation and thus risk becoming exclusive to some areas.

In parallel, the so-called “Bodø process” took place. This initiative was taken by the Norwegian members of the NPA Programme Planning Group with the overall aim 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 in the Bodø-process, aiming at developing an institution to promote cooperation and synergies between regional cooperation programmes and initiatives in 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 NPA:

- 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.

---

17 Ex-ante evaluation of the Northern Periphery and Arctic Programme 2014-2020, Status Report.. + Strategic Overview
Contribution to other relevant EU policies and funds
The scope for synergies and up scaling projects either to, or from the NPA might be the most important link to other EU Programmes. For example, results from a Horizon 2020 project could be operationalized through a NPA project or opposite a NPA project might contribute the development of a Horizon 2020 project. 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.

Domestic policies and strategies
The major factor influencing current economic development policies is the economic crisis. The NPA will operate in a quite different economic and political context compared to the one pertaining in 2006, when the current NPP 2007-2013 was drafted. The economic crisis has triggered a shift in economic fortunes across the region and led to major changes in macroeconomic policy. 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 this light, possible synergies between the NPA funded projects and individual national policies are likely, which 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 Transnational Cooperation and Results in the NPA Programme
As has been highlighted, the key areas where the Programme has scope to deliver substantial, transnational, results can be grouped as follows:

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

---

18 Ex ante evaluation status report ...
19 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
• using innovation to maintain and develop robust and competitive communities;
• promoting entrepreneurship to realise the potential of the Programme area’s competitive advantage;
• fostering energy-secure communities through promotion of renewable energy and energy efficiency; and
• protecting, promoting and developing cultural and natural heritage.

The project outputs (products and services) will in this way offer solutions and responses to the Programme area’s development opportunities and challenges. For example, types of changes fostered by the Programme include:

change of attitude and of actual behaviour in relation to innovation processes, entrepreneurship and market behaviour among SMEs in the low densely populated areas outside the regional centres; and enhanced ability and preparedness in local and regional communities to handle the risks connected to climate change and large scale exploitation of natural resources.

3.3 Horizontal principles

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

Seen in relation to this vision, the NPA Programme regions and in particular those in the Arctic and sub-Arctic parts of the programme area are on the one hand exposed to extraordinary challenges in relation to climate change, demographic changes and expected large investments in the exploitation of natural resources. These challenges may put the environment and the social balance under severe pressure.

On the other hand the NPA Programme regions are ranked amongst the leaders in Europe for the integration of the horizontal principles into the political, economic and social spheres. Means for reducing gender gaps and achieving a more inclusive society are integral parts of policies and practices, in some cases showing great innovation and vision. The Programme area is also a leader in environmental sustainability, with high skill-levels and expertise, for example, in the clean-tech sector. In this context, the NPA Programme focuses on efforts for fine-tuning and mainstreaming horizontal principles into daily operations, and 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 feasible in concrete terms, measurable at project and Programme level, and aim at stimulating changes in attitude and behaviour. Based on the approach set out below, the Programme will evaluate how the horizontal principles are addressed by each project proposal and apply relevant selection criteria defined at Programme level. To ensure follow up of the implementation of these principles the Programme has defined a set of indicators that will be measured during the project and Programme lifecycle. The results of monitoring and evaluation will be taken into account in the framework of the Programme evaluation strategy.
3.3.1 Environmental Sustainability

References ETC Template


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

For the 2014-2020 programming period, the dynamics taking place in the Arctic area are of particular importance. According to the Arctic Council’s Arctic Biodiversity Assessment, climate change represents the most serious threat to Arctic biodiversity, causing habitat degradation and spread of invasive alien species. At the same time, not all of the effects of climate change are negative. For example, forests grow faster and cultivation seasons last longer periods, which also allows the introduction of new crops.

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

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

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

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

All projects funded by the Programme can incorporate efforts to ‘green’ their activities and/or 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 transport options for short travel distances;
- follow the procedures described in the environmental management system and certification (EMAS); and
- offsetting CO₂ emissions when travelling by plane.
Consideration should be given to adopting a green business model encompassing the following principles and practices:

- Resource sufficiency (e.g. sharing models, ‘less is more’, higher energy efficiency, higher levels of recycling);
- Greater use of renewable energy;
- Implementing the concept of Eco-efficiency (e.g. enhancing resource productivity, giving preference to long-lasting materials over those with a short lifespan, slow-food, and slow-travelling);
- Efficiency beyond the market (use of open-source development software, wikis, shared knowledge environments, new non–monetized markets);
- Regional supply chain (reducing supply chain length and CO2 emissions); and
- Use of video conference facilities.

On the basis of the Strategic Environmental Assessment carried out for the programme, 4 environmental indicators were developed to monitor the Programme’s impact on the environment, one for each Priority Axis. The environmental indicators can be found in Table 13 on page 84.

### 3.3.2 Inclusion and Diversity

References ETC Template

- Section 8.2. Equal opportunities and non-discrimination. Limitations: max. 5500 characters.

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

As observed in the Programme area analysis, the regions involved in the NPA are leaders in the field of equal opportunities and non-discrimination. However, the Programme can still make an important contribution in supporting communities on the path of inclusive development, focusing on increasing accessibility and 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 more inclusive and cohesive development by means of increasing opportunities that stimulate and maximize individual talents, in particular through 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 inhabited by an increasingly ageing society. The availability and accessibility of transport and IT infrastructures is therefore key for access to employment opportunities and services, especially in expanding areas where specific skills are necessary. Opportunities, such as distance learning or working from home, can be solutions that open up opportunities for higher value employment and contribute to economic growth, ensuring that communities in peripheral areas remain attractive places to stay.

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

Exposure to intense pressures from global change and economic forces means that the Programme area will be particularly sensitive to the risk of discrimination. This means that the highly innovative and dynamic
economic environment present in the NPA area is attracting a new foreign workforce, increasing the diversity of the population. An unintended impact of this is that the tradition-based economies, run e.g. by indigenous peoples will be challenged.

Within the NPA Programme area there are two indigenous groups, Inuit in Greenland and Sami in Norway, Sweden and Finland. The NPA Programme 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 to them. 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 NPA shall contribute to promoting the inclusive development in the Northern Periphery and Arctic area, as in the Universal Declaration of Human Rights, by supporting initiatives that enhance the integration skills of the people and strengthen their community based organisations. A list of indicative activities applicable under all the priority axes of the Programme is as follows:

- Open opportunities for work experience and/or training on the job for young people (aged between 16-25). E.g. by appointing young people through work experience, internships, placements and apprenticeships
- Increase the capacity and skills necessary to eliminate the unintentional creation of new barriers for specific groups
- Consider the economic potential of the ageing population both in terms of an adapted demand for products and services and as a supply of “social enterprise” services
- Adopt working from home IT solutions for transnational cooperation
- When implementing their projects and developing products and services the partners shall consider if they inadvertently create new barriers for individuals or specific groups.
- Ensure that the implemented activities, products & 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

**References ETC Template**

- Section 8.3. Equality between men and women. Limitations: max. 5500 characters.

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 faces challenges such as:
- Youth out-migration;
- Gender segregated labour market; and
- Lack of study and career opportunities, “brain drain”.

19 Definition: “Social enterprises are businesses that trade to tackle social problems, improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community”, source: www.socialenterprise.org.uk.
These challenges are all related to gendered inequalities, within the Programme area they can reach the highest levels in the most peripheral regions, causing gender imbalance. Young women have higher out-migration rates than young men. This is partly due to lack of educational opportunities and a segregated labour market, with traditionally more male-dominated industries and high levels of female employment in public services such as healthcare, welfare and education. This segregated labour market discourages young women, as well as young men, who prefer other kinds of careers. It is also important to note that number of women entrepreneurs in the Programme area is generally lower compared to men, especially in the most peripheral areas. In general, approximately 30% of entrepreneurs in the OECD countries are women.

The Northern Periphery and Arctic Programme shall aim to contribute to a higher level of equality between men and women and in that way contribute to 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, support opportunities for women to play a more active role in innovation processes and in the formation of new enterprises. At the level of operations, all projects shall strive to integrate into their activities equal participation of men and women.
4. Priorities

4.1 Introduction to the Priorities

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

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

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

All priorities are funded through the European Regional Development Fund (ERDF), and they take the total funding as the calculation basis for Union support.

Figure 4 - Structure Priority Axes 1-4

4.1.1 Guiding principles for the selection of operations

References ETC Template
The NPA 2014–2020 will apply quality objectives to expected and completed project outputs to ensure that they meet high quality standards and contribute to the results sought by the Programme. These quality objectives form the link between the Programme and 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

**References ETC Template**

- Section 2.A.7 Additional qualitative information on the establishment the performance framework.  
  Limitations: max. 7000 characters.

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

#### Project milestones

The following assumptions are based on implementing a programme in the order of 91 MEUR total Programme funding, including all funding sources including public match funding, and an average intervention rate of 65%. A second assumption is that 6% of the ERDF grant will be allocated to Technical Assistance budget (TA), making available 86 MEUR for project implementation.

1. Dividing the number of expected main projects by the total expected Programme funding, and assuming, for example, that each main project has an average total budget of 1.5 MEUR. Under this assumption, approximately 56 main projects could be funded for an approximate cost of 86 MEUR.
2. The milestones for completed main projects would be approximately 17 in 2018 and 56 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 26 MEUR for 17 main projects
- It is proposed that 30% of the funds to Priority Axis 2, which equals approximately 26 MEUR for 17 main projects
- It is proposed that 20% Priority Axis 3, which equals approximately 17 MEUR for 11 main projects
- It is proposed that 20% Priority Axis 4, which equals approximately 17 MEUR for 11 main projects

#### Output milestones

Following the assumption above that 56 projects will be funded:

- By 2018, approximately 34 products and services have been developed by completed projects
- By 2023, approximately 112 products and services have been developed by completed projects

#### Financial milestones

Following the assumption above that the total funding for the programme is in the order of 91 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 55 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 – e.g. calls focussed on specific themes, on project clusters, etc.

