



THE KOLARCTIC ENPI CBC Programme 2007-2013



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Figure 2. Transport corridors in and around of the Programme area

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SUMMARY

The Kolarctic ENPI CBC 2007-2013 Programme continues and promotes cross-border cooperation between the countries in the North Calotte and northwest Russia (see map on page 55). It is mainly built on the enhanced cooperation capacities gained through the earlier Neighbourhood Programme. The Programme is funded by the European Union from the European Neighbourhood and Partnership Instrument, and funding shall be granted to joint projects operating in line with the strategy and priorities jointly agreed by the Finnish, Swedish, Norwegian and Russian partners.

The overall aim of the Programme is to reduce the periphery of the countries' border regions and problems related to the periphery as well as to promote multilateral cross-border cooperation. The Programme aims to help the regions within the Programme area to develop their cross-border economic, social and environmental potential, which shall be achieved by supporting innovative cross-border activities, accessibility, and the sustainable development of natural resources, communities and cultural heritage

In order to achieve the overall aim, the programme is divided into three priorities that recognize regional strengths and problems. These priorities are:

1. Economic and social development
2. Common challenges
3. People-to-people cooperation and identity building

The priorities form the framework for Programme and project activities, and they include elements from all the four European strategic objectives defined in the Cross-Border Cooperation Strategy Paper 2007-2013. These European level objectives are Economic and Social Development, Common Challenges, Secure and Efficient Borders and People to People Co-operation.

The purpose of the Joint Development Strategy of the Kolarctic ENPI CBC 2007-2013 Programme is to manage the Programme in close partnership with all participating regions and to select and implement activities so that they take place equally between all regions, authorities, actors and people. The implementation of the strategy shall take into account the principals of EU regulations concerning partnership, equality, sustainable development and the information society.

The fundamental requirement for action is the additional role of the Programme when compared to national strategies and support within the Programme area. The common focus of any action carried out with the support of the Kolarctic ENPI Programme is on internationalisation and cross-border cooperation within the implementation of the priorities. The strategically important themes for each year as well as project selection criteria will be reflected in the annual plans and guidelines for calls for proposals. The annual plans shall also specify the financing resources available for each call for proposals.

The indicative allocation of Community funding in the ENPI CBC Strategy Paper 2007-2013 to the Kolarctic ENPI CBC Programme is € 28.241 million for the years 2007-2013.

The Norwegian equivalent funding is in total € 7.0 million for the programme period. The national co-financing from EU Member States (Sweden and Finland) is € 14.1 million and from Norway € 7.0 million. All individual projects shall be requested to make their own contribution.

The implementation of the Programme is based on the *Commission Regulation (EC) No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes financed under Regulation 1638/2006 of the European Parliament and of the Council*. The management of the Programme is based on full equality and partnership between the participating countries, which is reflected in the composition and designation of the programme bodies and the

selection of consensual decision-making as a general rule. The Programme shall be implemented through shared management by the Joint Managing Authority (the Regional Council of Lapland) located in Rovaniemi (Finland).

The JMA is responsible for managing and implementing the joint operational programme in accordance with the principle of sound technical and financial management. It shall also help Programme Committees in their work. The Programme also has branch offices in Murmansk, Luleå and Vadsø, all of which shall ensure close contact between the Programme and the coordinating bodies in the Programme area. The branch offices shall also help the JMA operational unit with the dissemination of information to potential beneficiaries.

The Joint Monitoring Committee is the key body to guide programme implementation. The members of the Committee represent State/Federal bodies and Regional organisations. A representative of the European Commission shall be invited to attend Committee meetings in an advisory capacity.

The Joint Monitoring Committee appoints a separate Joint Selection Committee, which also has an equal number of members from the participating countries. The Joint Selection Committee uses assessors from the relevant regional and state stakeholders and administrative bodies in its evaluation process and provides the JMC with recommendations for project approval.

The participating countries have designated a Ministry/Ministries through which all designations and other official communications shall be transmitted to the Programme authorities, and each country has coordinating organizations responsible for consulting with the various regional bodies and authorities. These coordinating Ministries and regional bodies are specified in Section 10.1 of the Programme document.

As a rule, calls for proposals shall be launched twice a year. Guidelines shall be published for each call separately. The guidelines shall include two parts: the first describing the operational frame, content, objectives and available resources of the call and the second dealing with practical information about the process of applying for funding.

1. INTRODUCTION TO THE PROGRAMME

The Kolarctic ENPI CBC Programme 2007-2013 complements national cross-border activities by focussing on cooperation between the European Union Member States and Partner Countries. Within the Kolarctic ENPI context, Norway as an EEA and Schengen country has equal status with the EU Member States of Finland and Sweden. Russia is a strategic partner of the EU and its largest neighbour. As agreed at the EU/Russia summit in May 2003, the EU-Russia partnership shall be further developed through the creation of four Common Spaces: a common economic space (including and with specific reference to energy and the environment), a common space of freedom, security and justice, a space of cooperation in the field of external security and a space of research and education, including cultural aspects. The new basic documents of the Northern Dimension (a joint political Declaration and a Northern Dimension Framework Document) were accepted at the Northern Dimension Summit in Helsinki on 24 November 2006. In the Policy Framework Document, the Northern Dimension Partners (EU, Iceland, Norway and Russia) recognise that their cooperation framework can only advance through the spirit of partnership based on shared confidence. The new Kolarctic ENPI Programme contributes to fulfilling the objectives of the Northern Dimension and to the objectives of the EU-Russia Common Spaces .

The Kolarctic ENPI CBC Programme 2007-2013 has been drawn up in a legal framework of

- Commission Regulation (EC) No 951/2007 of 9 August 2007 laying down implementing rules for cross-border cooperation programmes (CBC IR)
- Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument (ENPI Regulation)
- Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities
- Commission Regulation (EC, Euratom) No 2342/2002 laying down detailed rules for the implementation of Council Regulation (EC, Euratom) No 1605/2002 on the Financial Regulation applicable to the general budget of the European Communities.

The Programme is in conformity with the European Neighbourhood Policy (*European Neighbourhood Policy Strategy Paper, COM (2004)373 final, 12 May 2004*), the EU-Russia Strategic Partnership with its four Common Spaces as well as the national priorities of the participating countries.

This is a new step in improving the opportunities for real cross-border cooperation over the external border.

Cross-border cooperation is oriented on principles such as multi-annual programming, partnership and co-financing. Furthermore, the Programme is based on the experiences and best practices gained during the implementation of the Kolarctic Neighbourhood Programme during the 2004-2006 transitional period. As in the previous programme, Norway is contributing national funding equal to the community funding for Norwegian project activities.

In establishing the present cross-border cooperation, the programme partners from all participating countries have reached common agreement on the joint management structures, the objectives to be pursued and the activities to be funded. The preparation of the programme is perceived as a mutual undertaking in that the participating countries jointly submit the proposal for a common programme to be adopted by the Commission.

During the preparation of the Programme document, the Joint Task Force (JTF) and the Content Drafting Team (CDT), with representatives from all participating countries, has organised several joint meetings in order to find a common view on the content of the Programme and the Management issues concerned. The JTF has had seven meetings, six of which were in Helsinki and one in Rovaniemi. CDT has gathered a total of four times, twice in Saariselkä (Lapland), once

in Luleå (Norrbotten) and in Murmansk. In addition to these joint meetings, CDT also conducted essential discussions via e-mail.

Four Public Meetings were arranged in order to strengthen the visibility of the regional views in the Programme: with 50 participants in Tornio, 96 participants in Murmansk, 24 participants in Luleå and 20 participants in Kirkenes. In the opinion of the Joint Managing Authority, these public meetings offered an excellent opportunity to spread information about the Kolarctic ENPI CBC Programme and at the same time provided valuable information on the regional points of view for Programme development.

The basis of the joint cross-border development strategy of the Programme is the geographical position of the Programme area and the well-established cooperation between the regions. The strategy responds to the development needs and opportunities identified in the analysis of the Programme area as well as to the update of the Midterm Evaluation of the INTERREG III A North Programme. The strategy goals shall be realised by implementing the selected strategic themes and other objectives of the Programme. These themes and objectives take into account compatibility with other programmes and the relevant objectives included in the Regional Strategic Programmes of the participating regions. In order to address the potential for regional development under the Programme, its priorities described in Section 4 have been set out by taking into consideration the approach of sustainable development, with a coherent and integrated coverage of relevant regional development issues.

2. DESCRIPTION AND ANALYSIS OF THE GEOGRAPHICAL AREAS COVERED BY THE PROGRAMME

2.1 Area and population

The area covered by the Kolarctic ENPI CBC Programme comprises Lapland in Finland, Norrbotten in Sweden, Finnmark, Troms and Nordland in Norway and Murmansk Oblast, Archangelsk Oblast and Nenets Autonomous District in Russia. Adjacent areas are Northern Ostrobothnia in Finland, Västerbotten in Sweden and Republic of Karelia, Leningrad Oblast and St Petersburg in Russia. The area lies in the northeast border region of the European Union, bordering two external borders. The joint border region between Norway, Finland and Russia, which constitutes the Schengen border region towards Russia, is about 700 km long.

The Programme area covers approximately one million square kilometres. It is situated in the northernmost corner of Europe and is a good example of a peripheral region.

The borders between Finland, Sweden and Norway are internal Schengen borders. There are noticeable differences in the standard of living between the North Calotte and the Russian side of the border. Besides the standard of living, there are also differences between cultures, development and population density.

Four major languages are used within the Programme area: Finnish, Swedish, Norwegian and Russian. In addition, different variants of Sámi as well as the language of Nenets are spoken in the area. More than 70% of the region's population live in the Russian part of the Programme area. The largest population centres are also located in Russia; as much as 91% of the population of the Murmansk Oblast and 73% in the Arkhangelsk Oblast live in cities. The largest population centres in northern Norway, Sweden and Finland are much smaller because less than half the population lives in urban-like municipalities.

The Programme area is characterised by a falling population trend due to net migration and a declining birth rate. Most of the migration from the Programme area consists of working age population; predominantly young and highly trained people are leaving for growth centres in search of work. However, the population of northern Norway has remained virtually unchanged and it has

even increased in some areas (*Table 1*). The percentage of working-age people in the area differs between regions, the highest percentage being in Murmansk. The number of children under 15 years of age is the highest in northern Norway, where the number of older people is respectively the lowest (*Table 2*). The income level in the Programme area is well below that in the southern parts of these countries; differences in the standards of living have increased in the Programme area to benefit the larger population centres.

The unemployment rate is higher in the Programme area than in the southern parts of these countries. When comparing the unemployment rates from year 2000 to year 2006, the trend is declining. (*Table 3*) Competent workforce for the new emerging industries is scarce in the Programme area.

Natural conditions and resources

There are major climatic variations within the Programme area that are due to its northern location, the vast sea areas surrounding the Barents region (Norwegian Sea, Arctic Ocean, Barents Sea, White Sea and Gulf of Bothnia) and the Kjølén Mountains that lie on the border between Norway and Sweden. The mean temperature in January is between -10 and -20°C, with slightly higher temperatures on the Norwegian coast. In July, the mean temperature is between +10 and +20°C, except for the northern parts of Norway where the climate is slightly cooler. The close proximity of the sea gives the Murmansk Oblast a milder climate. The milder climate is particularly evident on the Norwegian coast, warmed by the Gulf Stream.

Most of the Programme area lies in the Arctic or in the subarctic climate zone. The entire area is characterised by vast uninhabited stretches of wilderness and unspoilt nature. Most of it belongs to the boreal coniferous forest zone, with tundra in the northern parts. Evidences of climate change and global contamination are early visible in the Arctic areas, which makes it a preferred climate research area. The area makes up a unique natural environment in global terms, containing species that are rarely encountered elsewhere. Yet some aspects of its natural diversity are threatened, and some endangered species and populations need special protection.

The largest forests are situated in Lapland and Norrbotten and in the southern parts of the Murmansk and Arkhangelsk Oblasts. Forest growth is slow due to the area's northern location, which makes trees extra hard and thus gives added value to products made from Northern wood.

The most important fishing waters and favourable fish farming areas are situated on the Norwegian, Barents and White Seas. The coastal areas of the Programme area, particularly the coasts of the Norwegian and Barents Seas, have one of the richest fish stocks in the world. Dependent on local supplies, local coastal communities now suffer significant job losses due to changes in the structure of the fishing industry. In addition to the sea and fjord areas, the Programme area is also renowned for its lakes and rivers.

Various mineral and ore deposits are found throughout the Programme area, the most extensive of which are located on the Kola Peninsula where more than 400 occurrences of mineralisation, ore or chemical deposits have been found so far. The exploitable natural resources in the Murmansk Oblast cover almost all possible mineral wealths and minerals and as many as 68 elements listed in Mendeleev Periodic Table of Elements can be found in the area. In fact, the Kola Peninsula has some of Russia's most important mineral and ore reserves. Norrbotten has deposits of iron ore of international significance and Lapland has mineral deposits that include gold and nickel. Arkhangelsk oblast has important bauxite and fluorite deposits as well as valuable diamond reserves. Several areas of Nordland, Troms and Finnmark have different valuable mineral deposits.