An overview of the performance framework per priority axis can be found in Table 9, on page 81.
4.2 Priority Axis 1 - Using Innovation to Maintain and Develop Robust and Competitive Communities

This Priority Axis\textsuperscript{20} 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 enterprises\textsuperscript{21}, 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, 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.

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

\textsuperscript{21} See footnote 8 on page 14.
Intermediary actors that can help cluster SMEs and connect them to research institutions, e.g. triple helix approaches.

Creative industries and end-user demands, which can be drivers for innovative product and service design. An example of user-driven innovation is the development of clean technologies and other environmentally sustainable innovations, in response to a growing Green Economy.\(^22\)

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

Result indicators can be found in Table 7, page 74.

**Actions supported**

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

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

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

\(^{22}\) UNEP: “Green economy - one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities. In its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive.”
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 8, page 77.

4.2.2 Specific Objective 1.2

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

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

Transnational cooperation can facilitate the transfer and development of innovative organisational models, processes and solutions to address the viability of public service provision and the provision of basic goods and services, e.g. through private-public partnerships, urban-rural cooperation, social enterprises 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 using 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 Table 7, page 74.

---

23 Definition: “Social enterprises are businesses that trade to tackle social problems, improve communities, people’s life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community”, source: www.socialenterprise.org.uk.
Actions supported
Types and examples of actions to be funded by the NPA 2014-2020:

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

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

Main target groups (end users)
Types and examples of main groups targeted by actions supported in this specific objective:
Local communities in remote and sparsely populated areas.

Types of beneficiaries (project partners)
Types and examples of beneficiaries involved in the development of actions supported in this specific objective:
Public sector organisations, private entities delivering a public service, private-public partnerships, social enterprises, and third sector organisations. In addition, key actors within innovation 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 8, page 77.

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

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

4.3.1 Specific Objective 2.1

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

Result sought
In the current economic climate, start-ups and existing SMEs face particular operational challenges, such as obtaining finance. In remote and sparsely populated areas these challenges are amplified by long distances to support systems, other start-ups and existing SMEs. In addition, as companies in the periphery, they face 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.

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

- Business support systems will focus on removing barriers and bottlenecks for SMEs, for example by facilitating campus incubator support and other types of business support over distance, promoting innovative funding mechanisms to attract internal and external investments such as crowd-funding, creating support networks of peers, developing inclusive business models and jobs or training positions based on recognising and utilising people’s different talents and skills, 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 lifestyles, and creative industries. This also includes environmentally sustainable 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 7, page 74.

**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:

---

25 European Commission Communication COM/2012/0494: “Blue Growth - An initiative to harness the untapped potential of Europe’s oceans, seas and coasts for jobs and growth. (...) It represents the maritime dimension of the Europe 2020 strategy. It can contribute to the EU’s international competitiveness, resource efficiency, job creation and new sources of growth whilst safeguarding biodiversity and protecting the marine environment, thus preserving the services that healthy and resilient marine and coastal ecosystems provide.”
New start-up and existing SMEs, self-employed individuals, and social enterprises. 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 8, page 77.

### 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...

---

26 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](http://www.socialenterprise.org.uk).
equipment and vehicles, a first-mover advantage in the Silver Economy, locally derived eco-products or environmental friendly products, new products based on Blue Growth, and natural resources, such as fisheries, forestry and agriculture.

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

As a result of transnational cooperation, the NPA 2014-2020 seeks to contribute to an increased awareness of and increased capacity to act on business opportunities beyond local markets to overcome challenges faced by SMEs in remote and sparsely populated areas, such as a small customer base and long distance to market. A tangible result in the medium term will be 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 7, page 74.

**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 business opportunities arising from mega investments, such as new mining projects or new wind farms, and business opportunities arising from the Green Economy and Blue Growth. These kinds of actions are viewed as especially appropriate for reaching an international customer base, beyond the NPA area:

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

**Main target groups (end users)**

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

Existing SMEs, including those organised as cooperatives, self-employed individuals, and social enterprises. 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

---

27 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.
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 8, page 77.
4.4 Priority Axis 3 - Fostering Energy-Secure Communities through Promotion of Renewable Energy and Energy Efficiency

The Priority Axis\textsuperscript{28} consists of 1 specific objective.

4.4.1 Specific Objective 3

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

**Result sought**

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

In regions that have historically had access to relatively cheap energy, such as hydro power, 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 infrastructures\textsuperscript{29}. 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**

\textsuperscript{28} 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.”

\textsuperscript{29} This includes community assets, such as heritage buildings owned by NGOs.
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 7, page 74.

**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:
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 8, page 77.
4.5 Priority Axis 4 - Protecting, promoting and developing cultural and natural heritage

The Priority Axis\(^\text{30}\) consists of 1 specific objective.

4.5.1 Specific Objective 4

*Increased capacity of remote and sparsely populated communities for sustainable environmental management*\(^\text{31}\)

**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. It is the Programme’s intention to help communities mitigate any negative impacts from mega investments.

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 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

\(^{30}\) Priority Axis 4 addresses Thematic Objective 6, Investment Priority C “Conserving, protecting, promoting and developing cultural and natural heritage;”

\(^{31}\) 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.
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 7, page 74.

**Actions Supported**

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

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

- Development and transfer of best-practice models and solutions for “up skilling” local authorities and community groups, focusing on skills and competences 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 8, page 77.
4.6 Priority Axis Technical Assistance

References ETC Template

- Section 2.A.9. A summary of the planned use of technical assistance including, where necessary, actions to reinforce the administrative capacity of authorities involved in the management and control of the programmes and beneficiaries and, where necessary, actions for to enhance the administrative capacity of relevant partners to participate in the implementation of programmes (where appropriate). Limitation: max. 2000 characters.
- Section 2.B. Description of the priority axes for technical assistance.
- Section 2.B.2 Fund and calculation basis for Union support (repeated for each fund under the priority axis)
- Section 2.B.3. Specific objectives and expected results
- Section 2.B.5.1. Description of actions to be supported and their expected contribution to the specific objectives

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

4.6.1 Specific objective 5

Leaner Programme management and more effective Programme implementation

Result sought
The NPA 2014-2020 builds on a tradition of well established cooperation 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 8.c. of the ETC Regulation, expected results and result indicators with baseline value and target value are 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:
Main target groups (end users)
Types and examples of main groups targeted by actions supported in this specific objective:
Programme stakeholders, such as national and regional authorities, project promoters, project partners, policy makers in the Programme area, financiers, and other organisations that are affected by the Programme.

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

Monitoring and evaluation
To measure the outputs of the TA Priority Axis, output indicators have been developed. They can be found in Table 11 on page 83.

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

- Performance on stakeholder engagement through information and communication measures and project development support measures:
  - For example, through surveys and interviews measuring awareness and satisfaction regarding Programme/projects/results, how well administrative procedures are understood including public procurement and state aid, perceived user-friendliness by applicants and beneficiaries, performance of communication between Programme bodies, the degree to which the Programme attracts new project partners, projects that result in/from linkages with other instruments, etc.

- Average time to process a claim, where the target is to stay below 90 days, subject to exceptions outlined in the Common Provisions Regulation, and generally a reduction of the processing time. The data source will be the monitoring system, which will also be used to establish the baseline.

- Error rate, where the target is to stay below the 2% threshold, and generally a reduction in the level of the error rate. The data source will be the annual control report, which will also be used to establish the baseline.
5. Financing

References ETC Template

- This chapter should make reference to the following tables in the Annexes:
  - Section 3.1 Financial appropriation from the ERDF (in EUR) - Table 15
  - Section 3.2.A Total financial appropriation from the ERDF and national co-financing (in EUR) - Table 16: Financing plan
  - Section 3.2.B. Breakdown by priority axis and thematic objective - Table 17 and Table 18: Indicative amount of support to be used for climate change objectives. Note: table 18 is auto generated by SFC2014 and not part of the reader-friendly OP.

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 50209899 EUR from the European Regional Development Fund (ERDF) and 28426528 EUR of national match funding. The national match funding is calculated to be 35% for Priority Axes 1-4, and 50% for Priority Axis 5 (Technical Assistance).

The Non Member States financing consists of 9256191 EUR from ERDF equivalent funds from Norway, Iceland, Greenland and the Faroe Islands. The national match funding for Non Member States financing is calculated to be 40% on average for Priority Axes 1-4 and, and 50% for Priority Axis 5 Technical Assistance. Further detail on the Programme financing can be found in the financial tables, as shown in section 7.1.3 on page 85.

5.2 Intervention rate & Match funding

The ERDF intervention rate for partners in Member States is in general up to 65% of eligible costs, and the average intervention rate for partners in Non Member States shall in general be 60% of eligible costs. For SME beneficiaries, a maximum intervention rate of 50% shall be applied.

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

5.2.1 Match funding

National match funding is a pre-requisite for receiving Northern Periphery & Arctic 2014-2020 Programme funding. The national match funding can include both national public funding and national private funding for Priority Axes 1-3. Further details on the indicative breakdown of national match funding can be found in section 7.1.3 Financial tables, Table 16.

5.2.2 Geographical flexibility
In accordance with Article 20 of Regulation (EU) No 1299/2013 [ETC], 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 operations outside the Union part of the Programme area, cannot exceed 20% of the support from the ERDF at Programme level.

Circumstances which would permit the use of geographical flexibility are if the project would not be able to fulfil its objectives without partners from external areas or if inclusion of external partners facilitates a particularly strategic cooperation, as identified by the Monitoring Committee. Justification should also outline the added value of external cooperation and a description of how the project and the Programme area will profit from the cooperation. An example could be the specific expertise of a certain partner from outside the eligible area which is deemed crucial for the project. The geographical flexibility could be used to support cooperation with northern peripheral regions in North West Russia and North East Canada, but may also support other regions outside the Union part of the Programme area, provided that sufficient justification is presented.

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

5.3 Eligibility of Expenditure

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

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

According to Article 18 of Regulation (EU) No 1299/2013 [ETC], the Monitoring Committee will, if needed, establish additional eligibility rules for the NPA 2014-2020 as a whole. Only in cases where expenditure is not covered by the 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 Monitoring Committee.
6. Implementation

The working language of the programme shall be English.

6.1 Programme management structure

6.1.1 Identification of the relevant authorities and bodies

References ETC Template
- Section 5.1 Relevant authorities and bodies - Table 21: Programme authorities
- The body to which payments will be made by the Commission is
- Table 22: Body or bodies carrying out control and audit tasks

Table 5 Identification of and contact details for the relevant authorities and bodies

<table>
<thead>
<tr>
<th>Authority/body</th>
<th>Name of the authority/body</th>
<th>Head of the authority/body</th>
<th>Address</th>
<th>Telephone</th>
<th>e-mail address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing authority</td>
<td>County Administrative Board of Västerbotten</td>
<td>Ms Anneli Nilsson</td>
<td>Storgatan 71B, SE-901 86, Umeå, Sweden</td>
<td>+46 10 225 44 93</td>
<td><a href="mailto:anneli.nilsson@lansstyrelsen.se">anneli.nilsson@lansstyrelsen.se</a></td>
</tr>
<tr>
<td>[Certifying authority, where applicable]</td>
<td>Functions will be carried out by the Managing Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit authority</td>
<td>Ekonomistyrningsverket</td>
<td>Ms Ulrica Bergelv</td>
<td>Drottninggatan 89, Box 45316, SE-104 30, Stockholm, Sweden</td>
<td>+46 8 690 4300</td>
<td><a href="mailto:registrar@esv.se">registrar@esv.se</a></td>
</tr>
</tbody>
</table>

Body or bodies designated to carry out control tasks

Sweden: County Administrative Board of Västerbotten
- Mr Curt Hörnqvist | Storgatan 71B, SE-901 86, Umeå, Sweden | +46 10 225 43 17 | curt.hornqvist@lansstyrelsen.se |

Finland: Ministry of Employment and the Economy, Regional Department
- Ms Tuula Manelius | P.O.Box 32, FI-00023 GOVERNMENTFinland | +358 10 60 64909 | tuula.manelius@tem.fi |
<table>
<thead>
<tr>
<th>Country</th>
<th>Body or bodies</th>
<th>Contact Person(s)</th>
<th>Address/Location</th>
<th>Telephone/Other Numbers</th>
<th>Email Address</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ireland:</strong></td>
<td></td>
<td>Mr Gerry Finn</td>
<td>The Square, Ballaghadarree Co, Roscommon Ireland</td>
<td>00 353 94 9862970</td>
<td><a href="mailto:gfinn@bmwassembly.ie">gfinn@bmwassembly.ie</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Assembly House, O´Connell Street, Waterford City Ireland</td>
<td>00 353 51 860700</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Northern Ireland:</strong></td>
<td>Ms. Gina McIntyre</td>
<td></td>
<td>Clarence West Building, 2 Clarence Street West, Belfast BT2 7GP</td>
<td>0044 28 9026 6660 / 1</td>
<td><a href="mailto:gina.mcintyre@seupb.eu">gina.mcintyre@seupb.eu</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Scotland:</strong></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Norway:</strong></td>
<td>Mr Terje Tvedt</td>
<td></td>
<td>Vika Atrium, Munkedamsveien 45 PB 1704 Vika</td>
<td>+47 2311910 0</td>
<td><a href="mailto:terje.tvedt@bdo.no">terje.tvedt@bdo.no</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Iceland:</strong></td>
<td>Mr Márkus Helgason</td>
<td></td>
<td>Artorg 1, IS-550 Sáularkrókur Iceland</td>
<td>+354 45 5 5440</td>
<td><a href="mailto:magnus@byggdastofnu.is">magnus@byggdastofnu.is</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Greenland:</strong></td>
<td>Mr Thomas Bundgaard Larsen</td>
<td></td>
<td>Postboks 1039, 3900 Nuuk</td>
<td>+299 346760</td>
<td><a href="mailto:thbu@nanoq.gl">thbu@nanoq.gl</a> TBC</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Faroe Islands:</strong></td>
<td>Mr Ernst S. Olsen</td>
<td></td>
<td>Tinganes, P.O Box 64, FO-110 Tórshavn</td>
<td>+298 551017</td>
<td><a href="mailto:ernst@tinganes.fo">ernst@tinganes.fo</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Finland:</strong></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>TBC</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>designated to be responsible for carrying out audit tasks</th>
<th>Finance, Government financial controller’s function, Audit Authority Unit</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ireland:</strong></td>
<td>Irish ERDF Audit Authority</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td><strong>Northern Ireland:</strong></td>
<td>Department of Finance and Personnel’s Internal Audit Service</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td><strong>Scotland:</strong></td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td><strong>Norway:</strong></td>
<td>Auditor General of Norway</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td><strong>Iceland:</strong></td>
<td>Icelandic National Audit Office</td>
<td>TBC</td>
<td>TBC</td>
<td>TBC</td>
</tr>
<tr>
<td><strong>Greenland:</strong></td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Faroe Islands:</strong></td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

### 6.1.2 Procedure for setting up the Joint Secretariat

**References ETC Template**

- *Section 5.2 Procedure for setting up the joint secretariat. Limitations: max. 3500 characters.*

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

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

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

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

6.1.3 Summary description of the management and control arrangements

References ETC Template

- Section 5.3 Summary description of the management and control arrangements. Limitations: max. 35000 characters.
- Section 5.6 Involvement of partners. Actions taken to involve the partners referred to in Article 5 of Regulation (EU) No 1303/2013 in the preparation of the cooperation programme, and the role of those partners in the preparation and implementation of the cooperation programme, including their involvement in the monitoring committee. Limitations: max. 14000 characters.

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 Article 125 of Regulation (EU) No 1303/2013 [CPR], with the exception of the verifications in p 4 (a) of the same Article.

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

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

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

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

**Group of Auditors**

In accordance with Article 25 of Regulation (EU) No 1299/2013 [ETC], the Audit Authority shall be assisted by a Group of Auditors composed 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 23 of Regulation (EU) No 1299/2013 [ETC].

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

**Joint Secretariat**

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

It shall be responsible for the following tasks:

a. to distribute information and implement publicity measures 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 Management Group and any other Groups or task forces set up by the Monitoring Committee;

e. to monitor progress, including financial progress, made by selected projects by checking reports; (part of new e-monitoring system)

f. to perform general coordination of the work of the Regional Contact Points, 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 JS should focus on the Northern Periphery and Arctic Programme area.

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

**Other Bodies**

**Monitoring Committee**

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

More specifically, the MC shall be composed of:

Up to two representatives from each programme partner country shall be designated by the government. If possible, deputy members shall be designated as well.

The MC will have the following permanent observers:

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

Designation shall strive for gender balance in line with the horizontal principles of the Northern Periphery and Arctic 2014 – 2020 Programme. The chair of the MC can also invite others to attend the meetings such as observers and guests. Each participating country may have one observer at the meetings. Representatives of the European Commission shall take part in the MC meetings in an advisory capacity. Members of the MC shall be appointed by their respective governments within 30 days of the approval of the Cooperation Programme. The MC shall have a chairperson and a co-chairperson, representing the national authorities responsible for the administration of the Programme in the Member States. The respective Member States shall appoint them for one year at a time and in an order to be defined in the Rules of Procedure for the MC.

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

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

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

Regional Contact Points

Due to the large Programme area, Regional Contact Points (RCPs) shall be established to assist the JS with its information, promotion and advisory tasks. The RCPs shall also provide technical support to the Regional Advisory Groups in assessing project applications within the framework established by the Monitoring Committee. The RCPs will be located in the Programme area. They will form a network that will work in close cooperation with the JS and the JS shall be responsible for issuing guidelines and terms for the work of the RCPs. The RCPs are appointed by the national authority responsible for the implementation of the Programme and will be partially funded from the Technical Assistance budget depending on availability of resources. Terms of reference will be decided by the MC.

Regional Advisory Groups

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

The MC may decide to set up other advisory groups than mentioned above or decide on other organisational arrangements as well as to delegate certain decisions to the MA/JS or to other groups in order to support the implementation of the programme.

Procedures for applications and selections for the different types of projects

Project selection shall be carried out by the Monitoring Committee following open calls for applications. Calls for applications shall be launched regularly and as a general rule there will be up to 2 calls per year from 2014 until 2020. In line with its pro-active approach, the Monitoring Committee may decide on a special focus or specific requirements for individual calls. The end dates for main project applications will be published on the Programme website and will also be widely publicised as part of the information and publicity requirements of the JS and RCPs. Before the first call for applications is launched, the JS shall prepare and the MC shall adopt an information and application package for applicants.

Selection procedure

Applications for funding shall be submitted by the Lead Partner of the project to the Joint Secretariat. The application will be registered and checked for technical eligibility by the JS. Applications will then be assessed according to specified selection criteria. The JS will prepare proposals for decision based on a regional assessment procedure involving the Regional Advisory Groups. The proposals will be presented to the MC who
shall make recommendations to the MA 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 Monitoring Committee.

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

Conflict of interest

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

Preparatory projects

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

The main purpose of preparatory projects is to generate high-quality main project applications. They should mobilise broad and well-balanced partnerships and facilitate the development of joint project plans on themes that correspond to the objectives of the Programme.