There are extensive offshore oil and gas reserves in the Norwegian and Barents Seas and onshore reserves in Nenets areas. The Arctic is estimated to contain about one quarter of the world's undiscovered petroleum resources.

The increasing need for supplies places a huge challenge on environmental safety when extracting, transporting and storing oil and gas. At the same time, this need opens up great opportunities for economic growth throughout the entire Programme area, if local and regional organisations can obtain contracts and assignments in relation to future investments.

2.2 Economic structure

The economic structure varies throughout the area. The average industrial input into the GDP in the Russian part of the Programme area is as much as 50%, as compared to about one quarter in the North Calotte. The service sector is still poorly developed in the Russian parts of the Programme area. The total number of company outlets in the Programme area is about 130 500 (42/ 1000 inhabitants). The number of SME's varies within the region, which can partly be explained by different definitions and calculation systems (table 3). When comparing the amount of SME's on the Programme area with the information from respective countries, it can be noted that the regional numbers are almost the same as those for the whole countries. Partly the regional numbers even exceed the number of SME's in the whole country (for example in Norrbotten and in Finnmark).

Primary production

Agriculture in the area is climatically marginal and the number of agricultural jobs is constantly falling. The trend has been most dramatic in northwest Russia.

The areas of Lapland and Norrbotten have quite long traditions in forestry and the forest industry, which is also becoming a growing line of business in Arkhangelsk Oblast even though most of its forest production is exported unprocessed.

Fishing and fish cultivation are important lines of business in northern Norway and the Murmansk and Arkhangelsk Oblasts. Several large and medium-sized fish cultivation units in northern Norway have access to modern cultivation technology. The restructuring of the fishing industry and illegal fishing in the Barents Sea can seriously damage the fishing industry in the area. To ensure the existence of local fishing communities, northern Norway and northwest Russia need to develop their cooperation in the fields of fish cultivation, product manufacture and marketing.

Reindeer husbandry plays an important role, particularly in Lapland and Finnmark. It is largely based on exploiting natural pastures. The number of reindeer is controlled to be in line with what nature can tolerate but the North Calotte occasionally suffers from a lack of lichen, which grows in abundance in the Russian parts of the Programme area. Reindeer husbandry is also important in the Nenets Okrug and Lovozero district of the Murmansk Oblast.

Refining

The metal industry is an important line of business throughout Lapland, Norrbotten and parts of northern Norway. Large quantities of nickel, iron and apatite are produced in the Murmansk Oblast, but only a fraction of the raw material resources available to the area's mining industry are exploited on location.

The industrial sector in Lapland, Norrbotten and northern Norway, and increasingly in the Russian parts of the Programme area, is mainly in the hands of outside owners, which means that profits flow out of the area. Furthermore, the industrial sector in the area has undergone substantial structural change over the past few years: work phases have been automated, the number of industrial jobs (not including the mining industry) has fallen and the efficiency of energy use has been improved in order to reduce environmental loading. As a result, the sector currently has

access to global cutting-edge technology and expertise but Russian industrial establishments have not been significantly refurbished or modernised.

Energy production

Hydroelectric power is produced throughout the Programme area, except for the Arkhangelsk Oblast. Hydroelectric power plays a prominent role in northern Norway, where almost all the electricity is generated by hydroelectric power plants. In contrast, the Murmansk Oblast uses nuclear power to produce most of its energy and it exports power to Finland, Troms, Finnmark and Russian Karelia. However, the energy distribution network in the area is obsolete and inefficient. Wind power and bioenergy have risen to become an alternative over recent years. There are already several wind power stations on the Norwegian coast, and some plants have also been built in Norrbotten and Lapland.

Oil and gas is of growing importance for the Norwegian counties in the North, and especially for the Russian regions participating in the Programme. Cooperation between Norwegian and Russian interests in this field is of importance, and this cooperation naturally involves the participating countries in the Programme area.

Private and public services

Public services are more advanced in the heavily populated areas. The healthcare and educational systems are mainly well developed locally within all the districts in the area but the deterioration of social services in sparsely populated areas is of constant concern. However, some cross-border cooperation projects have been established, such as for telemedicine, and hospitals in the border regions have started cooperating on emergency response.

Private services in the area are often owned by organisations that are located in the capital of their respective countries. A limited number of Nordic banks have branch offices in the Russian area included in the Programme. Banking works well across the border but insurance companies are more reluctant to insure cross-border activities.

The tourism and experience industries are growing in the North Calotte and over the past few years the participating countries have launched fruitful cooperation within the sector. The Russian dimension in the cooperation is still not very strong, although there are extensive stretches of untouched wilderness, emerging skiing centres, sports fishing and other recreational tourism opportunities as well as “eastern mystique” in the Murmansk and Arkhangelsk Oblasts and Nenets Okrug. Despite the evident need for improvement in the area’s tourism infrastructure, transportation, hotels and other facilities, the Russian area is already attracting tourists from Finland and Norway in particular.

The SMEs operating in the North Calotte are on the average small or micro size businesses that usually employ less than five people and they are situated in large population centres. The most important branches of industry are wood and metal products, food processing, tourism, all fields of hi-tech and services and trade. The economic structure of the area makes large-scale investments often dependent on outside investors.

The differences in framework conditions between the countries hamper cooperation in both the public and private sectors. The legislative framework in Russia is relatively new and still changing, and it is a challenge both for Russian and Nordic organisations to be fully up-to-date with Russian laws and regulations and the way in which they are interpreted by the authorities. Relatively, the organisations and businesses in the Programme area are the most experienced in cross-border business in their countries. However, there is still a need to build up cross-border expertise in the area.

2.3 Infrastructure

There are several busy internal Schengen border crossing points between Finland, Sweden and Norway, and the road connections are mainly good. There is an international border crossing point between Norway and Russia at Storskog/Borisgleb, and two between Lapland and Russia at Rajajoosseppi/Lotta and Kellosekä. The border crossing point at Virtaniemi/Jäniskoski has mainly been used for cooperation between the municipality of Inari and the Petsamo region. (Figure 1)

East-west rail connections are inadequate throughout the Programme area, and there is no railway at all in Troms and Finnmark. The Tornio-Haparanda railway between Lapland and Norrbotten is intended only for freight. A railway line runs from Sweden to Narvik in Norway. There is no direct railway connection from the North Calotte to Russia, but studies are being conducted to extend the Murmansk-Nikel railway to Kirkenes. More than 80% of all transport in northwest Russia takes place by rail. Finland and Russia use the same rail gauge, which facilitates concrete cooperation. It was decided to update the study into the feasibility and cost-effectiveness of the Salla-Alakurtti railway line in order to start building a link to connect the Russian and Finnish rail networks, thus also providing the opportunity to develop the Barents Transport Corridor.

Air traffic in the area is mainly from north to south within the individual countries, some horizontal flights also exist across the region but the situation is changing rapidly. Most is passenger air traffic from the North Calotte to northwest Russia, although small quantities of goods are also delivered from Finland, Norway and Sweden.

There are shipping connections from the Programme area to other parts of the world from ports on the Gulf of Bothnia, the Norwegian coast, Murmansk, Kandalaksha and Arkhangelsk. A large proportion of Russia's foreign trade freight is transported from Murmansk Commercial Port. All ports in the Barents region shall take on a more prominent role in the future when the oil deposits in the Barents and Kara Seas are exploited.

The Northern Maritime Corridor (NMC) is one of the EU's Motorways of the Sea (MoS), connecting coastal areas and enhancing regional development in the North Sea Region and the Northern Periphery Area.

The North East West Corridor (NEW Corridor) consists of land transport and sea transport sections linked to an intermodal chain through the rail/sea terminal in Narvik. The NEW Corridor focuses on trade between Central Asia and the North American East Coast (NAEC) and shall thus provide this growing market with a sustainable transport solution by performing a one-stop-shop function. (Figure 2)

Globally modern telecommunications and information technology is widely spread throughout the North Calotte. The aim is to have sufficient bandwidth to accommodate businesses needs for telecommunication to places outside the area's larger centres.

East-west transboundary connections are missing in several areas of the North Calotte as well as between the North Calotte and north-east Russia. Broadband networks are currently being built between northern Norway and Norrbotten. Strategic planning and investments are needed in order to have a sufficient and safe broadband network for the entire Programme area.

The mobile phone networks are rather good in the Murmansk and Arkhangelsk Oblasts, only the most sparsely populated areas are outside the range of transmitters. The Internet connection to Murmansk and Arkhangelsk is very good; it covers the same areas as the mobile phone network and it can be used over a mobile phone. The situation in Nenets Autonomous District is a bit worse; the mobile phone network covers only Narjan Mar and the area surrounding it, in other places the signal is poor. Call charges to foreign countries by landline and mobile phone are still high in the Russian part of the Programme area.

Besides TV and radio, the Internet has risen to become an important source of news, and several collective domains have been set up over recent years. Those domains, such as www.euroarctic.com, are jointly maintained within the Programme area countries,.

Television and radio companies in Finland, Sweden and Norway jointly produce programmes in Sámi that can be seen every workday in those countries. Joint Sámi TV programmes for children begun in autumn 2007, joint Sámi radio programmes have been available for years. Stations produce joint programmes as well as their own programmes that they can share with each other.

2.4 Education, research and culture

In 2004, 40.1% of the population over 15 in the Programme area had completed the secondary degrees and 19.6% had completed a tertiary degree. The highest rates for secondary and tertiary degrees were in Norrbotten and the lowest were in the Nenets. (*Table 2*)

Cooperation in the Euro Arctic Barents region in higher education and research has a long history mainly based on bilateral agreements between higher education institutions and regional or national authorities. The higher education institutions in the region are very diverse regarding the number of students, academic programmes, management structures, ownership and operational standards. However, they share the same vision and challenges for the internationalisation of the curricula and administration, implementation of the Bologna Process, peripheral geographical location in the North, and so on. Thus, network cooperation and common development has taken on a key role in day-to-day activities.

The Barents Education Network was established based on the cooperation between thirteen higher education and scientific research institutions in the northern parts of Finland, Norway, Sweden and Russia, and is planning to expand to include all 31 institutions.

In terms of its geographical location, the Kolarctic ENPI Programme area has excellent opportunities for developing into a region with cross-border cooperation related to special expertise in education and research.

There is a long history of cultural cooperation and good, extensive cultural services in the Programme area. Basic cultural services are available in every municipality to a certain degree. Besides the public cultural services, villages and volunteers organise many cultural events in the Programme area. Cultural education and training in the area is of high quality; for example, students can earn a degree in the Fine Arts at the University of Lapland, Murmansk Pedagogical University and the Department of Music and Media at Luleå University of Technology.

Besides the cultural richness of four nationalities and languages in the Programme area, the region also has a distinct cultural heritage – the only indigenous peoples of the European Union. These peoples are the Sámi in Norway, Sweden, Finland and Russia, and the Nenets in Russia. There are about 79,000 Sámi, including those living outside the Programme area, and around 7,200 Nenets living in the Nenets Autonomous Okrug. The indigenous populations have historical roots that go back to long before the present nation states existed. Their languages, cultures, trading practices and status as indigenous peoples and minorities in all the countries, the indigenous dimension and their active participation is a natural and necessary part of the cross-border cooperation.

2.5 Environment and nature

The Programme area is one of the most densely populated Arctic areas in the world. It includes the last, almost untouched stretches of wilderness in Europe but there are also badly contaminated areas. The natural environment is extremely vulnerable to contaminant-induced damage due to the harsh, severe natural conditions and the area's small natural purification capacity. However, it should be noted that due to its large size, sparse population and the concentration of industrial activity, the pressures resulting from human action only involve relatively small areas.

The ongoing and planned oil and gas-development onshore and offshore the Programme area sets special challenges on emergency preparedness in order to ensure the environmental protection of the sea and coastal areas. The production and shipping of LNG gas from Hammerfest to European markets started in October 2007. This is the first industrial exploration of gas in the Barents Sea.

The greatest pressure on nature in the North Calotte is on the coast of the Gulf of Bothnia, which also houses the largest industrial establishments. Insufficiently purified industrial wastewater emitted into the rivers on the Russian side of the border increases chemical levels and persistent organic pollution (POPs) in the Arctic waters. The European Arctic is also polluted by long-range transport. The problem of acidification is declining as lakes in the Euro-Arctic Barents region are showing clear signs of recovery on a regional scale. The Arctic Monitoring and Assessment Programme (AMAP) regularly publishes environmental studies, including studies that fall within the Programme area. Reindeer overgrazing in Lapland and Finnmark causes extensive abrasion of vegetation.

Many of the environmental problems encountered in the Arkhangelsk and Murmansk regions are due to the economic actions and structures of production that have been developed without paying sufficient attention to environmental issues. The situation has slowly improved through actions initiated by the authorities, environmental protection organisations and industrial enterprises. These actions aim at modernising companies and cutting down the amount of industrial emissions that pollute the air and contaminate the water areas.

The condition of radioactive waste depositories causes some concern, despite the fact that the authorities in Murmansk Oblast devote a lot of effort to this question. Insufficient wastewater handling and the resulting poor quality of potable water require even more attention, as most sicknesses are due to untreated potable water. Water problems are most severe in specific industrial areas where the population density is high in comparison with the rest of the quite sparsely populated area. The need to develop the water supply infrastructure is particularly acute in these areas.