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

First level controllers

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

Each programme partner country has designated the first level controller(s) responsible for carrying out the verifications in relation to all beneficiaries on its territory (table 5). Each country has also submitted to the MA a detailed description of the first level control system setup with regards to qualifications, training, quality assurance and separation of functions. The information has been provided in a template provided by the MA, and the systems described are either centralized (Sweden, Ireland, Northern Ireland, Iceland, Greenland) or decentralized (Finland, Scotland (tbc), Norway, Faroe Islands). The full description will be included in the description of the management and control system in accordance with Article 72 of Regulation (EC) No 1303/2013 [CPR]. When assessing this document the independent audit body is authorised to request complementary information from the programme partner country. Partner countries shall without delay inform the managing authority of any changes of responsible body and the control system set up during the programme period.
In order to ensure coherence among controllers from all countries participating in the programme, standard documents, such as guidelines and templates for control certificate and checklist, shall be established by the MA and used as minimum requirements across all participating countries.

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

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

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

**Payment to beneficiaries**

Payments to projects shall in general take the form of interim payments or payments of the final balance. These payments shall be related to expenditure actually paid out, corresponding to payments made by the project partners. The lead beneficiary collects the certified declarations of expenditure of all project partners and compiles the payment claims for the project.

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

6.1.4  Apportionment of liabilities among MS and third countries

**References ETC Template**

- Section 5.4 Apportionment of liabilities among participating Member States in case of financial corrections imposed by the managing authority or the Commission. Limitations: max. 10500 characters.

According to Article 27 p2 of Regulation (EU) No 1299/2013 [ETC], the managing authority shall ensure that any amount paid as a result of an irregularity is recovered from the lead or sole beneficiary. Beneficiaries shall repay the lead beneficiary any amounts unduly paid.

If the lead beneficiary does not succeed in securing repayment from other beneficiaries or if the MA does not succeed in securing repayment from the lead or sole beneficiary, the Member State or third country on whose territory the beneficiary concerned is located or, in the case of an EGTC, is registered, shall reimburse the MA the amount unduly paid to that beneficiary. The MA shall be responsible for reimbursing the amounts concerned to the general budget of the Union, in accordance with the apportionment of liabilities as laid down below.
The Member States as well as Norway and Iceland will bear liability in connection with the use of the Programme ERDF funding as follows:

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

**ERDF equivalent funding**

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

- Each country bears the possible financial consequences of irregularities committed by the partners and the associated participants in compliance with Article 27 of Regulation (EU) No 1299/2013 [ETC].
- In case of amounts lost to the Programme budget, or systemic irregularity, the countries will bear the financial consequences, whereby each country shall be responsible in proportion to the ERDF equivalent contribution to the respective national project partners involved.

**Technical Assistance**

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

**6.1.5 Use of the Euro**

**References ETC Template**

- Section 5.5 Use of the Euro (where applicable) Limitations: max. 2000 characters.

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

**6.1.6 Financial Management**

**References ETC Template**

- Section 5.3 Summary description of the management and control arrangements. Limitations: max. 35000 characters
The Managing Authority administers the ERDF and ERDF equivalent funding of the programme as well as the national match funding contributions to the Technical Assistance budget. Six separate bank accounts are required, one for Technical assistance contributions, one for the ERDF funding and one for each of the ERDF equivalent funding from Norway, Iceland, Greenland and the Faroe Islands. The Managing Authority will set up the accounts within one month after the European Commission’s approval of the Cooperation Programme.

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

The NMS will transfer their ERDF equivalent contribution to the programme together with their national match funding contribution of the TA budget in yearly instalments during the period 2014-2020. The MA will send a written request each year indicating the account number for the NMS, the amount of the annual contribution and the payment due date. The NMS contribution to the TA budget is based on the financing plan of the OP. From the yearly instalment, (126% ERDF equivalent funding + 6% national match funding) will be transferred to the TA account unless other arrangements are made.

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

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

### 6.1.7 Arrangements in case of implementing difficulties

**References ETC Template**
- Section 5.3 Summary description of the management and control arrangements. Limitations: max. 35000 characters

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

In cases where the Managing Authority exercises its right to terminate the subsidy contract, the programme partner countries involved will be consulted prior to such a decision.
### Approach to projects going bankrupt

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

### Irregularities

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

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

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

### 6.1.8 Procedure for complaints

#### References ETC Template

- Section 5.3 Summary description of the management and control arrangements. Limitations: max. 35000 characters

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

In relation to assessment and decision on project applications, project lead applicants are informed in writing about the reasons why an application was not eligible or approved. Any questions in relation to the assessments will be examined and answered by the Managing Authority or Joint Secretariat. If needed or in relation to complaints of more principal character, the complaints will be examined and answered jointly by the chair of the Monitoring Committee and the Managing Authority or Joint Secretariat. The chair may decide to refer back a complaint to the Monitoring Committee, should s/he judge it necessary. An overview of complaints examined and answered by the chair of the Monitoring Committee and Managing Authority or Joint Secretariat will be provided to the monitoring committee in the following meeting. The same complaint procedure as described will also apply to other stages of the project implementation controlled by the Managing Authority or Joint Secretariat and the Monitoring Committee, such as the progress monitoring.
The possibility for appealing formal Managing Authority decisions is governed by the national legislation of Sweden. In such cases, other programme bodies and partner country authorities shall assist the Managing Authority and/or the applicable Swedish court in all ways necessary to reach a conclusion regarding the appealed matter.

6.2 Programme implementation provisions

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

References ETC Template

- Section 5.6 Involvement of partners. Actions taken to involve the partners referred to in Article 5 of Regulation (EU) No 1303/2013 in the preparation of the cooperation programme, and the role of those partners in the preparation and implementation of the cooperation programme, including their involvement in the monitoring committee. Limitations: max. 14000 characters.
- Section 9.3 Relevant partners involved in the preparation of the cooperation programme. Limitations: max. 15000 characters.

Programme Preparation

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

The successful implementation of the Northern Periphery Programme 2007-2013 and potential benefits of cooperation 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 6 below.

Table 6 Programming bodies for the preparation of the NPA 2014-2020

<table>
<thead>
<tr>
<th>Body</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programme Monitoring Committee 2020</td>
<td>PMC 2020: The main decision body, with the same structure as the Programme Planning Group. In addition, observers representing countries with neighbouring areas in Russia and Canada, as well as other relevant observers identified. This body was responsible for initiating final submissions/agreement of the Cooperation Programme.</td>
</tr>
<tr>
<td>Programme Planning Group</td>
<td>PPG: The main coordinating body for reaching agreement between partner countries and ensuring that a joint new Programme is produced and delivered on time. This includes responsibility for ensuring multi-level contributions to the document, consultations and</td>
</tr>
</tbody>
</table>
A timeline of the Programme drafting process and the various meetings held can be found in Table 24 on page 97. This shows the main milestones in the programming process and highlights that the partnership principle has been key to the drafting process with the opportunity to gain regional and local perspectives through open consultation procedures.

The inclusion of consultation processes involving the participating regions has also been key to the development process. Following the area analysis and SWOT with regional and national input, Regional Advisory Groups in the Programme partner countries played a vital role in providing feedback on the draft texts. Two extensive consultations exercises took place in May and August 2013, to inform the choice of thematic objectives and the development of the priority axes by the Programme Planning Group and the drafting team.

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

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

**Programme Implementation**

A description of the programme bodies involved in the programme implementation can be found in chapter 6.1.3 Summary description of the management and control arrangements on page 58.

### 6.2.2 Monitoring & evaluation

**Monitoring**

---

32 This section will only be included in the electronic submission if character limits allow.
The project activity reports and financial reports submitted regularly by the Lead Beneficiaries will be the central method of allowing the MA to monitor project implementation.

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

**Annual and final implementation reports and closure of the programme**

The managing authority will, in accordance with Article 14 of Regulation (EU) No 1299/2013 [ETC], submit to the Commission implementation reports in accordance with the requirements of Article 50 of Regulation (EU) No 1303/2013 [CPR]. They will be approved by the monitoring committee before they are sent to the Commission. A final report on implementation will be submitted to the Commission by 31 December 2023.

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

**Evaluation strategy**

An evaluation plan will be drafted for the NPA 2014-2020 (Article 114 of Regulation (EU) No 1303/2013 [CPR]). The purpose of the evaluation plan will be to assess effectiveness, efficiency and impact of the implementation of the Programme, and its contribution to the objectives set for the priorities. Evaluation tools will be used to measure the change in the total result (result indicators), and 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 be proportional to the size and resources of the Programme and will provide a qualitative evaluation approach.

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

Examples of evaluation methodologies:

- An external evaluator could verify if businesses/organisations/beneficiaries participating in NPA projects demonstrate similar developments as the overall change in the result indicator.
- Analysis through surveys 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 115, 116 of Regulation (EU) No 1303/2013 [CPR], a 7-year communication strategy will be developed and adopted by the 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 MC.

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

The communication strategy will be aimed at informing potential beneficiaries about funding opportunities, and 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. Also, systems for updating this list on a quarterly basis (every 3 months) as stipulated.

b) Publicity kits for beneficiaries, including templates in electronic format, to help beneficiaries to meet their obligations as well as instructions about the publicity responsibilities of beneficiaries (for example through training events and a Programme Manual, etc.)

c) Designation of a person responsible for information and publicity on Cooperation Programme level, and informing the European Commission about this person.

d) The project application form will request that projects describe their communication activities

e) Identification and establishment of mechanisms to provide mandatory information to stipulated bodies on Member State level (single MS website/portal for all cohesion Programmes) and others required.

f) Systems for publishing information about the Programme’s strategy, objectives and funding opportunities, project examples, the list of operations, updated information about Programme implementation and other mandatory communication measures. These systems should ensure the widest possible media coverage and be in line with the strategy to be developed.

g) A Programme launch event. Also, provisions for a yearly major information activity.
6.3 Project implementation provisions

6.3.1 Lead Beneficiary Status

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

The Managing Authority will issue Grant Offer Letters, which once countersigned by the Lead Beneficiary, serve as legally binding contracts, on behalf of the Member States and Norway, Iceland, the Faroe Islands and Greenland. The Lead Beneficiary is responsible for the submission of the application form and ensuring that match-funding commitments (letters of intent) are in place. The Lead Beneficiary is also responsible for:

a) Setting up a partnership agreement with the other project partners, laying down arrangements which guarantee (among other things) the sound financial management of the project, including arrangements for recovery of amounts unduly paid.

b) Ensuring implementation of the entire project.

c) Ensuring that expenditure presented by all the project partners has been incurred in implementing the project, and is in line with agreed project activities and all conditions in the grant offer letter.

d) Ensuring that the expenditure presented by other partners has been verified by a national controller.

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

6.3.2 Simplification measures

References ETC Template

- Section 7. Reduction of administrative burden for beneficiaries. A summary of the assessment of the administrative burden for beneficiaries and, where necessary, the actions planned accompanied by an indicative timeframe to reduce the administrative burden. Limitations: max. 7000 characters.

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 122 p3 of Regulation (EU) No 1303/2013 [CPR], the Programme will implement an IT solution embedding a set of simplification measures based on IT technologies, so called “e-cohesion”. The following measures will be developed:

- Implementation of a communication platform that will allow 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 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**

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

- The introduction of a flat rate calculation of office and administrative costs, as regulated in Article 68 of Regulation (EU) No 1303/2013.
- The introduction of simplified cost options, as regulated in Article 67 of Regulation (EU) No 1303/2013, in the field of supporting certain project activities, such as the project preparatory phase (e.g. preparation costs reimbursed on a lump sum basis).
- The implementation of the Delegated Act on General Rules on Eligibility of Expenditure for Cooperation Programmes when preparing the programme’s eligibility rules and financial structures (e.g. budget lines). Harmonization of eligibility rules will reduce the need for beneficiaries participating in different programmes to study and understand various interpretations of eligibility rules. It will also simplify the work for the first level controllers.
- Review and, if possible, streamlining of procedures for shared costs, in-kind contributions and other items related to the project budgets.

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

• **Lean management throughout all implementation processes**

The implementation processes within the NPA will be evaluated and monitored on an ongoing basis to enable continuous improvements during the programme period. The aim will be to reduce the administrative burden for beneficiaries and programme bodies, as well as to reduce the risk for administrative errors to a minimum.
### 7. Annexes

#### 7.1 Mandatory tables

##### 7.1.1 Tables related to the Priority Axes

**References ETC Template**
- Table 3: Programme specific result indicators (by specific objective)
- Table 4: Common and programme specific output indicators
- Table 5: Performance framework of the priority axis
- Tables 6-9: Categories of intervention
- Table 11: Output indicators (Technical Assistance)
- Tables 12-14: Categories of intervention (Technical Assistance)
- Table 24: Performance framework (summary table) (auto generated)

**Table 7 Programme specific result indicators (by specific objective) (ETC template table 3)**

<table>
<thead>
<tr>
<th>Priority Axis 1 - INNOVATION</th>
<th>ID (Specific Objective)</th>
<th>Indicator</th>
<th>Measurement unit</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Source of data</th>
<th>Frequency of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1</td>
<td>Degree of transnational collaborations between SMEs and R &amp; D</td>
<td>Perceived degree of transnational collaborations between SMEs and R&amp;D</td>
<td>(TBD)</td>
<td>2014</td>
<td>Increase in perceived degree of SMEs involved with R&amp;D</td>
<td>Survey/questionnaire</td>
<td>Regional statistics/Eurostat</td>
<td>Bi-annually/depending on defined methodology</td>
</tr>
<tr>
<td>1.2</td>
<td>Awareness of technology driven public service provision in remote and sparsely populated areas</td>
<td>Awareness scale</td>
<td>(TBD)</td>
<td>2014</td>
<td>Increased awareness scale</td>
<td>Survey/questionnaire</td>
<td></td>
<td>Bi-annually/depending on defined methodology</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Priority Axis 2 - ENTREPRENEURSHIP</th>
<th>ID (Specific Objective)</th>
<th>Indicator</th>
<th>Measurement unit</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Source of data</th>
<th>Frequency of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1</td>
<td>Entrepreneurial business climate in remote and sparsely populated areas</td>
<td>Entrepreneurial business climate barometer</td>
<td>TBD</td>
<td>2014</td>
<td>Improvement in business climate</td>
<td>Survey/questionnaire</td>
<td></td>
<td>Bi-annually/depending on defined methodology</td>
</tr>
<tr>
<td>2.2</td>
<td>Awareness of business opportunities beyond local markets</td>
<td>Awareness scale</td>
<td>TBD</td>
<td>2014</td>
<td>Increased awareness scale</td>
<td>Survey/questionnaire</td>
<td></td>
<td>Bi-annually/depending on defined methodology</td>
</tr>
</tbody>
</table>
### Priority Axis 3 – RENEWABLES AND ENERGY EFFICIENCY

<table>
<thead>
<tr>
<th>ID (Specific Objective)</th>
<th>Indicator</th>
<th>Measurement unit</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Source of data</th>
<th>Frequency of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Awareness of energy efficiency opportunities and renewable solutions in housing sector and public infrastructures in remote and sparsely populated areas</td>
<td>Awareness scale</td>
<td>TBD</td>
<td>2014</td>
<td>Increased awareness scale</td>
<td>Survey/questionnaire</td>
<td>Bi-annually/ depending on defined methodology</td>
</tr>
</tbody>
</table>

### Priority Axis 4 – PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE

<table>
<thead>
<tr>
<th>ID (Specific Objective)</th>
<th>Indicator</th>
<th>Measurement unit</th>
<th>Baseline value</th>
<th>Baseline year</th>
<th>Target value (2023)</th>
<th>Source of data</th>
<th>Frequency of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Preparedness of responsible authorities for sustainable environmental management in remote and sparsely populated areas</td>
<td>Preparedness scale</td>
<td>TBD</td>
<td>2014</td>
<td>Increased preparedness scale</td>
<td>Survey/questionnaire</td>
<td>Bi-annually/ depending on defined methodology</td>
</tr>
</tbody>
</table>

**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 is 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 indicators, 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 statistical data 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 analyses are expected be in proportion to the resources of the Programme and the geographical area they have to cover.

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 indicate the Programme’s change, control group(s) may be used and reviewed by an expert group. 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 and the following definitions will be utilised as a first approach. During the first programme year a more systematic development of the key methodological concepts and definitions will be carried out.
The definition of an *Innovation Awareness scale* is to see if, and how knowledge of innovation (e.g. in relation to possibilities for technology transfer to SMEs in peripheral areas), entrepreneurship (e.g. in relation to means to overcome barriers for start ups outside traditional economic sectors in peripheral areas), renewables and energy efficiency (e.g. in relation to housing in rural areas and under cold climate conditions) has changed in the NPA area from the start of the programming period through to the programme’s conclusion. The awareness scale aims to give an accurate benchmark indication of the state of innovation driven technology in the public sector, business opportunities, energy efficiency and renewable solutions awareness in the NPA area.

The definition of a *Preparedness scale* is to see if and how authorities responsible for sustainable environmental management through a typological approach demonstrating their increased preparedness capacities during the programme period e.g. in relation to climate change, extreme weather conditions and mitigation and damage prevention.

The definition of an *Entrepreneurship climate barometer* is an indicator of the constraints for start ups SMEs, for example in relation to access to supervision or capital, support mechanism for entrepreneurs, encouraging entrepreneurship as a viable career choice as a source of employment, and how these aspects have improved during the programming period.

The theoretical approaches to be explored could include the Classical Measurement Theory (CMT) which creates scales to measure underlying concepts from simple addition of the responses to a number of relevant questions. An alternative method of forming scales is to measure an underlying concept using responses to a number of questions using the Rasch model\(^\text{33}\). In the case of Entrepreneurship climate barometer a typological approach could be explored to determine the improvement in the business climate during the programme period.

For example, the methodology will use survey results could be compared with any available quantitative data. In addition, surveys will be carried out according to the same methodology as for the establishment of baseline values and target values to increase the validity of the change measured.

\(^{33}\) The Rasch model is a psychometric model for analysing categorical data, such as answers to questions on a reading assessment or questionnaire responses, as a function of the trade-off between the respondent’s abilities, attitudes or personality traits.
### Table 8 Common and Programme specific output indicators (by investment priority) (ETC template table 4)

<table>
<thead>
<tr>
<th>Priority Axis 1 – INNOVATION</th>
<th>ID (Investment priority)</th>
<th>Indicator (Common indicator)</th>
<th>Measurement unit</th>
<th>Target value (2023)</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1B</td>
<td>1B</td>
<td>Number of enterprises receiving support (1)</td>
<td>Enterprises</td>
<td>34</td>
<td>NPA Projects</td>
</tr>
<tr>
<td></td>
<td>1B</td>
<td>Number of enterprises cooperating with research institutions (28)</td>
<td>Enterprises</td>
<td>6</td>
<td>Programme monitoring</td>
</tr>
<tr>
<td></td>
<td>1B</td>
<td>Number of enterprises supported to introduce new to the market products (30)</td>
<td>Enterprises</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1B</td>
<td>Number of enterprises supported to introduce new to firm products (31)</td>
<td>Enterprises</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ID (Investment priority)</th>
<th>Specific Output</th>
<th>Measurement unit</th>
<th>Target value (2023)</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1B</td>
<td>Number of product and service opportunities to be developed, based on new or existing R&amp;D</td>
<td>Products and services</td>
<td>17</td>
<td>NPA projects</td>
</tr>
<tr>
<td></td>
<td>Number of supported SMEs reporting productivity increase in %. (i.e. Increased sales, customer base and increased productivity)</td>
<td>SMEs</td>
<td>34</td>
<td>Programme monitoring</td>
</tr>
<tr>
<td></td>
<td>Number of innovative models/solutions addressing viability and low critical mass in public service provision</td>
<td>Collaborations</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of innovative technology-driven solutions for public service provision in remote areas</td>
<td>Services</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>
### Priority Axis 2 – ENTREPRENEURSHIP (3A & 3B)