To reduce the loss of biodiversity, attention has to be paid to addressing the causes for such loss. It is particularly important that the ecological use of natural resources should be secured for agriculture, forestry and fishing. The threatened, sensitive diversity must be protected and renewed where possible. Of special importance is the protection of the endangered, sensitive biotopes and cultural landscapes that are included on the World Conservation Union (IUCN) Red List on threatened species.

The water areas extending across the border are of particular importance. The most important rivers flowing between the North Calotte and Russia are rivers Paatsjoki and Tuulomajoki, which were included in INTERREG and Tacis projects during the previous programme period. Monitoring and improving the state of the environment especially in these water areas calls for cross-border cooperation.

The aim of tackling climate change is to stabilise greenhouse gas concentrations in the atmosphere at a level that shall not give rise to unnatural climatic variations. This shall be achieved, for instance, by providing support in order to reduce greenhouse gas emission and to promote renewable energy sources.

3. PREVIOUS EXPERIENCES, EXISTING STRATEGIES AND POLICIES

3.1 Experiences from previous CBC Programmes

EU programmes have been carried out jointly between the regions of northern Finland, Sweden, Norway and northwest Russia since 1996. The Barents II A Programme was implemented in 1996-1999 with a total funding of € 36 million and Kolarctic 2000-2006, a subprogramme of INTERREG III A North, was carried out with funding amounting to € 61.5 million. The INTERREG III A North 2000-2004 Programme consisted of three subprogrammes; Kolarctic, North Calotte and Sápmi.

The participation of Russia in the CBC has been funded under the Tacis Programme since 1996. In the period from 1996 to 2003, the total funding for Russian projects under the Tacis CBC Small Project Facility amounted to approximately € 25 million. Of total of 134 projects in Russia, the share of Murmansk was 14 and the share of the Archangelsk region 7 projects.

The Neighbourhood Programmes introduced a new approach from 2004-2006. The earlier Kolarctic was transferred to the Kolarctic Neighbourhood Programme 2004-2006. The main change was that EC financing was also provided to the Russian partner through Tacis CBC. A single application and project selection procedure operated for joint projects but two financing decisions were made concerning EU financing: one on the INTERREG funds by the Finnish managing authority for the Programme and the other on Tacis CBC funds by the European Commission Delegation in Russia. In the Kolarctic Neighbourhood Programme TACIS funding could even be used for bilateral projects between Russia and Norway.

A mid-term evaluation of the INTERREG III A North Programme was carried out in 2003, and it was updated in autumn 2005. As a conclusion to the Kolarctic subprogramme, it was seen that the subprogramme had strengthened the basis of cooperation between the EU/EEA and Russia. This strengthening took place in several fields of activity, and the model thus resulting can be referred to as gradual institutionalisation. The cooperation also harmonised and institutionalised in terms of setting the same requirements for the partners from different areas. One area of importance is to ensure that Russia gains increasing understanding of the criteria and formalities of Interreg programmes.

Moreover, the evaluators pointed out that a significant challenge in relation to the next programme shall be to develop indicators for “softer” goals, as this is a precondition for giving these goals more attention when assessing results. The indicator system should also be simplified, the database should be operative before the Programme starts and priority should be given to the quality of the data input.

Three main priorities were set in the Kolarctic Neighbourhood Programme: Business Cooperation, Expertise and Welfare, and the Internal Functionality of the Programme area.

Three joint calls for proposals for Interreg-Tacis financing were launched during 2004-2006. A total of 41 grant applications, which included Tacis financing, were submitted and 19 were selected by the Joint Selection Committee of the Kolarctic Neighbourhood Programme.

Most of the projects (9) are being funded by the priority for Expertise and Welfare, and most of fall within the measure for Culture and Welfare.

The Lead Applicants (LA) for Interreg-Tacis Funding have mostly been public organisations, such as educational or research institutes, municipalities or state organisations. Of the 19 projects, a Finnish organisation was the LA in 16 cases, a Swedish organisation in 2 cases and a Russian applicant in one project. A total of 11 out of the 19 projects were bilateral (10 Finland-Russia and 1 Sweden-Russia) and 8 were multilateral (4 Finland-Sweden-Russia, 3 Finland-Norway-Russia and 1 Sweden-Russia- Norway-Finland). Due to many practical and structural challenges, no bilateral Russian-Norwegian projects were funded with Tacis funds.

A total of 161 projects were funded under the Interreg IIIA North Programme's subprogramme Kolarctic (Kolarctic Neighbourhood Programme) between the years 2001-2007, including the above-mentioned 19 Interreg-Tacis projects. A Norwegian partner participated in 84 projects, 40 of which were bilateral projects between Russian and Norwegian partners.

The experience gained from the CBC cooperation in recent years was taken into account when drawing up the ENPI CBC Programme. The Programme can build upon the successful cooperation and working for mutual benefit by capitalising on prior experience, best practices and achievements. The partners have become accustomed to working together in the joint project selection and decision making processes despite the fact that under the previous Neighbourhood Programme, the combination of different sources of funding (INTERREG and Tacis) has caused some inconvenience.

3.2 Compatibility with existing strategies and policies

Compatibility with existing strategies and policies is of high value to the Kolarctic ENPI CBC Programme. Information exchange and awareness of activities supported under other initiatives shall be ensured in order to avoid overlapping.

The Lisbon strategy is an action and development plan for the European Union that was set out by the European Council in Lisbon in March 2000. In 2005, the Commission launched a new start for the Strategy by focusing the European Union's efforts on two principal tasks: providing stronger, lasting growth and more and better jobs. The goal of the Lisbon partnership for growth and employment is to modernise our economy in order to secure our unique social model in the face of increasingly global markets, technological change, environmental pressures and ageing population. The strategy is also to be seen in the wider context of the sustainable development requirement that present needs have to be met without compromising the ability of future generations to meet their own needs. The Commission's Community Strategic Guidelines for 2007-2013 seeks to align cohesion and rural development policy closely with the Lisbon agenda so that the priorities are reflected in operational programmes at national and regional levels.

The Gothenburg Sustainable Development Strategy is a strategy on how the EU shall more effectively live up to its long-standing commitment to meet the challenges of sustainable development. It reaffirms the need for global solidarity and recognises the importance of strengthening the EU's work with partners outside the EU, including those rapidly developing countries that shall have a significant impact on global sustainable development.

The EU SDS and the Lisbon strategy for growth and more jobs complement each other. The SDS is primarily concerned with quality of life, intra and inter-generational equity and coherence between all policy areas, including internal aspects. It recognises the role of economic development in facilitating the transition to a more sustainable society. The Lisbon Strategy makes an essential contribution to the overarching objective of sustainable development by focusing primarily on actions and measures aimed at increasing competitiveness and economic growth and enhancing job creation.

EU strategic partnership with Russia

Russia is the EU's largest neighbour, and it was brought even closer to the EU by the 2004 enlargement. The main objective of the EU is to engage with Russia to build a genuine strategic partnership founded on common interests and shared values to which the EU and Russia are both committed in international organisations such as the UN, Council of Europe and OSCE as well as with each other in the bilateral Partnership and Cooperation Agreement. These interests and values include in particular the principles of democracy, human rights, the rule of law, and the market economy.

The EU and Russia are already cooperating on a wide range of issues, including security, international affairs and "soft" security threats such as in the fields of justice and home affairs, environment and nuclear safety.

The Partnership and Cooperation Agreement (PCA), which came into force on 1 December 1997 for an initial duration of 10 years, constitutes the bilateral basis for EU relations with Russia. The June 2008 EU-Russia summit marked the launch of negotiations on a New Agreement to replace the current PCA.

ENPI Russia Country Strategy Paper 2007-2013

The main interests of the EU in Russia lie in fostering the political and economic stability of the Federation, in maintaining a stable supply of energy, and in furthering cooperation in the fields of justice, home affairs, the environment and civilian nuclear safety. Thus, it can combat 'soft' security threats and step up cooperation with Russia in the Southern Caucasus and the Western NIS in order to boost the geopolitical stability of the CIS, including the resolution of frozen conflicts.

EU co-operation with Russia is conceived in terms of, and is designed to strengthen, a strategic partnership within the following Common Spaces: a Common Economic Space, a Common Space of Freedom, Security and Justice, a Space of Cooperation in the field of External Security, and a Common Space for Research and Education, including Cultural Aspects.

The Country Strategy Paper is based on the premise that the Common Spaces as the defining expression of the EU policy towards the Russian Federation, the wider European Neighbourhood Policy, the EU Security Strategy and its development objectives are mutually reinforcing, and that together they make up a robust and coherent approach towards Russia.

Relationship between Norway and the EU

Through the EEA Agreement, Norway (and Iceland and Liechtenstein) are part of the EU's internal market. Norway has taken on the obligation to implement all relevant EU legislation. Norway has also signed the Schengen Agreement and it participates in the cooperation on common passport and border control as well as several other issues within the EU policy area of Freedom, Security and Justice.

Norway is also participating on an equal basis in a wide range of EU Programmes and initiatives such as in research, education and culture.

Through the EEA financial mechanisms, which aim to reduce social and economic disparities within the European Economic Area, Norway shall contribute more than € 1 billion over a five-year period to the 12 new Member States.

Northern Dimension

The Northern Dimension (ND) is a tool for dialogue and cooperation involving the European Union, Russia, Norway and Iceland.

The Northern Dimension Policy Framework¹ increasingly focuses on northwest Russia and its specific challenges and opportunities for the entire Northern Dimension region. In this context, it is a regional expression of the EU/Russia Common Spaces with the full participation of Iceland and Norway in matters relevant in the region.

The Northern Dimension supports sub-national and governmental cross-border and trans-boundary cooperation as one of the instruments for promoting regional development. The priority sectors for dialogue and cooperation under the Northern Dimension are economic cooperation, freedom, security and justice, external security, research, education and culture, the environment, nuclear safety and natural resources and social welfare and healthcare.

Activities within the Northern Dimension are implemented by various actors and funded by various sources, including the existing and future European Union funding instruments and programmes,

¹ Northern Dimension Policy Framework Document, 24 November 2006

national budgets, international regional organisations, international financial institutions, regional and local public organisations and other public bodies. The most important and concrete achievements of the Northern Dimension is the Environmental Partnership.

The views and perspectives underlined in the concept of the Northern Dimension have been taken into account in the ENPI CBC Strategy 2007-2013. The ENPI CBC Programmes 2007-2013 seek to ensure synergies with the Northern Dimension policy where appropriate. This is particularly relevant for the priority themes of the Northern Dimension, which are in some correlation with the general objectives of the ENPI CBC Strategy and specific ENPI CBC Programmes. The Kolarctic Programme can be seen as an expression of the Northern Dimension.

The objective of the **Barents cooperation** is to support and promote cooperation and development within the Barents region. The Barents Euro-Arctic Council and the Barents Regional Council were established in 1993 at a meeting of Foreign Ministers who signed the Kirkenes Declaration. The member regions of the Barents Regional Council are Archangelsk, Murmansk, Karelia, Nenets and Komi in Russia; Finnmark, Nordland and Troms in Norway; Norrbotten and Västerbotten in Sweden; and Lapland, Kainuu and Oulu in Finland. Since the start of the cooperation, several working groups have been established with participants from all the Barents countries and regions.

The Barents cooperation framework has since 1994 promoted the co-financing of joint projects. The Barents cooperation has been proven an efficient incubator for projects to be developed for Kolarctic Neighbourhood Programme.

Under the work of the Barents Regional Council's project Barents 2010, the focus has been on sector programmes that are strongly oriented towards the natural resource potentials in the region and linked to closely related industries. Several working groups with members from each district in the Barents region have developed common strategies and activities within their respective fields. Now the plans are to be implemented through concrete actions under the coming Barents 2010+ project. These projects shall constitute actions and partnerships relevant to the several ENPI CBC programmes.

The Barents international secretariat was established in January 2008.

The Arctic Council is an intergovernmental forum for addressing many of the common concerns and challenges faced by the Arctic states of Canada, Denmark (including Greenland and the Faroe Islands), Finland, Iceland, Norway, the Russian Federation, Sweden and the United States. The Council is a unique forum for cooperation between national governments and indigenous peoples. Six international organisations representing many Arctic indigenous communities have the status of Permanent Participants of the Arctic Council.

Environmental monitoring and assessment are key elements of the Arctic Council's agenda. The approach of the Council encourages continuous dialogue among scientists, policy planners, Arctic residents and political level decision-makers. Environmental monitoring and assessment and the impacts of climate change on the people living in the area are based on the scientific work conducted under the umbrella of the Council, which also takes into consideration the traditional knowledge of indigenous peoples.

To strengthen the Arctic Council an international secretariat has been established in Troms, Norway. It will function at least until 2013 (during the Norwegian, Danish and Swedish chairmanships).

Bilateral cooperation agreements between regions in the North Calotte and Russia

Almost all participating regions in the Programme area in Norway, Sweden, Finland and Russia have a long tradition of agreements on cooperation directions, even specified into different sectors.

3.3. Compatibility with other programmes

Cooperation with other ongoing and future international and national EU-funded or nationally funded programmes is of high value to the Kolarctic ENPI CBC Programme and it shall avoid overlapping and support the activities of each Programme more effectively.

In order to promote high effects of the cross-border activities from possible synergies and coherence with projects and programmes funded under other EU policies as well as to avoid duplication, information on activity funding in the recent past may be exchanged as required between Directorate Generals before launching calls for proposals. The Commission's line Directorate Generals should be consulted on the proposals submitted within the call for proposals. For that purpose, AIDCO will request each DG to nominate one or more contact points

The general objective of the **Karelia ENPI CBC Programme** is to strengthen cooperation in strategically important branches of activity in the Programme area and to provide the preconditions for pursuing practical cooperation. The Programme area encompasses Kainuu, North Karelia and northern Ostrobothnia in Finland and the Republic of Karelia in Russia.

The strategic objective of the **South-East Finland – Russia ENPI CBC Programme** is to promote the Programme area as an integrated economic zone and as a centre for transport and logistics in order to strengthen its competitiveness and investment attractiveness. The Programme area comprises three regions in Finland (South Karelia, Kymenlaakso and South Savo) and two areas in Russia (St Petersburg and Leningrad Region).

The **INTERREG IV A North Programme** comprises areas in Sweden, Finland and Norway. The Programme has a subprogramme, the Sápmi, within which the eligible areas slightly differ. In the North-programme, the eligible areas in Sweden are the County of Norrbotten and the municipalities Skellefteå, Sorsele, Malå and Norsjö from the County of Västerbotten. The areas in Finland are Lapland and northern and central Ostrobothnia and the areas in Norway are the Counties of Finnmark, Troms and Nordland. In the Sápmi subprogramme, the eligible areas in Sweden include the Counties of Norrbotten, Västerbotten, Jämtland and parts of the County of Dalarna (the area of the Sámi village of Idre). The areas in Finland comprise Lapland and northern and central Ostrobothnia and in Norway the Counties of Finnmark, Troms, Nordland and Nord and Sør-Trøndelag and part of the Hedmark municipality.

Activities implemented under the North Programme shall concentrate to the development of economic life, research, development and education, regional functionality and identity. The Sápmi subprogramme shall focus on limitless development. The activities in ENPI Programme shall complement activities in the INTERREG IV A North Programme and Sápmi subprogramme with the Russian dimension.

The **INTERREG IV A Bothnia-Atlantica** Programme shall strengthen the east-west dimension and supplement the long-term integration and cooperation within the Bothnia-Atlantica area in order to strengthen growth and more sustainable development. The Programme area comprises regions from Finland, Sweden and Norway (central Ostrobothnia, Satakunta and Ostrobothnia in Finland, the provinces of Västerbotten and Västernorrland and the municipality of Nordanstig in Sweden and Nordland County in Norway).

The strategic objective of the **Baltic Sea Region Programme 2007-2013** is to strengthen the competitiveness of the Baltic Sea Region, its territorial cohesion and its sustainable development by connecting potentials over the administrative borders. The Programme area covers all of Denmark, Estonia, Finland, Latvia, Lithuania, Poland and Sweden and parts of Germany (the states of Berlin, Brandenburg, Bremen, Hamburg, Mecklenburg-Vorpommern, Schleswig-Holstein and Niedersachsen). The eligible areas in the Partner Countries include Belarus (four Oblasts: Minsk, Grodno, Brest and Vitebsk), Norway (the entire country) and Russia (St Petersburg, Leningrad Oblast, Republic of Karelia, and Kaliningrad, Murmansk, Novgorod and Pskov Oblasts).

Projects addressing the Barents region (including cooperation with Archangelsk Oblast, Komi Republic and Nenets Autonomous Okrug) are envisaged.

The aim of the **Northern Periphery Programme** is to help peripheral and remote communities on the northern fringes of Europe to develop their economic, social and environmental potential. The objective shall be achieved by supporting innovation, business competitiveness, accessibility, the sustainable development of community and natural resources, and cultural heritage. The Programme objectives have been translated into two priorities: 1) promoting innovation and competitiveness in remote and peripheral areas and 2), the sustainable development of natural and community resources. The eligible area of the Northern Periphery Programme comprises the regions within EU and non-member states. Within the EU, the eligible areas are situated in Finland, Sweden, Ireland, Northern Ireland and Scotland; in the non-member states, the areas are in Norway, Faeroe Islands, Iceland and Greenland.

The **EU Structural Fund Objective 2 programmes in Finland and Sweden** are national Structural Fund Programmes that are developed to strengthen regional competitiveness and employment in EU Member States. For the first time, it is also possible to implement international activities within these Programmes.

The geographical area for the Regional Competitiveness and Employment structural fund programme of **Upper Norrland in Sweden** is the Counties of Norrbotten and Västerbotten. The aim of the Programme is to assist with achieving long-term sustainable growth by strengthening the competitiveness and position of the area as an innovative and successful region in Europe. The Programme has two priorities: "Innovation and Reformation" and "Accessibility".

The first priority deals with strengthening regional competitiveness by creating the acceptable preconditions for entrepreneurship, new entrepreneurs and innovations. The objective "Accessibility" is to develop a sustainable transport system that promotes fulfilling transport policy objectives and harmonise with the work carried out in the EU for the European transport network and transnational transport corridors. A further goal is to develop a sustainable IT infrastructure with high interaction quality that shall improve the quality of life and bring added competitiveness to the region.

The geographical area for the Regional Competitiveness and Employment Structural Fund Programme of **Northern-Finland** encompasses northern and central Ostrobothnia and Lapland. The Programme strategy is to raise the level of innovative competitiveness, advance the growth of companies, and to improve the accessibility and strengthen the attractiveness of the area. The aim of the Programme is to improve the possibilities of Northern Finland to reinforce its position within both international and national competition and to respond to the structural change in business life. The Programme also aims at controlling future changes in population structure and regional segregation of the population.

Neighbouring area cooperation between Finland and Russia

Finnish-Russian neighbouring area cooperation focuses on Northwest Russia, especially the City of St. Petersburg, the Leningrad Region, the Republic of Karelia and the Murmansk Region. The cooperation is regulated by the intergovernmental agreement signed between Finland and Russia in 1992. Finnish government funding has been allocated to projects covering especially the following sectors: environment, agriculture and forestry, social welfare and health care, economic development, judiciary, transport and communications, energy, nuclear and radiation safety, civic society, education and training.

Coordination between the Kolarctic ENPI CBC Programme and the Finnish neighbouring area cooperation is essential to avoid overlapping. These two instruments also provide a good opportunity to complement each other and thus create wider development entities with clear impacts. Consequently, the regular exchange of information between the programmes' administrative bodies shall be continued.

The Norwegian Government High North Strategy

In December 2006, the Norwegian Government launched its High North Strategy, which is a national strategy with international ambitions. The overall objective is to create sustainable growth and development in the High North. The High North policy also aims at utilising opportunities for more extensive international cooperation on the use of natural resources, environmental management and research through closer contacts with Norway's Nordic neighbours and partners from Russia, Europe, Canada and America.

Bilateral cooperation between Norway and Russia

Norja-Venäjä naapuruusalueyhteistyö keskittyy Venäjän Barentsin alueen osaan, erityisesti Murmanskin ja Arkangelin oblasts.

The Norwegian funding of joint cooperation projects covers a number of areas – ranging from support to the development of civil society, environmental protection including nuclear safety, education and research, health and social care, energy and industrial development as well as the sustainable development of natural resources. A distinctive feature in the cross border cooperation is the extensive people-to-people contacts and cooperation on the grass root level.

Bilateral cooperation between Sweden and Russia

Swedish-Russian neighbouring area cooperation is focused on Northwest Russia, in particular the City of St Petersburg, the Leningrad Region and the Kaliningrad region. Most funding has been allocated to the environmental sector (waste water treatment plants, energy efficiency, nuclear safety and nuclear non-proliferation), but also to the development of civic society, the social and health sector, the judiciary and the cooperation between NGO's.

In coming years funding will mainly be available for environmental, nuclear safety and nuclear non-proliferation projects as well as to projects supporting the development of civic society, i.a. in Northern Caucasus.

Regional Development Programmes in Finland

Regional Development Programmes are based on the Regional Development Act in Finland. These Programmes are defined in line with the main objectives for the development of each region. Regional Councils are in charge of preparing and implementing these Programmes within their region.

The Key Guidelines of the Regional Development Programme of Lapland has been taken into consideration when drawing up the Kolarctic ENPI CBC Programme.

National regional development in Norway is decentralised to the county councils. Several partner organisations work together through the Regional development Programme to develop the regional and local level. "Innovation Norway" gives grants and loans for investments. The Norwegian Barents Secretariat administers support to projects within the Barents cooperation.

Sweden, national regional development

The County Administrative Boards as well as the self-government and communal cooperation bodies in Sweden have overall responsibility for regional development, which includes drafting a regional development programme. The development programme acts as an umbrella for other developmental activities such as EU Structural Funds. The counties make plans for infrastructure and environmental development. The national strategy for Competitiveness and Employment acts as the basis for the regional development programmes.

4. SWOT ANALYSIS

An analysis has identified the strengths, weaknesses, opportunities and threats in the Programme area in proportion to the priorities of the Programme (Annex 1). The fundamental principle underlying the analysis was to identify those issues that are common to the area. Issues concerning only parts of the area were left out unless they were of special importance.

The main target in utilising the results of the SWOT analysis is to exploit the issues that were identified as opportunities using the strengths as support. The aim is to eliminate the weaknesses that were identified through Programme activities and to remove or fence off the identified threads.

The identified issues that rose to the fore in the SWOT analysis have been evaluated in the context of their expediency within the Programme. The evaluation has foreseen whether the Programme is capable of influencing these issues.

The result and the impact of the SWOT analysis are presented in the orientation section of each priority, where the most important issues are clarified and where the development of the aims and directions of support is included.

Some of the identified issues are impossible to change or improve directly through Programme activities; these issues are more a question of activities at the state and not the regional level. Although such issues were identified, it was considered important to leave them in the SWOT analysis in order to maintain awareness of them, with the aim of facilitating their positive impacts through Programme activities.

5. VISION, AIM AND JOINT CROSS-BORDER DEVELOPMENT STRATEGY

The strategic framework in the Kolarctic ENPI CBC Programme is set in the European Neighbourhood & Partnership Instrument Cross-Border Co-operation Strategy Paper 2007-2013 and Indicative Programme. The Strategy Paper sets out the EU's general policy and objectives for CBC activities and the core issues to be addressed, including the four key objectives of promoting economic and social development in the border areas, working together to address the common challenges, ensuring efficient and secure borders and promoting local, "people-to-people" - cooperation. The base for the strategy is also on the dimensions of the Lisbon strategy – focusing on economic, social and environmental issues and the Gothenburg strategy.

The joint cross-border development strategy responds to the identified regional strengths, weaknesses, opportunities and threads of the Kolarctic ENPI CBC Programme area by setting out a vision that shall be realised by implementing the strategic objectives of the Programme.

The joint **vision** for the Kolarctic ENPI CBC Programme is as follows:

The Programme area is a strong, well-known cross-border co-operation venue in the Barents Euro-Arctic region that can be characterised by a good quality of life. Activities shall be conducted in accordance with the principles of sustainable development in the area.

The **overall aim** of the Programme is to reduce the periphery of the countries' border regions and its related problems as well as to promote multilateral cross-border cooperation. The Programme aims to help the regions in the Programme area to develop their cross-border economic, social and environmental potential, which shall be achieved by supporting innovative cross-border activities, accessibility, and the sustainable development of natural resources, communities and cultural heritage.

The Joint Development Strategy of the Programme is:

- to promote cross-border cooperation within businesses, education and research institutes, the public sector and NGOs by assisting in strengthening and creating networks and by building capacity
- to facilitate regional development through the use of advanced information and communication technologies and transport networks and by improving border crossing efficiency
- to ensure that area's environmental issues are taken into consideration and prioritised by raising the level of environmental awareness and knowledge among the inhabitants through the constant networking of experts, administrative authorities, the business sector and organisations
- to improve the management and public awareness of common challenges in the Programme area by creating effective practices and training for joint operations and information exchange
- to enhance the habit of everyday cooperation between people in Programme area by organising possibilities for joint activities
- to maintain and activate cultural heritage within the Programme area

The purpose of the Joint Development Strategy of the Kolarctic ENPI CBC 2007-2013 Programme is to manage the Programme in close partnership with all participating regions and to select and implement activities so that they take place equally between all regions, authorities, actors and people.

The implementation of the strategy shall take into account the principals of EU regulations concerning partnership, equality, sustainable development as well as the information society. The fundamental requirement for action is the additional role of the Programme when compared to national strategies and support in the Programme area. The common focus of any action carried out with the support of the Kolarctic ENPI Programme is on internationalisation and cross-border cooperation within the implementation of the priorities.