<table>
<thead>
<tr>
<th>ID (Investment priority)</th>
<th>Indicator (Common indicator)</th>
<th>Measurement unit</th>
<th>Target value (2023)</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>3A/3D</td>
<td>Number of enterprises receiving support (1)</td>
<td>Enterprises</td>
<td>34</td>
<td>NPA projects Programme monitoring</td>
</tr>
<tr>
<td>3A/3D</td>
<td>Number of new enterprises supported (5)</td>
<td>Enterprises</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>3A/3D</td>
<td>Number of enterprises supported to introduce new to the market products (30)</td>
<td>Enterprises</td>
<td>14</td>
<td></td>
</tr>
<tr>
<td>3A/3D</td>
<td>Number of enterprises supported to introduce new to the firm products (31)</td>
<td>Enterprises</td>
<td>14</td>
<td></td>
</tr>
</tbody>
</table>

### Specific Output

<table>
<thead>
<tr>
<th>ID (Investment priority)</th>
<th>Specific Output</th>
<th>Measurement unit</th>
<th>Target value (2023)</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>3A/3D</td>
<td>Number of business support solutions utilising place-based opportunities</td>
<td>Services</td>
<td>12</td>
<td>NPA projects Programme monitoring</td>
</tr>
<tr>
<td>3A/3D</td>
<td>Number of new or sustained jobs reported</td>
<td>Jobs</td>
<td>70</td>
<td></td>
</tr>
<tr>
<td>3A</td>
<td>Number of business support solutions removing barriers for start-ups/existing SMEs</td>
<td>Services</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>3D</td>
<td>Number of new solutions using technology to overcome long distances to market</td>
<td>Services</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>ID (Investment priority)</td>
<td>Indicator (Common indicator)</td>
<td>Measurement unit</td>
<td>Target value (2023)</td>
<td>Source of data</td>
</tr>
<tr>
<td>--------------------------</td>
<td>-------------------------------</td>
<td>------------------</td>
<td>---------------------</td>
<td>----------------</td>
</tr>
<tr>
<td>4C</td>
<td>Number of households with improved energy consumption classification (33)</td>
<td>Household</td>
<td>&gt;500 households</td>
<td>NPA projects Programme monitoring</td>
</tr>
<tr>
<td></td>
<td>Decrease in annual primary energy consumption of public buildings (34)</td>
<td>KWh/year</td>
<td>KWh/year</td>
<td>Average decrease of annual energy consumption in public buildings of 1-5%</td>
</tr>
<tr>
<td>ID (Investment priority)</td>
<td>Specific Output</td>
<td>Measurement unit</td>
<td>Target value (2023)</td>
<td>Source of data</td>
</tr>
<tr>
<td>4C</td>
<td>Number of models developed utilising by-products from economic activities as energy sources for public infrastructures and housing</td>
<td>Product</td>
<td>7</td>
<td>NPA projects Programme monitoring</td>
</tr>
<tr>
<td></td>
<td>Number of renewable energy solutions for public infrastructures and housing</td>
<td>Services</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of smart energy management solutions</td>
<td>Services</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>
## Priority Axis 4 – PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE (6C)

<table>
<thead>
<tr>
<th>ID (Investment priority)</th>
<th>Indicator (Programme Specific)</th>
<th>Measurement unit</th>
<th>Target value (2023)</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>6C</td>
<td>Number of schemes/interventions involving sustainable environmental management</td>
<td>Services</td>
<td>6</td>
<td>NPA projects Programme monitoring</td>
</tr>
<tr>
<td></td>
<td>Number of capacity building solutions to maintain the balance between competing environmental, economic and social interests</td>
<td>Services</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of solutions for the sustainable management of natural and cultural heritage.</td>
<td>Service</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of new decision making tools or governance concepts facilitating sustainable environmental management</td>
<td>Service</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>
### Table 9 The performance framework of the priority axis (ETC template table 5)

<table>
<thead>
<tr>
<th>Implementation steps, financial, output indicators</th>
<th>Measurement unit (where appropriate)</th>
<th>Milestone for 2018</th>
<th>Final target (2023)</th>
<th>Source of data</th>
<th>Explanation of the relevance of indicator (where appropriate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outputs</td>
<td>Priority Axis 1. Products and services</td>
<td>10</td>
<td>34</td>
<td>NPA 2014 – 2020 – Implementation reports and project progress reports</td>
<td>Products and services developed in completed projects present the most appropriate demonstration the impact of the NPA 2014 - 2020</td>
</tr>
<tr>
<td></td>
<td>Priority Axis 2. Products and services</td>
<td>10</td>
<td>34</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Priority Axis 3. Products and services</td>
<td>7</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Priority Axis 4. Products and services</td>
<td>7</td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>Priority Axis 1. Expenditure (EUR millions)</td>
<td>N+3 approved allocation for 2014 – 2018 (TBD)</td>
<td>100% of approved allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Priority Axis 2. Expenditure (EUR millions)</td>
<td>N+3 approved allocation for 2014 – 2018 (TBD)</td>
<td>100% of approved allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Priority Axis 3. Expenditure (EUR millions)</td>
<td>N+3 approved allocation for 2014 – 2018 (TBD)</td>
<td>100% of approved allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Priority Axis 4. Expenditure (EUR millions)</td>
<td>N+3 approved allocation for 2014 – 2018 (TBD)</td>
<td>100% of approved allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Priority Axis 5. Expenditure (EUR millions)</td>
<td>N+3 approved allocation for 2014 – 2018 (TBD)</td>
<td>100% of approved allocation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Implementation steps</td>
<td>Number of Application calls</td>
<td>6</td>
<td>10</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Table 6: Dimension 1 Intervention field

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Code</th>
<th>Amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 INNOVATION</td>
<td>062</td>
<td>2 359 865</td>
</tr>
<tr>
<td></td>
<td>063</td>
<td>2 359 865</td>
</tr>
<tr>
<td></td>
<td>064</td>
<td>2 359 865</td>
</tr>
<tr>
<td></td>
<td>065</td>
<td>2 359 865</td>
</tr>
<tr>
<td></td>
<td>055</td>
<td>2 359 865</td>
</tr>
<tr>
<td></td>
<td>081</td>
<td>2 359 865</td>
</tr>
<tr>
<td>2 ENTREPRENEURSHIP</td>
<td>067</td>
<td>3 539 798</td>
</tr>
<tr>
<td></td>
<td>072</td>
<td>1 769 899</td>
</tr>
<tr>
<td></td>
<td>073</td>
<td>1 769 899</td>
</tr>
<tr>
<td></td>
<td>066</td>
<td>1 769 899</td>
</tr>
<tr>
<td></td>
<td>071</td>
<td>1 769 899</td>
</tr>
<tr>
<td></td>
<td>076</td>
<td>1 769 899</td>
</tr>
<tr>
<td></td>
<td>082</td>
<td>1 769 899</td>
</tr>
<tr>
<td>3 RENEWABLES AND ENERGY EFFICIENCY</td>
<td>013</td>
<td>7 079 596</td>
</tr>
<tr>
<td></td>
<td>014</td>
<td>2 359 866</td>
</tr>
<tr>
<td>4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE</td>
<td>085</td>
<td>2 359 865</td>
</tr>
<tr>
<td></td>
<td>087</td>
<td>2 359 865</td>
</tr>
<tr>
<td></td>
<td>088</td>
<td>2 339 865</td>
</tr>
<tr>
<td></td>
<td>095</td>
<td>2 359 865</td>
</tr>
</tbody>
</table>

### Table 7: Dimension 2 Form of finance

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Code</th>
<th>Amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 INNOVATION</td>
<td>01</td>
<td>14 159 192</td>
</tr>
<tr>
<td>2 ENTREPRENEURSHIP</td>
<td>01</td>
<td>14 159 192</td>
</tr>
<tr>
<td>3 RENEWABLES AND ENERGY EFFICIENCY</td>
<td>01</td>
<td>9 439 462</td>
</tr>
<tr>
<td>4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE</td>
<td>01</td>
<td>9 439 460</td>
</tr>
</tbody>
</table>

### Table 8: Dimension 3 Territory type

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Code</th>
<th>Amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 INNOVATION</td>
<td>07</td>
<td>14 159 192</td>
</tr>
<tr>
<td>2 ENTREPRENEURSHIP</td>
<td>07</td>
<td>14 159 192</td>
</tr>
<tr>
<td>3 RENEWABLES AND ENERGY EFFICIENCY</td>
<td>07</td>
<td>9 439 462</td>
</tr>
</tbody>
</table>
### Table 11 Output indicators Technical Assistance (ETC template table 11)

<table>
<thead>
<tr>
<th>ID</th>
<th>Indicator</th>
<th>Measurement unit</th>
<th>Target value (2023) (optional)</th>
<th>Source of data</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of simplification measures implemented</td>
<td>Simplification measures</td>
<td>TBD</td>
<td>Study</td>
</tr>
<tr>
<td>2</td>
<td>Number of project development support activities</td>
<td>Events and activities</td>
<td>TBD (as part of project development support strategy to be adopted by the MC)</td>
<td>Annual Report</td>
</tr>
<tr>
<td>3</td>
<td>Number of information and communication activities (broken down by type and stakeholder group)</td>
<td>Information and communication measures (Publications, events, promotional materials, videos, etc.)</td>
<td>TBD (as part of the communication strategy to be adopted by the MC). In accordance with the implementing act, at least one major communication activity per year.</td>
<td>Annual Report</td>
</tr>
</tbody>
</table>

### Table 12 Categories of intervention TA Axis (ETC template tables 12-14)

#### Table 12: Dimension 1 Intervention field

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Code</th>
<th>Amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 TECHNICAL ASSISTANCE</td>
<td>121</td>
<td>2,575,768</td>
</tr>
<tr>
<td></td>
<td>122</td>
<td>60,252</td>
</tr>
<tr>
<td></td>
<td>123</td>
<td>376,574</td>
</tr>
</tbody>
</table>

#### Table 13: Dimension 2 Form of finance

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Code</th>
<th>Amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 TECHNICAL ASSISTANCE</td>
<td>01</td>
<td>3,012,594</td>
</tr>
</tbody>
</table>

#### Table 14: Dimension 3 Territory type

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Code</th>
<th>Amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 TECHNICAL ASSISTANCE</td>
<td>07</td>
<td>3,012,594</td>
</tr>
</tbody>
</table>
### 7.1.2 Environmental Indicators

Table 13 Environmental indicators (by priority axis)

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

References ETC Template
- Table 2: Overview of the investment strategy of the cooperation programme
- Table 15 (Financial appropriation from the ERDF (in EUR))
- Table 16: Financing plan
- Table 17 (Breakdown by priority axis and thematic objective)
- Table 18: Indicative amount of support to be used for climate change objectives (auto generated)

Table 14 Overview of the investment strategy of the cooperation programme (ETC template table 2)

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>ERDF support (in EUR)</th>
<th>Proportion (%) of the total Union support for the cooperation programme (by Fund)</th>
<th>Thematic objective</th>
<th>Investment priorities</th>
<th>Specific objectives corresponding to the investment priorities</th>
<th>Result indicators corresponding to the specific objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>INNOVATION</td>
<td>14 159 192</td>
<td>&lt;28%</td>
<td>n/a</td>
<td>1(b): Promoting business investment in R&amp;D, 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, technology and innovation</td>
<td>1.1 Increased innovation and transfer of new technology to SMEs in remote sparsely populated areas</td>
<td>Degree of transnational collaboration and knowledge exchange between SMEs and R&amp;D organisations</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1.2 Increased innovation within public service provision in remote, sparsely populated areas</td>
<td>Awareness of technology driven public service provision in remote and sparsely populated</td>
</tr>
</tbody>
</table>

34 Presentation of the shares corresponding to ENI and IPA amounts depends on management option chosen.
35 Title of the thematic objective (not applicable to technical assistance).
36 Title of the investment priority (not applicable to technical assistance).
37 European Regional Development Fund
38 European Neighbourhood Instrument
39 Instrument for Pre-Accession Assistance
<table>
<thead>
<tr>
<th>No.</th>
<th>ENTREPRENEURSHIP</th>
<th>14</th>
<th>159</th>
<th>192</th>
<th>28%</th>
<th>n/a</th>
<th>n/a</th>
<th>3</th>
<th>Enhancing the competitiveness of SMEs</th>
<th>3(a): Promoting entrepreneurship, in particular facilitating the economic exploitation of new ideas and fostering the</th>
<th>2.1 Improved support systems tailored for start-ups and existing SMEs in remote and sparsely populated areas</th>
<th>Entrepreneural business climate in remote and sparsely populated areas</th>
</tr>
</thead>
</table>

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.
<table>
<thead>
<tr>
<th>Area</th>
<th>Indicator</th>
<th>Target</th>
<th>Progress</th>
<th>Result</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>3 RENEWABLES AND ENERGY EFFICIENCY</td>
<td>Creation of new firms, including through business incubators</td>
<td></td>
<td></td>
<td></td>
<td>3(d): Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes</td>
</tr>
<tr>
<td></td>
<td>Greater market reach beyond local markets for SMEs in remote and sparsely populated areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Increased use of energy efficiency and renewable energy solutions in housing and public infrastructure in remote, sparsely populated areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Awareness of business opportunities beyond local markets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE</td>
<td>Increased capacity of remote and sparsely populated communities for sustainable environmental management in remote and sparsely populated areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Preparedness of responsible authorities for sustainable environmental management in remote and sparsely populated areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table Legends:**
- **Indicator:** Specific goals or targets.
- **Target:** Quantitative or qualitative targets.
- **Progress:** Progress towards target.
- **Result:** Achieved results or outcomes.
- **Description:** Detailed explanations or context for each indicator.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical Assistance</td>
<td>3,012,594</td>
<td>6%</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Table 15 Financial appropriation from the ERDF (in EUR) (ETC template table 15)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>ERDF</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IPA amounts (where applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ENI amounts (where applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 16 Financing plan (ETC template table 16)

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Fund</th>
<th>Basis for calculation of Union support (Total eligible cost or public eligible cost)</th>
<th>Union support (a)</th>
<th>National counterpart (b) = (c) + (d)</th>
<th>Indicative breakdown of the national counterpart</th>
<th>Total funding (e) = (a) + (b)</th>
<th>Co-financing rate (f) = (a)/(e) (2)</th>
<th>For information</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>National Public funding (c)</td>
<td>National private funding (d) (1)</td>
<td>Contributions from third countries</td>
<td>EIB contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 INNOVATION</td>
<td>ERDF (possibly incl. amounts transferred from IPA and ENI)</td>
<td>IPA</td>
<td>ENI</td>
<td>IPA</td>
<td>ENI</td>
<td>IPA</td>
<td>ENI</td>
<td>IPA</td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------------------------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
</tr>
<tr>
<td></td>
<td>21 783 372</td>
<td>14 159 192</td>
<td>7 624 180</td>
<td>7 395 455</td>
<td>228 725</td>
<td>21 783 372</td>
<td>65%</td>
<td>2 610 246</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2 ENTREPRENEURSHIP</th>
<th>ERDF (possibly incl. amounts transferred from IPA and ENI)</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>21 783 372</td>
<td>14 159 192</td>
<td>7 624 180</td>
<td>7 395 455</td>
<td>228 725</td>
<td>21 783 372</td>
<td>65%</td>
<td>2 610 246</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>3 RENEWABLES AND ENERGY EFFICIENCY</th>
<th>ERDF (possibly incl. amounts transferred from IPA and ENI)</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14 522 249</td>
<td>9 439 462</td>
<td>5 082 787</td>
<td>4 981 131</td>
<td>101 656</td>
<td>14 522 249</td>
<td>65%</td>
<td>1 740 164</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE</th>
<th>ERDF (possibly incl. amounts transferred from IPA and ENI)</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14 522 247</td>
<td>9 439 460</td>
<td>5 082 786</td>
<td>5 082 786</td>
<td>0</td>
<td>14 522 247</td>
<td>65%</td>
<td>1 740 164</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5 TECHNICAL ASSISTANCE</th>
<th>ERDF (possibly incl. amounts)</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
<th>IPA</th>
<th>ENI</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6 025 188</td>
<td>3 012 594</td>
<td>3 012 594</td>
<td>3 012 594</td>
<td>0</td>
<td>6 025 188</td>
<td>50%</td>
<td>555 371</td>
<td>0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

40 Presentation of amounts transferred from ENI and IPA depends on management option chosen.
<table>
<thead>
<tr>
<th>nts transferred from IPA and ENI</th>
<th>IPA</th>
<th>0</th>
<th>0</th>
<th>0</th>
<th>0</th>
<th>0</th>
<th>0</th>
<th>0</th>
<th>0</th>
</tr>
</thead>
<tbody>
<tr>
<td>ENI</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>ERDF</strong></td>
<td>78 63</td>
<td>50 20</td>
<td>28 426</td>
<td>27 867</td>
<td>559</td>
<td>78 63</td>
<td>64%</td>
<td>9 256 191</td>
</tr>
<tr>
<td>IPA</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>ENI</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>Total all Funds</strong></td>
<td>78 63</td>
<td>50 20</td>
<td>28 426</td>
<td>27 867</td>
<td>559</td>
<td>78 63</td>
<td>64%</td>
<td>9 256 191</td>
</tr>
</tbody>
</table>

(1) To be completed only when priority axes are expressed in total costs.
(2) This rate may be rounded to the nearest whole number in the table. The precise rate used to reimburse payments is the ratio (f).
### Table 17 Breakdown by priority axis and thematic objective (ETC template table 17)

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Thematic objective</th>
<th>Union support</th>
<th>National counterpart</th>
<th>Total funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 INNOVATION</td>
<td>1 Strengthening research, technological development and innovation</td>
<td>14 159 192</td>
<td>7 624 180</td>
<td>21 783 372</td>
</tr>
<tr>
<td>2 ENTREPRENEURSHIP</td>
<td>3 Enhancing the competitiveness of SMEs</td>
<td>14 159 192</td>
<td>7 624 180</td>
<td>21 783 372</td>
</tr>
<tr>
<td>3 RENEWABLES AND ENERGY EFFICIENCY</td>
<td>4 Supporting the shift towards a low-carbon economy in all sectors</td>
<td>9 439 462</td>
<td>5 082 787</td>
<td>14 522 249</td>
</tr>
<tr>
<td>4 PROTECTING, DEVELOPING AND PROMOTING NATURAL AND CULTURAL HERITAGE</td>
<td>6 Preserving and protecting the environment and promoting resource efficiency</td>
<td>9 439 460</td>
<td>5 082 786</td>
<td>14 522 247</td>
</tr>
<tr>
<td>5 TECHNICAL ASSISTANCE</td>
<td>n/a</td>
<td>3 012 594</td>
<td>3 012 594</td>
<td>6 025 188</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>50 209 899</strong></td>
<td><strong>28 426 528</strong></td>
<td><strong>78 636 427</strong></td>
</tr>
</tbody>
</table>

### Table 18 Indicative amount of support to be used for climate change objectives (ETC template table 18) (Reference: Article 27(6) of Regulation (EU) No 1303/2013)

<table>
<thead>
<tr>
<th>Priority axis</th>
<th>Indicative amount of support to be used for climate change objectives (€)</th>
<th>Proportion of the total allocation to the programme (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---