Sustainable development is a horizontal objective that should be reflected throughout the Programme as well as in its practical implementation. According to this principle, every project must be evaluated based on criteria that shall safeguard sustainable development economically, ecologically, socially and culturally. Ecologically sustainable development emphasises the preservation of natural multiplicity and that the nature's power of regeneration is not exceeded. Economically sustainable development is closely connected to the ecologically sustainable development. It means the adjustment of human activities with the natural resources and with nature's operativity. Economically sustainable development will be achieved only if the activities are ecologically sustainable. Development is socially sustainable, when the equality, fundamental rights, prerequisites for life and possibilities to participate in decision making are secured for everyone. Culturally sustainable development enables the preservation and development of cultures between generations as well as open mental and ethical growth for people.

According to European Union's Sustainable Development Strategy, the Programme shall, for its part, promote a dynamic economy with full employment and a high standard of education, health protection, social and territorial cohesion and environmental protection in a peaceful and secure world whilst respecting cultural diversity.

According to the gender equality objective, men and women must have the same rights, opportunities and obligations in different fields of society. One principle in the projects to be implemented is to strengthen the position of women, to increase entrepreneurship among them and to encourage them to participate in both local and regional development. Overall, stronger Programme emphasis shall be put into activities concerning the cross border cooperation of young people and women in the Programme area.

6. PRIORITIES OF THE PROGRAMME

6.1. Priority 1 Economic and Social Development

The importance of promoting economic and social development derives from several issues, the most imperative of which is the growing joint business cooperation between the countries in the Programme area that is generating many challenges and both positive and negative social issues that have to be dealt with. Each activity has to guarantee sustainable economic, social and ecologic development in the Programme area, which can be achieved by focusing on the specific needs of the participating regions.

Abundant natural resources and unique accessibility to raw materials and renewable energy sources offer opportunities for launching cross-border business activities. It would be beneficial for the region's businesses to take part in the ongoing development of oil and gas resources, to cooperate at the regional level within competence transference, to develop common quality standards as well as to form a consortium for common bids. All involved parties would benefit by coordinating the commercial use of common resources such as water and wood. New growing areas in northwest Russia create opportunities and challenges for the entire Programme area, which demands education and training in expertise within cross-border business activities. The cooperation of basic industries and regionally specific industries shall reinforce activities, and regionally important businesses may act as a driving force in cooperating with other industries. Future development in new industrial sectors shall provide excellent opportunities for networks of smaller enterprises to be part of the business activities as subcontractors to larger companies. At the same time, an attempt shall be made to support the area's ability to respond to the needs of international investments with its special expertise in order to ensure that the Programme area gains maximum benefit from such investments and that these investments are made in line with the principles of sustainable development.

Most of the natural environment covered by the Programme area is unspoiled and in its natural state, which is a major factor in attracting tourism to the Programme area. However, preserving the unspoiled nature may hamper the industrial development of other sectors, which also brings an important field of cooperation to the Programme.

Creative businesses are growing on a worldwide scale. With the rich cultural heritage of this region, the development of culture-based industries such as design, music and film has a particular potential. Furthermore, cultural cooperation, including cooperation between minorities, can act as a basis for developing the tourism and experience industries. The integration of traditional ways of living into modern social development shall ensure the livelihood of indigenous cultures.

The harsh climate and long distances are challenges for the businesses, not to mention their affects on living conditions in the Programme area; the harsh climate and long distances hamper cooperation within the Programme area as well as within other areas. Though the Programme area is located far from the economy markets and geographical distances are long, the transport connections run mainly in the south-north direction. East-west connections are far too inadequate, even though good transverse transport and telecommunication connections are basic requirements for all types of cross-border activities and networking. Development and cooperation in the utilisation of the existing transport and communications system in the Programme area is important in order to take full advantage of the efforts made so far. Fluent, well-functioning, efficient and safe traffic and transport is a common interest of the Programme area as well as of the EU, and it is a potential area for innovative development.

The SMEs operating in the Programme area differ in terms of their framework policies, business cultures and sizes. Despite the long experience in cooperation, knowledge of cross-border entrepreneurship and business cooperation is not yet comprehensive. Expertise in the different fields of cross-border cooperation shall be maintained and developed during the Programme period. Broad knowledge provides opportunities for developing business cooperation that benefits the entire Programme area and gives the potential for companies to grow.

The companies in the Programme area are mainly micro-sized and the lack of medium-sized companies hampers the participation of the business sector in R&D, which keeps the proportion of private funding in R&D at an inadequate level. Consequently, companies and innovative environments are small and distant from one another and active innovative surroundings are rare. Action should be taken to strengthen the existence of joint innovative “campus-areas”. Special educational and network activities should be undertaken in order to create positive attitudes towards cross-border entrepreneurship. Support for entrepreneurship should be implemented especially among youth and women in order to minimise the negative effects of the ageing population, to reduce the number young people leaving the area and to create work places for women.

The Programme area houses several universities and educational and research institutes that derive their expertise from regional strengths and from the long-term work done so far. Cross-border cooperation between the public sector, business life and R&D is already underway in some fields within the Programme area. By improving the information exchange on education and training systems and qualifications and by strengthening the existing networks and getting new partners involved in activities, it is possible to raise the use of resources and the level of know-how throughout the entire Programme area, which in turn shall provide a solid foundation for innovative action.

When paying attention to industrial development, GDP or standards of education, there are huge differences between the districts within the Programme area. Activities that aim to lower these differences need support in order to promote cooperation between the authorities in different sectors and further enhance expertise in administration. Special emphasis should also be made to lower the administrative barriers that hamper joint activities.

The difficulty to recruit highly trained workers and professionals is a common problem within the labour market in the area. The needs of working life do not match the expertise of the regionally existing labour force, which creates a need for increasing the cooperation between the education and business sectors. Facilitating the movement of the labour force is one aim for the Programme to achieve through its activities.

The opportunities provided by the new technology and content production can be utilised to assist cooperation in cross border activities. ICT opens up uncountable possibilities to develop different services that are essential to maintain equal living standards throughout the Programme area.

Growing energy costs pose a threat that can make living conditions and economic growth much more difficult within the Programme area. Actions should be taken into joint R&D projects between research institutes, authorities and industries in order to strengthen the use of renewable energy sources and active energy saving.

6.1.1. Operative aims

- Cross-border networks and business relations are established between SMEs
- Ongoing communication and joint educational planning between businesses and education in the fields of the required competences
- SMEs and authorities have better understanding of cross-border business and working opportunities
- Cross-border transport, logistics and communication systems are developed to respond to the needs of the Programme area in line with sustainable development
- Energy cooperation, the use of renewable energy sources and active energy saving have risen
- Businesses enhancing the cultures of the indigenous people are supported
- Movement of the labour force across the borders is facilitated
- Public and private services are cooperating for the benefit of the inhabitants
- Municipalities are cooperating and exchanging best practices

6.1.2. Examples of the directions of support

- Development of SME and business cooperation
- Promotion of trade and investment
- Development of sustainable transport, logistics and communication systems
- Implementation of educational and research activities
- Ensuring the quality of public and private services
- Utilisation of innovations and new technology
- Enhancing the use of renewable energy sources and active energy saving
- Development of energy cooperation
- Support for the development of traditional ways of living
- Development of the labour market and support for entrepreneurship
- Exchange of best practices in rural development, municipal services and spatial planning

6.2. Priority 2. Common Challenges

The common challenges of the Programme area include issues that may affect a major number of people simultaneously. These challenges concern health, security, accidents, environmental risks, and management and border issues. The feeling of basic security is a precondition for successful cooperation, and a stable and safe environment is a major factor that attracts investments and skilled labour to the Programme area.

The existing long-term cooperation and agreements between the authorities in different sectors provides excellent potential to react to mutual challenges and they impact on the threats and risks that originate outside their own territories. Within the support of the Programme, it is important to strengthen and activate the ongoing cooperation, to promote joint administrative planning and to conduct regular common training activities.

The most urgent environmental threats in the Programme area, which are identified and described in the Strategic Environmental Assessment (annex 2), shall be taken into notice in the implementation of activities under the priority 2. Continuous dialogue and cooperation within the Programme area between the environmental sector and industries shall assist in reducing damage to nature and conflicts of interest. Ensuring the sustainable waste management is a challenge in which regional and local actors can play an important role. The availability of public information concerning environmental issues should be improved, as should information concerning the differences in legislation and standardisation between countries on environmental issues.

The Programme area is in a key position to assess, forecast and adapt to climate change. There is already a high standard of know-how on issues concerning climate change in the Programme area. This knowledge can be utilised in joint research activities and thus add to the worldwide knowledge of Programme area's resources.

Health and social problems are linked to economic problems, unhealthy habits, insufficient services and the lack of information. By exchanging experience, increasing countermeasures and training at the international, national and local levels, it is possible to add to the capacity to meet those challenges. Activities implemented under the Programme at the regional and local level shall support national and international activities within the same issues.

Setting up and training on cross-border emergency preparedness shall ensure the safety of local citizens and assist the Programme area in profiling itself as a safe location for industry and travellers.

In order to facilitate all cross-border activities including movement of people and goods, it is important that border formalities are fluent and border-crossing procedures are harmonised. The Programme can support the cooperation and exchange of best practices between border authorities and border personnel (e.g. border guards, customs and other authorities) as well as

small-scale investments that assure the availability of modern technology in order to minimise border disadvantages.

6.2.1. Operative aims

- Local and regional authorities have common plans, agreements and/or activities for multilateral cooperation in common challenges
- Public awareness about the common challenges has risen
- Activities in environmental and nature protection have been implemented
- Adaptation to climate change has progressed
- Environmental knowledge has risen
- Border crossing authorities are cooperating multilaterally to harmonise and to simplify procedures

6.2.2. Examples of the directions of support

- Support of health and social welfare (incl. telemedicine and the prevention of diseases and drug abuse)
- Improvement of security
- Prevention of accidents and environmental risks (incl. emergency preparedness, radiation safety, marine pollution risks)
- Supporting actions in regard to adaptation to climate change
- Environment and nature protection
- Joint management of common challenges
- Border crossing efficiency (incl. small scale infrastructure, harmonisation of border crossing procedures and increase of transparency)
- Exchange of best practices
- Improvement of the public knowledge about the common challenges
- Education and research

6.3. Priority 3. People-to-People Cooperation and Identity Building

The Programme provides an opportunity to strengthen people-to-people and civil society contact at the local level. Actions in the educational and cultural fields as well as enhanced cross-border contacts between civil society groups and NGOs also aim at promoting local governance and mutual understanding. Networking in different fields of art, improving people's knowledge of history and cultural heritage and people-to-people cooperation in other fields of activity aims at creating direct links between citizens, educational and research institutions, societies, foundations and communities in order to promote understanding, share know-how and develop new solutions to common problems. The institutionalisation of international cultural cooperation would, to a higher degree, ensure stable and long-term structures of cooperation.

People-to-people cooperation and identity building shall be built on the strong and positive northern identity, the great variety of cultural traditions and languages and the existence of indigenous peoples in the Programme area. Support for and the development of the livelihoods of indigenous cultures and languages shall add strength to the entire area.

Successful adaptation to climate change requires awareness and social learning processes of the people affected. Experiences of the past generations are important to collect and to utilize for the benefit of the future.

The utilisation of both similarities and differences shall provide the opportunity for cooperation as well as for education and business life. Special emphasis shall be put on activities concerning equality, identity building and the cooperation of young people.

Difference in cultures and languages can also hamper cooperation, which makes lowering existing boundaries, such as through language training, an important objective of cooperation. Despite existing cooperation between organisations, there is still lack of basic communication and

cooperation agreements between institutions. By providing the opportunities for overall discussion and knowledge of each other's interests, this basic communication could become a source of innovation and new future activities.

Common and easily available information about the Programme area would provide the opportunity to give equal knowledge about the different areas to the people living in and outside of it. Information technology is an excellent instrument to ensure the availability of the information but because the existence of the broadband network and people's ability to use new technology still limits the use of electric information, other instruments (newspaper, radio and television) should not be forgotten.

The implementation of umbrella projects is one way to simplify the management of small projects and to provide an opportunity for small organisations to actively carry out projects.

For vulnerable people, (such as the physically or mentally challenged, the socially disadvantaged or marginalised and those who have been rehabilitated) participation and new social contacts in joint activities can be crucially important for rehabilitation, identity building or for the sense of a good and happy life. Different cross border cultural events and joint activities to support rehabilitation and networking are an important part of the people-to-people activities.

6.3.1. Operative aims

- Common cultural/sports events and meeting places bring people together from the Programme area
- Common information is published in the public media
- Cooperation and communication is increased
- Promotion of the cultural diversity is supported
- Cooperation between cultural institutions is increased

6.3.2. Examples of the directions of support

- Enhancement of cultural cooperation (e.g. cooperation between institutions, support for the cultural identity of the young people, supporting and maintaining cultural heritage)
- Development of traditional handicrafts
- Increase of joint information exchange (e.g. common information about the entire Programme area, cooperation networks between information workers)
- Facilitation of the social and cultural integration of visitors or immigrants from the other countries in the Programme area (e.g. participation in local social life, common meeting places and activities, support for civil society and local communities and support for local governance and administrative reform)
- Promotion of educational cooperation (e.g. common educational programmes)
- Enhancement of cooperation between institutions (e.g. basic communication and cooperation agreements)
- Support for the integration of vulnerable people in cooperation activities
- Support for joint education and research activities on people-to-people cooperation and identity building
- Exchange of best practices

7. ENVIRONMENTAL ASSESSMENT

The purpose of the strategic environmental assessment is to ensure that environmental impacts are assessed and duly considered by the authorities during the preparation and approval of the plans and programmes. It focuses on the improvement of information availability and provides more opportunities for public participation in planning in order to promote more sustainable development. The aim is to guarantee that the environmental consequences of specific plans and programmes are identified and assessed during their preparation and before their adoption.

The area covered by the Kolarctic ENPI CBC programme encompasses approximately one million square kilometres located in the boreal taiga and tundra zones

The most urgent environmental threats in the Kolarctic programme area are climate change, acidification, radioactive pollution and the risk of accidents, oil and hydrocarbon pollution and the risk of spills, unsustainable use of natural resources, loss of biodiversity, increasing amounts of waste and the pollution of drinking water. The aim is to draw attention to environmental concerns and accidents in order to avoid the advancement of environmental concerns and accidents in order to avoid the advancement of environmentally hazardous economic incentives through the programme and to promote environmentally positive or indirectly positive incentives.

The most important international environmental policies, strategies and programmes are taken fully into account. The Lisbon Strategy, the Sustainable Development Strategy, the 6th Environment Action Programme, the Nordic Strategy for Sustainable Development, the Northern Dimension Policy and Barents Co-operation are acknowledged. The pertinent international treaties and legislation are presented. The use of some of the project areas is limited owing to the status of nature and culture conservation areas.

The programme area is highly multicultural (including indigenous Sámi and Nenets) and has a wide range of different forms of environmental use. The legislative framework in both the social and environmental sectors is variable, being the most similar in Sweden and Finland. The pressures set by international investors, exploration and exploitation of natural resources and markets strongly affect the traditional livelihoods of the North. These factors make the social impact assessment procedures complicated in in-depth analyses, and legal shortcomings may hinder the regulation and adaptation of economic activities into traditional livelihoods.

The environmental and social impacts must be assessed in more detail when the project applications are evaluated and, if deemed legally necessary, within the projects, according to the EIA and SEA processes. The programme endorses the aim of sustainable development. However, there are uncertainties in terms of the form and significance of the subsequent impacts of the programme. The way in which the programme is steered shall determine its eventual success. Development of the EIA and SEA procedures as a part of the environmental administration in the programme area is necessary in order to minimise the risk of undesired environmental impacts.

The Final report on the SEA is attached as Annex 2 to the Programme Document.

During the preparation of the SEA there was an open discussion between the SEA and the Programme document preparation, remarks were reflected in both documents and needed changes were made to the Programme document. The joint preparation of the documents was seen as a possibility to develop the Programme document into more environmental direction, for example the text in priority 1 was modified in order to include the aspects of the sustainable development more visibly than before. Certain indicators that were suggested in the SEA have been included in the Programme document as both programme level indicators and priority level indicators.

The draft Strategic Environmental Assessment was presented in the public meetings during the preparation process. Discussions with the environmental authorities were arranged at the same time and the SEA was sent out for public statements together with the Programme Document between February and March 2008. The hearing process was launched separately in each participating country and it lasted 30 days, in accordance with Directive 2001/42².

The Strategic Environmental Assessment was commented in three statements, one of which (the statement of the Lapland Environmental Centre in Finland) included several issues which are either already noted in the Programme document or are going to be noted in Programme manual or in the selection criteria for the projects.

8. INDICATORS

In order to monitor and evaluate the results and effects of the Programme, a number of appropriate and measurable indicators have been set up relating to
the (direct) **outputs** from the activities of the Programme,
the **results** from the Projects' direct and immediate effect on beneficiaries.

These include both general indicators, common to all projects and the priorities of the Programme, and specific monitoring indicators defined for each priority. These are indicators that the Programme can be expected to influence at a concrete level and that can be considered to reflect the Programme's success directly.

Due to the "soft" nature of the Programme, the indicators do not include regional macro-indicators that the Programme can influence only indirectly, and even then by taking into account all other factors external to the Programme that affect the regional dynamics. Such macro-indicators are, for example, those that describe the general development of the Programme area, such as population, GDP per capita, earnings, health indicators or employment rate and the number of established enterprises.

Due to the nature of the Programme and the projects, the impact indicators are not defined as systematically measured indicators. Information about the impacts of the Programme can be assessed after a certain number of projects or activities are implemented and after the necessary time for the impacts to appear has passed.

The information needed for monitoring and evaluating the projects and the Programme shall be collated in the Programme database. The database shall contain all the information concerning the projects' expected results as set out in the Grant Application Form.

Necessary information shall also be collected regularly from the projects through Progress and Final Reports that the Lead Partner shall be obliged to submit to the JMA. Additional, mostly qualitative, information such as "shortened time to cross the border" can also be collected from the stakeholders through specific questionnaires.

In order to achieve common understanding of the sought information, the JMA shall include an explanation annex concerning the indicators in the Application pack for each Call for Proposals.

Structure of the group of indicators:

- 1) The output Indicators relating to activities;
- 2) The result Indicators relating to the direct and immediate effect brought about by the Programme;

² Directive 2001/42/EC of the European Parliament and of the Council on the Assessment of the Effects of certain Plans and Programmes on the Environment of 27 June 2001

Programme level indicators

Programme level indicators				
Objective	Output indicator		Result indicator	
Sustainable development				
The Programme has a positive environmental impact	Number of projects with a positive effect on sustainable development	35	Number of created operative cross-border networks on environmental issues	8
	Number of projects developing sustainable industries (for example tourism, reindeer herding, fishing)	15	Number of applied environmental technical solutions	2
The Programme is furthering adaptation to the effects of climate change	Number of projects with an aim to further adaptation to climate change	5	Number of activities carried out to further adaptation to climate change	2
Youth				
The Programme is stimulating youth to become active in CBC	Number of projects targeted at youth	10	Number of males/females < 29 yrs of age that participated in activities	2500/2500
Gender Equality				
The Programme has an impact on the development of gender equality	Number of projects with a target to increase the gender equality	2	Number of males/females that participated in activities	20000/20000
Development of Competence				
The Programme is developing the competence of the people in the Programme area	Number of projects including educational activities or research	50	Number of people participated in educational activities	500
			Number of published scientific reports or studies	10
			Number of implemented educational programmes	4
Implementation of the programme				
The Programme is implemented actively	Number of calls for proposals during the Programme period	11	Number of applications received	250
	Number of multilateral projects financed	70	Number of people that participated in a) long-term activities b) conferences, seminars, education etc	a) 4000 b) 10000

A Table of Priority level indicators that are collected constantly from the received applications and interim reports

Priority 1 Economical and social development				
Objective	Output indicator		Result Indicator	
Cross-border networks and business relations are established between SMEs	Number of projects related to CBC networks and business relations between SMEs (incl. business agreements, cooperation agreements and subcontracting)	15	Number of cross-border networks operating between SMEs	10
			Number of cross-border business relations operating between SMEs	50
			Number of SMEs participating in network and business relation projects	500
Ongoing communication and joint educational planning between businesses and education in the fields of the required competences	Number of projects developing/implementing common educational programmes	7	Number of SMEs/educational institutes that participated in joint educational planning	100
			Number of males/females that participated in joint educational programmes.	100/ 100
SMEs and authorities have better understanding of cross-border business and working opportunities	Number of projects that increase the knowledge of SMEs and authorities about cross-border businesses and working opportunities	2	Number of education and information events arranged	50

Cross-border transport, logistics and communication systems are developed to respond to the needs of the Programme area in line with sustainable development	Number of projects that develop transportation, logistics or communication systems	5	Number of new communications methods developed to facilitate the movement of people and goods	5
Energy cooperation, the use of renewable energy sources and active energy saving have risen	Number of projects that increase energy cooperation, the use of renewable energy or active energy saving	2	Number of solutions implemented in using renewable energy or active energy saving	2
Businesses enhancing the cultures of the indigenous peoples are supported	Number of projects supporting businesses that enhance the cultures of indigenous peoples	2	Number of commercial products developed between businesses and indigenous peoples	5
Movement of the labour force across the borders is facilitated	Number of projects that facilitate movement of the labour force	2	Number of activities facilitating the movement of the labour force	10
Public and private services are cooperating for the benefit of the inhabitants	Number of projects for cooperation between public and private services	2	Number of new services developed for inhabitants in cooperation between public and private services	2
Municipalities are cooperating and exchanging best practises	Number of projects for cooperation of municipalities	3	Number of municipalities that participated in cross-border cooperation	15

Priority 2 Common challenges				
Objective	Output indicator		Result indicator	
Local and regional authorities have common plans, agreements and/or activities for multilateral cooperation in common challenge	Number of projects for developing common plans, agreements and/or activities for multilateral cooperation in common challenges	5	Number of plans, agreements or activities and operational models actively executed	5
Public awareness about the common challenges (incl. environmental knowledge) has risen	Number of projects rising public awareness about the common challenges (incl. public environmental knowledge)	5	Number of information activities about common challenges (seminars, brochures, internet-pages etc)	25
			Number of published materials concerning environmental issues	20
Activities in environmental and nature protection have been implemented	Number of projects concerning environment and nature protection (sustainable waste management, sustainable management of natural resources etc)	8	Number of restored areas (has) - water system areas - land areas	400 1500
			Number of initiated activities in monitoring of the state of the environment	30
			Number of implemented plans consisting environmental aspects	10
Border crossing authorities are co-operating multilaterally to harmonise and to simplify procedures	Number of projects supporting the cooperation of border authorities	2	Number of educational and information exchange activities between border authorities	10
			Number of border authorities that participated in activities	200
			Number of activities shortening the time spent crossing the border	10

Priority 3 People to people cooperation and identity building				
Objective	Output indicator		Result indicator	
Common cultural/sports events and meeting places bring people together from the Programme area	Number of projects supporting the existence of common events and meeting places	14	Number of new common cultural/sports events or common meeting places	60
			Number of people participated that in common cultural/sports	10000

			events and meeting places	
Common information is published in the public media	Number of projects supporting the existence of common information	4	Number of published media products that increase public knowledge about the Programme area	20
Cooperation and communication is increased	Number of projects increasing the cooperation and communication and/ or its quality	8	Number of networks created between institutions	8
			Number of educational organisations, NGOs and cultural institutions participating in cooperation	50
Promotion of cultural diversity is supported	Number of projects promoting cultural diversity	14	Number of people that participated in activities supporting cultural diversity	1000
			Number of activities arranged that (seminars, festivals etc.) support cultural diversity	80

9. INDICATIVE FINANCING PLAN

9.1. Financing sources

9.1.1. EU Financing

The EU funding for the Kolarctic ENPI CBC Programme comes from the European Neighbourhood and Partnership Instrument. The EU funds allocated to the Programme from the ENPI may be used on either side of the EU external border for the benefit of the eligible regions. The Implementing Rules and the Practical Guide apply to the funds within the whole Programme area.

The indicative allocation of Community funding in the ENPI CBC Strategy Paper 2007-2013 to the Kolarctic ENPI CBC Programme is € 28,241 million for the years 2007-2013.

The results of a mid-term review of the Programme foreseen for 2010 may lead to adjustment of the 2011-2013 allocation. The review shall take into account any changes in the cooperation priorities, socio-economic developments, the results observed from implementation of the priorities concerned and from the monitoring and evaluation process and any need to adjust the amounts of financing available and thus reallocate the available resources across the different programmes. A review may take place at an earlier stage if this is necessary to address specific issues affecting the implementation of a Programme.

9.1.2. Norwegian equivalent financing

Norwegian equivalent financing corresponds with the EU financing; it forms 50% of the Norway's total public allocation to the Programme, the other part coming through regional organisations described in Section 9.1.3 of this document.

The Norwegian equivalent funding is in total € 7 million for the programme period. The Norwegian equivalent financing can cover eligible budget costs of the Norwegian partners as well as certain common administrative costs. The same principles will be applied to the Norwegian funds as to the Community funds within the framework of Norwegian national legislation on financing procedures and rules. A detailed description of the annual contribution and payments of the Norwegian equivalent financing is described in Section 11.6 of this document.

The agreement to be concluded between Norway and the Joint Managing Authority shall regulate other modalities concerning the Norwegian equivalent financing.

9.1.3. National co-financing

Participating countries have two different national financing systems: centralised (Finland and Russia) and decentralised (Sweden and Norway). The organisations allocating the national financing depend on which system is used. Annual national co-financing to the Programme comes from the State budgets to the financing organisations and it will be allocated to the projects according to national and EU legislation, the PRaG rules and to the practises of the respective countries and the decisions of the JMC.

National co-financing can be applied by the Lead Partner or Partner from the state budget via the JMA, from regional budgets and from the budgets of the participating organisations. Detailed information about applying the national co-financing shall be included into the programme manual.

Modalities concerning the national co-financing shall be regulated in separate agreements, that will be concluded between Russia/ EU, Sweden/ JMA and Norway/ JMA.

National co-financing shall also be used to co-finance the Programme's technical assistance.

9.1.4. Intervention rates/ Project partners' financing

At Programme level, the amount of EU financing and Norwegian equivalent financing forms 50% of the public financing for eligible costs. National public financing from the participating countries forms the remaining 50% of the public financing for the eligible costs. Private financing from the companies is counted as "extra" financing for the projects and it can not be counted as co-financing towards the EU financing.