41 This table is generated automatically on the basis of tables on categories of intervention under each priority axis.
### 7.2 Tables and maps supporting the eligible area, area analysis, Programme strategy, and Implementation

#### 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 19 List of eligible regions**

<table>
<thead>
<tr>
<th>Programme partner country</th>
<th>NUTS code or equivalent</th>
<th>Eligible regions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EU Member States</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland</td>
<td>FI19</td>
<td>Länsi-Suomi (Keski-Suomi)</td>
</tr>
<tr>
<td>Finland</td>
<td>FI1D</td>
<td>Pohjois- ja Itä-Suomi</td>
</tr>
<tr>
<td>Ireland</td>
<td>IE01</td>
<td>Border, Midland and Western (County Donegal, County Galway, County Leitrim, County Mayo, County Sligo)</td>
</tr>
<tr>
<td>Ireland</td>
<td>IE02</td>
<td>Southern and Eastern (County Clare, County Cork, Country Kerry, Country Limerick)</td>
</tr>
<tr>
<td>Northern Ireland</td>
<td>UKN0</td>
<td>Northern Ireland (excluded Belfast and Outer Belfast)</td>
</tr>
<tr>
<td>Scotland</td>
<td>UKM3</td>
<td>South Western Scotland (Dumfries and Galloway)</td>
</tr>
<tr>
<td>Scotland</td>
<td>UKM6</td>
<td>Highlands and Islands</td>
</tr>
<tr>
<td>Sweden</td>
<td>SE32</td>
<td>Mellersta Norrland</td>
</tr>
<tr>
<td>Sweden</td>
<td>SE33</td>
<td>Övre Norrland</td>
</tr>
<tr>
<td><strong>Non Member States</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Faroe Islands</td>
<td>FO</td>
<td>Faeroerne</td>
</tr>
<tr>
<td>Greenland</td>
<td>GL</td>
<td>Greenland</td>
</tr>
<tr>
<td>Iceland</td>
<td>IS</td>
<td>Island</td>
</tr>
<tr>
<td>Norway</td>
<td>NO43</td>
<td>Rogaland</td>
</tr>
<tr>
<td>Norway</td>
<td>NO05</td>
<td>Vestlandet</td>
</tr>
<tr>
<td>Norway</td>
<td>NO06</td>
<td>Trøndelag</td>
</tr>
<tr>
<td>Norway</td>
<td>NO07</td>
<td>Nord-Norge</td>
</tr>
<tr>
<td>Norway</td>
<td>SJ</td>
<td>Svalbard and Jan Mayen</td>
</tr>
</tbody>
</table>
### 7.2.2 Identified Challenges and Potentials

#### Table 20 Most important challenges for the NPA area

<table>
<thead>
<tr>
<th>Challenges</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peripherality</td>
<td>Long distances to national and international centres and markets resulting in a number of disadvantages for citizens as well as business.</td>
</tr>
<tr>
<td>Fragile local economies</td>
<td>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.</td>
</tr>
<tr>
<td>Shrinking rural communities</td>
<td>The rural population is declining because of outmigration and a low natural fertility rate.</td>
</tr>
<tr>
<td>Demographic challenges</td>
<td>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.</td>
</tr>
<tr>
<td>Labour market challenges</td>
<td>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 marked, which mean 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.</td>
</tr>
<tr>
<td>Globalisation and increased competition</td>
<td>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. 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. [<a href="http://en.wikipedia.org/wiki/Globalization">http://en.wikipedia.org/wiki/Globalization</a> - cite_note-GCSP-1](<a href="http://en.wikipedia.org/wiki/Globalization">http://en.wikipedia.org/wiki/Globalization</a> - cite_note-GCSP-1)</td>
</tr>
</tbody>
</table>

---

The NPA area faces major challenges to the natural environment, such as climate change, cross-boundary water and air pollution, over-fishing of the 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 21 Most important potentials for the NPA area

<table>
<thead>
<tr>
<th>Potentials</th>
<th>Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abundance of resources</td>
<td>The NPA area holds vast and, in many cases, unexploited resources for energy, minerals, bio mass and nature and uninhabited areas in general.</td>
</tr>
<tr>
<td>A versatile business sector</td>
<td>The NPA area has a high number of SMEs as well as a number of world leading large-scale enterprises.</td>
</tr>
<tr>
<td>Strong regional centres</td>
<td>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.</td>
</tr>
<tr>
<td>Sectoral expertise</td>
<td>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</td>
</tr>
<tr>
<td>Demographic drivers</td>
<td>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.</td>
</tr>
<tr>
<td>Development of local- and regional economies</td>
<td>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.</td>
</tr>
</tbody>
</table>
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.

7.2.3 Lessons learnt from previous programmes

Table 22 Lessons learnt from the INTERREG IIIB Northern Periphery Programme

<table>
<thead>
<tr>
<th>INTERREG IIIB Northern Periphery Programme 2000 -2006\footnote{Based on the Update of the Mid-term Evaluation, Final Report to the managing Authority, EPRC 2005}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Three priorities with each two main areas of intervention. In total 46 main projects and 62 preparatory projects were funded.</td>
</tr>
<tr>
<td><strong>Priorities:</strong></td>
</tr>
<tr>
<td>1: Communications</td>
</tr>
<tr>
<td>2: Strengthen Sustainable Economic Development</td>
</tr>
<tr>
<td>3: Community Development</td>
</tr>
<tr>
<td><strong>Important lesson learnt:</strong></td>
</tr>
<tr>
<td>• 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</td>
</tr>
<tr>
<td>• Progress was less positive concerning developing micro projects and initiatives targeted indigenous peoples</td>
</tr>
<tr>
<td>• Growing interest for projects addressing innovation and entrepreneurship</td>
</tr>
<tr>
<td>• Projects with SME partners had the highest levels of achievement</td>
</tr>
<tr>
<td><strong>Recommendations from the evaluations:</strong></td>
</tr>
<tr>
<td>• More pro-active and strategic Programme management and project development, especially in addressing future challenges</td>
</tr>
<tr>
<td>• Clearer roles for the main actors within the Programme organisation (the PMC, Managing Authority, Programme Secretariat, Regional Contact Points)</td>
</tr>
<tr>
<td>• Promote better understanding among the beneficiaries of the transnational character of the Programme</td>
</tr>
</tbody>
</table>
Table 23 Lessons learnt from the INTERREG IIIB Northern Periphery Programme

<table>
<thead>
<tr>
<th>Northern Periphery Programme 2007 - 2013&lt;sup&gt;44&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Two priorities with each two main areas of intervention. In total 47 main projects and 55 preparatory projects funded.</td>
</tr>
</tbody>
</table>

**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

<sup>44</sup> Based on The evaluation of the Northern Periphery Programme, 2007 – 2013, Draft Final Evaluation Report, EPRCERCP 2012
### 7.2.4 Overview programme preparation process

**Table 24 Overview Programme Preparation Process**

<table>
<thead>
<tr>
<th>Month/year</th>
<th>Programme body or event</th>
<th>Main decisions points</th>
</tr>
</thead>
</table>
| September 2012      | NPP 2007-2013 PMC                | • Agreement on programming process and bodies  
• Start data collection for SWOT and area analysis                                                                                                      |
| November 2012       | PPG                              | • Setting up programming bodies  
• Aggregated input SWOT and area analysis  
• Ex Ante tender                                                                                                                                       |
| December 2012       | PPG                              | • Ex Ante inception meeting  
• NPP 2007-2013 calls for preparatory projects targeting main projects in the new programme, for NPP 2007-2013 themes corresponding to the Thematic Objectives, and in line with EU2020 strategy's smart, sustainable and inclusive growth. |
| February 2013       | PPG                              | • Draft area analysis  
• Selection of Thematic Objectives 1b and 3                                                                                                          |
| April 2013          | PPG                              | • Draft priority axis based on Thematic Objectives 1b and 3  
• Arctic dimension preparatory project findings  
• Pre-selection Thematic Objectives 4 to 6                                                                                                           |
| May 2013            | RAG consultation                 | • Consultation of draft priority axis                                                                                                                                                                                  |
| June 2013           | PPG                              | • 4 draft priority axes, based on Thematic Objectives 1b, 3, 4 and 6  
• Draft programme strategy  
• Draft horizontal principles  
• Draft indicators  
• Roadmap programme implementation framework  
• Outline Ex Ante Report                                                                                                                              |
| July-August 2013    | RAG consultation                 | • Consultation of draft priority axes                                                                                                                                                                                  |
| September 2013      | PPG                              | • Draft OP contents chapters: area analysis, programme strategy, horizontal principles, priorities, indicators  
• Draft OP chapters implementation framework                                                                                                           |
| Annual Conference, Skellefteå, Sweden | Public consultation | • Consultation workshop on draft contents chapter, focused on workability  
• Kick-off public consultation of draft contents chapters                                                                                               |
| October 2013        | Public consultation              | • Online public consultation of draft contents chapter                                                                                                                                                                 |
| December 2013       | PPG                              | • Updated contents chapters, agreement on further updates  
• Agreement on the use of the Euro, setup of the Joint Secretariat, wider SME involvement, geographical flexibility rules                                                                                      |
| January – February 2014 | Public consultation           | • SEA Report, annexed draft OP and previous public consultation outcomes                                                                                                                                              |
| February – March 2014 | Programme Management Group | • Written procedures for national agreement with specific implementation framework items                                                                                                                            |
| March 2014          | PMC 2020                         | • Agreement on outstanding implementation framework items  
• Adoption of final draft OP                                                                                                                                                                                           |
| April-May 2014      | National consultations           | • Final draft OP  
• Member State Agreements                                                                                                                                                                                             |
| June 2014           | Submission to European Commission | • Final draft OP  
• Member State Agreements  
• Ex Ante Report  
• SEA Report                                                                                                                                                                                                         |