Each project also has to be co-financed by the project partners. Depending on the national financing system, national co-financing can also cover the share of the project partners own financing. For individual projects, the requirement of a project partner's own financing may vary according to the guidelines adopted by the Joint Monitoring Committee. A detailed description of the financing procedures is presented in Section 11.6.

9.2. Indicative allocation of financing

Priority 1	40%
Priority 2	25%
Priority 3	25%
Technical assistance	10 %

Indicative financial table

Indicative financing plan of the ENPI CBC programme, giving, for the whole programming period, the indicative amount of funding by priority						
Priorities by source of funding (in euros)						
	Community funding (a)	National Co-financing/ EU Member States (b)	Co-financing rate %	Norwegian equivalent funding (d)	National co-financing/ Norway (e)	Total funding (a+b+c+d+e)
Priority 1	11 296 408	5 648 204	50 %	2 800 000	2 800 000	22 544 612
Priority 2	7 060 254	3 530 127	50 %	1 750 000	1 750 000	14 090 381
Priority 3	7 060 254	3 530 127	50 %	1 750 000	1 750 000	14 090 381
Technical Assistance	2 824 102	1 412 051	50 %	700 000	700 000	5 636 153
Total	28 241 018	14 120 509	50 %	7 000 000	7 000 000	56 361 527

Financial table describing the provisional yearly allocations of Programme's commitments and payments					
	A	B			
	INDICATIVE COMMITMENT BY THE EC	CO-FINANCING (Member States)	Norway (equivalent+ national)	PROGRAMME'S INDICATIVE COMMITMENTS - Contracts/ EC funding -	PROGRAMME'S INDICATIVE PAYMENTS - EC funding -
2008					
TOTAL 2008	3 882 296	1 941 148	3 560 000	302 344	302 344
2009					
TOTAL 2009	4 243 943	2 121 971	2 000 000	5 881 466	1 831 719
2010					
TOTAL 2010	4 328 822	2 164 411	2 000 000	4 281 745	3 239 120
2011					
TOTAL 2011	5 551 934	2 775 967	2 000 000	4 968 241	4 957 774
2012					
TOTAL 2012	5 640 242	2 820 121	2 000 000	5 556 806	4 868 284
2013					
TOTAL 2013	4 593 781	2 296 891	2 000 000	7 250 416	6 345 575
2014					
TOTAL 2014	0	0	160 000	0	5 448 893
2015					
TOTAL 2015	0	0	160 000	0	1 027 751
2016					
TOTAL 2016	0	0	120 000	0	219 558
TOTAL 2008-2016	28 241 018	14 120 509	14 000 000	28 241 018	28 241 018
COFINANCI NG RATE		50%			

10. JOINT STRUCTURES AND DESIGNATION OF COMPETENT AUTHORITIES

10.1. General issues

The management of the Programme is based on full equality and partnership between the participating countries. This equality and partnership is reflected in the composition and designation of the Programme bodies and the selection of consensual decision-making as a rule.

Efficient decision-making is a precondition for the successful implementation of a programme involving regions from four countries. Consequently, the size of the delegation from each participating country cannot include representatives of all relevant stakeholders in the Programme area. This limitation obligates each participating country and region to set up national and regional coordination mechanisms in order to guarantee the commitment and influence of these other stakeholders.

Each participating country has designated a ministry through which all the designations and other official communications shall be transmitted to the Programme authorities and the European Commission. These ministries are

for Finland: Ministry for Foreign Affairs/ Ministry of Employment and the Economy

for Sweden: Ministry of Enterprise, Energy and Communications

for Norway: Ministry of Local Government and Regional Development

for Russia: Ministry of Regional Development/Ministry for Foreign Affairs

Each country has designated a coordinating body that is responsible for consulting the different regional bodies and authorities in the Programme and adjacent areas. These coordinating bodies are:

for Finland: Regional Council of Lapland (Lapin liitto)

for Sweden: County Administrative Board of Norrbotten (Länsstyrelsen i Norrbottens län)

for Norway: Finnmark County Authority (Finnmark Fylkeskommune)

for Russia: Murmansk Regional Administration (Pravitelstvo Murmanskoi oblasti)

10.2. Joint Monitoring Committee (JMC)

A Joint Monitoring Committee shall be established for the Programme. It shall consist of two (2) central government level representatives and three (3) regional representatives from each country participating in the Programme, thus representing all the participating regions. A substitute member shall be designated for each JMC member who shall participate in meetings in cases where the regular member is unable to attend. A representative of the European Commission shall be invited to attend all the meetings of the Monitoring Committee in an advisory capacity.

Each participating country shall designate its central and regional level representatives to the Joint Monitoring Committee no later than 30 days after the JMA has submitted the draft Programme to the European Commission for adoption. The designations shall be transmitted to the Joint Managing Authority by the Ministries referred to above in Section 10.1.

The first meeting of the Joint Monitoring Committee shall be convened by the Joint Managing Authority. The Committee can begin its preparatory work before the adoption of the Programme by the European Commission. The cost of preparatory work before the adoption of the programme is not eligible for EC funding.

When appropriate, representatives of the designated adjacent Programme areas shall be invited to attend the meetings of the Joint Monitoring Committee in an advisory capacity. They shall cover their own travel costs.

The Joint Monitoring Committee shall meet regularly and, as a rule, at least one time per year during the period of 2007-2016 in one of the participating countries.

The Joint Monitoring Committee shall be chaired and co-chaired by a Central Government representative of a participating country, both elected by the Committee from among its members.

The office of Chair and Co-chair of the Joint Monitoring Committee shall rotate each calendar year. The Joint Managing Authority shall designate the Secretary of the Committee from among its personnel.

The Monitoring Committee shall make its decisions on the basis of consensus. In cases where one or several members of the Committee disagree with the majority of the members, the Chair can either

- declare the proposal rejected
- postpone the issue to the next ordinary meeting of the Committee or
- convene an extraordinary meeting of the Committee.

The Monitoring Committee shall

- adopt its Rules of Procedure,
- adopt the Rules of Procedure of the Joint Selection Committee (in compliance with the PRAG),
- approve the detailed annual action plan for the Programme prepared by the JMA together with the participating regions
- approve the Joint Managing Authority's annual work programme,
- decide on the volume and allocation of the Programme's resources for technical assistance and human resources,
- adopt the Programme's Annual Information Action Plan prepared by the JMA,
- at each of its meetings, review the management decisions taken by the Joint Managing Authority,
- appoint the Joint Selection Committee (project selection committee)
- decide on the selection criteria for the projects and make the final decision on projects and the sums granted to them,
- at each of its meetings and on the basis of the documents submitted by the JMA, evaluate and monitor progress towards the priorities of the Programme,
- review all reports submitted by the JMA and take appropriate measures when necessary
- examine any contentious cases of recovery brought to its attention by the JMA,
- make proposals to the European Commission about changes in the Programme.

If when making decisions on the selection on projects the Joint Monitoring Committee decides not to follow all or part of the recommendations of the Joint Selection Committee, it shall explain its decision in writing. The decision shall then be sent via the Joint Managing Authority to the European Commission for prior approval.

The travel and accommodation expenses of the regional members and the experts of the Joint Monitoring Committee can be reimbursed by the Joint Managing Authority from the Technical Assistance budget. The procedures shall be defined in the Committee's Rules of Procedure.

10.3. Joint Selection Committee(s) (JSC)

The Joint Selection Committee shall be appointed by the Joint Monitoring Committee for the whole programme period. It shall consist of three representatives from each participating country.

The Joint Selection Committee shall be chaired by a representative of the Joint Managing Authority.

National Ministries, which are members in the JMC, can participate in the JSC meetings as observers.

The Joint Selection Committee presents its recommendations on projects to be funded by the Programme. It shall take its decisions unanimously and take into account the assessments of the four Regional Assessment Groups (see below). Where one or several members of the Committee disagree with the majority of the members the application in case shall be considered as rejected. The Joint Monitoring Committee shall confirm the Joint Selection Committee's recommendations on the selection of projects

The travel and accommodation expenses of the regional members and experts of the Joint Selection Committee can be reimbursed by the Joint Managing Authority from the Technical Assistance budget. The procedures for reimbursement shall be defined in the Rules of Procedure of the JSC, which will be adopted by the JMC in compliance with PRAG provisions.

Regional assessor groups (RAG)

Regional assessor groups are established in all Participating Countries (4 groups) in order to assure equality and to gather the point of views of all the participating regions. The JMC nominates 4 permanent members (assessors) to each group according to the suggestions of the participating countries. The assessors are nominated on an organisational, and not personal basis. In addition to the permanent members, the JMC nominates, according to the suggestions of the participating countries, 2-4 special experts (assessors) to each group. The special experts are invited to the RAG meetings in cases where applications from their fields of expertise have been received within a Call for Proposal.

The four permanent members in each Regional Assessor Group represent the following pre-defined sectors: 1) Business activities and employment 2) Research, education and culture 3) Socia- and welfare and 4) Environment. The RAGs assess all the applications, each assessor concentrating in the applications of his/her own field of expertise.

The branch office in each respective country is responsible for assembling the RAG and acting as secretary for the group in accordance with the instructions of the JMA. A more detailed description of the procedures concerning the RAG meetings is to be described in the Rules of Procedures of the Joint Selection Committee.

The functionality of the RAGs is assessed within the mid-term evaluation.

10.4. Joint Managing Authority (JMA)

The participating countries and regions have designated as the Joint Managing Authority the

Regional Council of Lapland
Hallituskatu 20 B
96100 Rovaniemi, Finland
(www.lapinliitto.fi)

The Regional Council of Lapland is a joint municipal authority. It operates as an authority for regional development and planning and looks after the interests of the region and its communities.

The Regional Council of Lapland has had the status and tasks of the JMA within the Barents IIA Programme 1996-1999 and the Interreg IIIA North Programme 2000-2006. It also acts as a secretariat for the North Calotte Council and has since 1995 acted as the Regional Contact Point in Finland for the Northern Periphery Programme. In addition to these tasks it also has other important international tasks and contacts, that support the implementation of the Kolarctic ENPI CBC Programme.

11. PROGRAMME IMPLEMENTATION

11.1. General Issues

Programme implementation is conducted according to the ENPI Regulation (EC 1638/2006), ENPI CBC Implementing Rules (EC 951/2007), EC Financial Regulation (N° 1605/2002) and its Implementing Regulation (N° 2342/2002) and the Practical Guide to contract procedures for EC external actions and in accordance with the national (Norwegian) rules.

The Joint Managing Authority is the Contracting Authority of the Programme. However, the JMC will appoint the members of the Joint Selection Committee, define the selection criteria and make

the final decision on the funded projects. The duties of the JMA will be performed in compliance with all relevant regulations and provisions currently in force.

11.2. Tasks of the Joint Managing Authority

The Joint Managing Authority (JMA) shall be responsible for the management and implementation of the joint operational programme in accordance with the principle of sound technical and financial management and for ensuring the legality and regularity of its operations. To this end, it shall put in place appropriate management, control and accounting systems and standards. The detailed description of the procedures and organisation of the JMA will be checked and approved annually by the JMC together with the technical assistance budget.

The JMA will be divided in three separate units: the Operational Unit, the Financial Unit and an Internal Audit Service. The JMA will be chaired by the Head of the JMA.

The personnel of the JMA shall be nominated according to the rules and procedures of the Regional Council of Lapland and, in the case of the branch offices, according to the rules and procedures of the organisation in charge.

In compliance with Art. 5.2(f) of the Implementing Rules, the JMA will, on behalf of the Programme, engage properly qualified staff fully dedicated to the Programme in a sufficient number to ensure good management of the Programme commensurate with the volume, content and complexity of the operations planned under the Programme.

The Operational Unit of JMA shall be responsible for the operational management of the Programme and shall carry out following tasks:

- A. Calls for proposals and applications
 - launch the calls for proposals,
 - prepare and publish the guidelines/application packages for each call for proposals,
 - receive the applications,
 - conduct the administrative check of the applications (results to be approved by the Joint Selection Committee)
- B. Contracts and agreements
 - conclude grant contracts with the Lead Partners of the projects selected for financing,
 - contract the external auditing body for carrying out an ex-post verification of the revenue and expenditure of JMA on both technical assistance and project management (payments)
 - contract the external auditing body for carrying out the annual sample check for projects
- C. Ongoing projects
 - give guidance to the ongoing projects,
 - conduct activity checks on ongoing projects,
 - carry out the operational follow-up and financial management of the projects.
- D. Meetings of the JMC and JSC
 - organise and provide a secretariat for the work of the Joint Monitoring Committee,
 - organise, chair and act as secretariat for the Joint Selection Committee,
 - prepare the minutes of the Committees.
- E. Reports and plans
 - prepare the annual work plans and the detailed budgets for the Programme together with the Financial Unit,
 - prepare annual budgets for technical assistance,
 - draw up and present, jointly with the financial report from the JMA Financial Unit, operational reports at agreed intervals to the JMC and the Commission,
 - forward the audit reports to the JMC and to the Commission,

- establish together with the JMA Financial Unit and the external auditing body, for each successive year, an audit programme of the projects in accordance with the Article 37 of the Implementing Rules

F. Cooperation

- secure contacts with the regional sector authorities in the participating countries.

G. Information

- disseminate information about the Programme to potential beneficiaries,
- implement the information and visibility plan in accordance with Article 42 of the Implementing Rules.

The Financial Unit of the JMA shall be responsible for the financial management, transactions and operations connected to the Programme. The accounting officer belongs to the personnel of the Regional Council of Lapland with tasks totally separated from those of the Joint Managing Authority. The authorising officer is responsible for activities conducted under the Financial Unit of the JMA. The Financial unit shall carry out following tasks:

A. Annual budgets and project budgets

- conduct a financial check on the projects before contracting,

B. Payment requests and payments

- provide guidance to ongoing projects,
- carry out financial follow-up of the projects,
- conduct an eligibility check on payment requests from the Lead Partners upon the receipt of supporting documents,
- proceed with payments upon the receipt and verification of expenditure from the auditors and make payments to the Lead Partners,
- at the end of the project, and after all the necessary audits have been carried out, effect final payments,

C. Recoveries

- notify the JMC of recoveries,
- proceed with recoveries upon the receipt and checking of certificates of verification from auditors,
- at the end of each project and, after all the necessary audits have been carried out, effect final recovery orders, if necessary

D. Accounting

- receive funds (EU + co-financing),
- input in accounting and monitoring systems,
- follow-up on bank account and its transactions,

E. Reports

- prepare the annual work plans and the detailed budgets for the Programme together with the Financial Unit,
- draw up annual financial reports to complement the operational reports of the JMA Operational Unit, which are presented at agreed intervals to the JMC and to the Commission
- establish together with the JMA Operational Unit and the external auditing body, for each successive year, an audit programme of the projects in accordance with the Article 37 of the Implementing Rules

F. Payment claims

- issue the necessary payment requests to the European Commission.

The Internal Audit Service implements an annual control programme in order to check the internal circuits and ensure that procedures have been correctly applied within the JMA. The Internal Audit Service is independent of the departments performing authorising-officer, accounting-officer and management functions and it practises the audit in accordance with the principle of sound technical and financial management and ensuring the legality and regularity of its operations.

The financial manager of the Regional Council of Lapland acts as an internal auditor within the JMA. The financial manager is directly responsible to the Regional Council's board who also defines the work programme of the Internal Audit Service. The Financial Manager does not participate in the implementation of the Kolarctic ENPI CBC Programme and the officer has the necessary competence for the task.

Branch offices in Murmansk, Luleå and Vadsø

The programme's Joint Managing Authority has a branch office in Murmansk (Russia), Luleå (Sweden) and Vadsø (Norway). The branch offices are structurally small organisations with limited budgets that ensure close contacts between the Programme and the coordinating body/bodies in the Participating Countries as well as with other regional sector authorities. The branch offices also help the JMA Operational Unit in the dissemination of information to potential beneficiaries, support the operative work of the JMA and assist regional projects on practical issues.

The Branch Office in Vadsø in Finnmark County Authority has responsibility for the Norwegian secretariat and payment authority on behalf of the Norwegian programme partnership in Nordland, Troms and Finnmark Counties.

Due to the responsibility for handling the Norwegian equivalent funding, the Branch Office in Vadsø has additional tasks compared to the Branch Offices in Luleå and Murmansk.

The handling of the Norwegian equivalent funding is divided in operational and financial tasks within the Norwegian branch office, which acts under the rules of the Norwegian State Audit Institution.

The operational tasks of the Vadsø Branch Office include:

- coordination of the organisation of the calls for proposals with the JMA
- coordination of the participation of Norway in meetings of the JMC and the JSC as well as cooperation with the JMA and the local authorities
- concluding the contracts with the Norwegian partners
- preparing reports and plans

It also includes secretarial tasks on behalf of the Norwegian partnership.

The financial tasks include

- contracting Norwegian equivalent funding to Norwegian beneficiaries
- verifying regional co-financing from different sources
- project economy control,
- programme economy and reporting,
- the main tasks for financial unit of the JMA.

With these tasks the Vadsø Branch Office acts as a payment authority for the Norwegian equivalent funding on behalf of the Norwegian partnership.

The JMA is responsible for supplying the branch offices with sufficient and timely information, needed by the Branch Offices in order to carry out their role in the Kolarctic ENPI CBC system.

The costs of the Branch Offices will be covered from the TA of the Programme except for the Norwegian Branch Office whose costs are covered from the TA of the Norwegian equivalent funding and national co-funding.

11.3. Preparation of Calls for Proposals

Calls for proposals

The contract procedures and related standard documents and contracts will be those of the Practical Guide to contract procedure for EC external actions (PRAG) and its annexes in force at the time of the launch of procurement procedures or calls for proposals, adapted to the specificities of the cross-border cooperation in compliance with the ENPI Regulation and ENPI CBC Implementing Regulation (Regulation N° 951/2007). All amendments made to the standard documents due to the specificities of the cross-border co-operation shall be sent for prior approval to the EC.

The Programme's Joint Monitoring Committee shall decide on the schedule of each call for proposals. The objective is to have at least two calls each year starting from 2008 through to 2013 if programme funds are still available. The first call for proposals shall be opened within two months after the adoption of the joint operational programme by Commission decision.

A Call for Proposals can be either open or restricted. Calls of Proposals are open when all applicants submit a grant application form including a full proposal in response to the published Guidelines for the Applicants. Calls for Proposals are restricted when only the applicants who have been shortlisted on the basis of a concept note are invited to submit a full proposal. Opening and closing dates and times of the Call for Proposals shall be defined on the Guidelines for Applicants. All proposals have to be sent to JMA and they must reach the JMA, at very latest, by the date and time indicated in the Call for Proposals. The JMA organizes the calls for proposals for the Programme and disseminates sufficient information concerning submission of an application and measures related to publicity.

Indicatively, the Calls for Proposals will be launched during the first and the last quarter of the year. The following timetable shall then apply:

- within max. two months after the Call is closed: opening session (registration of proposals, administrative checks, etc.) and the meeting of the Joint Selection Committee
- within max. two months after the meeting of the JSC: meeting of the JMC for the approval of the recommendations made by the JSC
- within max. five months after the Call is closed: signature of contracts between the Lead Partner and the JMA/Norwegian Branch Office

Guidelines for the Calls

Guidelines complying with the IR-s, PRaG and the present document shall be published separately for each call for proposals by the JMA Operational unit.

Project Types in Calls

Eligible project types shall be indicated in the guidelines for each Call. Generally the nature of Kolarctic ENPI CBC projects can be of the following type:

- Integrated projects, where partners carry out part of the actions of a joint project for their respective side of the border,
- Symmetrical projects, where similar activities are carried out in parallel on both sides of the border,
- Simple projects with a cross-border effect, taking place mostly or exclusively on one side of the border but for the benefit of both sides,

Geographical and institutional eligibility

The aim of the projects is to combine all the participating countries' strengths and competences and have partners from at least three countries. Each project co-financed with Programme Community funding must include as a minimum requirement one partner from an EU Member State participating in the Programme and one partner from Russia. There may, however, occur projects in sectors where partners cannot be found from an EU country, even though such projects

may be important for the programme goals. Therefore, bilateral projects between Norwegian and Russian partners are allowed within the Programme's Priority 1 "Economical and social development", where up to 20% of the Norwegian financing (ENPI equivalent financing and national/regional financing) and up to 20% of the Russian national co-financing allocated to the Priority 1 can be used to finance such projects. Financing for these projects is applied according to the normal procedures for Calls for Proposals in the Kolarctic ENPI CBC Programme described in detail on Section 11.5 of this document.

As a rule, Lead Partners and Partners must be located in the Programme area in order to be geographically eligible. In exceptional cases, projects can take place partially outside the Programme area if it is necessary for achieving project objectives (Art. 41 of the Implementing Rules). Geographical eligibility is also defined in Art. 8 of a Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument and in the ENPI CBC Strategy Paper.

All project activities shall benefit the Programme area.

Lead Partners and Partners from adjacent areas defined in the Programme document shall be eligible if their role in the project is justified and the presented activities support the objectives of the call in question and the development of the Programme area. These partners also have to bring such expertise or know-how to the project that is unavailable in the programme region. Such projects have to be multilateral and both nationally and internationally significant. Programme funding to such adjacent area partners is limited to 20% of the total ENPI funding for the Programme.

Partners outside the Programme and adjacent regions can participate in activities when covering their own expenses. A detailed definition of geographical and institutional eligibility shall be described in the guidelines for each call.

Institutional eligibility is defined in Art. 14 of a Regulation (EC) No 1638/2006 of the European Parliament and of the Council laying down general provisions establishing a European Neighbourhood and Partnership Instrument.

11.4. Lead Partner Principle

The Lead Partner shall take overall responsibility for the submission of the application form and the implementation of the entire project in the case of project approval. The Lead Partner is therefore responsible for the sound management of the project.

A Lead Partner shall be nominated by the project partners for each project. The Lead Partner is the grant beneficiary of the ENPI CBC funding and/or ENPI CBC equivalent funding and shall act as a link between the project partners and the Programme. It shall be accountable to the Joint Managing Authority for all aspects of the project.

The Lead Partner principle is the central principle in channelling grants to the Kolarctic ENPI Programme. The Joint Managing Authority shall conclude Grant Contracts with each Lead Partner. The Lead Partner is responsible for the submission of the joint application form and ensuring that the co-financing commitments are in place, as these provide evidence of match funding. The Lead Partner is also responsible for:

- nominating a steering group for the project,
- overall project management,
- concluding an agreement for its relations with the other project partners in order to guarantee sound financial management of the funds allocated, including the arrangements for recovering amounts unduly paid,
- appointing and contracting project auditors together with its partners (to carry out the verification of expenditure within the project),

- verifying that all project expenditure occurred by other project partners has been validated by the auditors,
- ensuring that applicable procurement procedures have been respected,
- producing the documents required for audits and payments,
- delivering project reports and documentation,
- delivering project outputs

11.5. Project Selection Procedures

Opening of the proposals

An opening session shall be convened by the JMA after the call has been closed. Minutes of the opening session shall be produced. The proposals shall be registered with the JMA. Each proposal shall have its own file in which all the documents shall be gathered.

Administrative check

Open call

The JMA Operational Unit, acting as secretariat for the JSC, shall be responsible for the administrative check of applications, in which the eligibility of the applicant, the partners and proposed activities shall be evaluated. Proposals not passing the administrative check shall be rejected and shall not continue to the RAG and JSC quality assessments.

The eligibility checklist complying with the IR-s, PRAG and the present document shall be annexed to the guidelines for grant applicants.

The JMA Operational Unit draws up a report on the results of the administrative check of the applications. This report, which includes a list of administratively compliant proposals as well as a list of rejected proposals together with the reason for their rejection, must be approved by the JSC before it starts the qualitative evaluation of the proposals. If the JSC disagrees with the criteria on which a rejection of an application during the administrative check is based, JSC can return a rejected application to the process.

The applicants shall be informed about the results of the administrative check of their own application. The JMA may ask applicants to provide clarifications based on the questions raised during the assessment of the RAGs. A detailed description of the procedures will be presented in the Programme Manual.

Restricted call

The eligibility check for a restricted call shall follow the same steps as in an open call. The proposals not passing the administrative check shall not be notified at this stage. Proposals passing the administrative check shall be notified (as above) in the quality assessment and the selection.

Quality assessment and the Joint Selection Committee procedures

Open Call

All administratively compliant proposals are sent for assessment to the regional assessor groups (RAGs). The task of the RAGs is to assess the content of the applications based on the evaluation grid published together with the guidelines. The RAGs assess all the applications whether there is a Partner involved from each country or not. Based on the assessment by the RAGs, the JSC carries out the technical assessment by taking into account quality and regional development relevance.

The JMA Operational Unit, acting as secretariat for the JSC, summarises the results of the Call in an evaluation report that is signed by the chairperson and the voting members of the JSC. In order not to prolong the process, the signatures can be delivered by fax or e-mail in a scanned document. The originals of the signature can be delivered afterwards. The evaluation report is

forwarded to the Joint Monitoring Committee, which makes the final decision on project selection in accordance with Article 13 of the Implementing Rules.

Assessment and project selection shall follow the selection and award criteria defined for the Programme as well as the possible priorities defined for each call. The quality of project proposals shall be assessed from the point of view of relevance, methodology, sustainability, operational capacity, expertise, financial capacity and budget and cost effectiveness.

The Joint Selection Committee may, when recommending a project, indicate a list of minor corrections to be made to the proposal. The conformity with the conditions defined by the Joint Selection Committee has to be verified by the JMA while preparing the contracts for signature.

The Joint Selection Committee can draw up a reserve list consisting of projects fulfilling the selection criteria but rejected because of lack of funds. Projects from the reserve list can be contracted if one or several approved projects will not progress to the contracting phase or funds are returned from the ongoing projects.

All applicants are then informed of the results of the selection process.

Restricted call

The concept notes of all the administratively compliant proposals are sent for assessment to the regional assessor groups (RAGs). The task of the RAGs is to assess the content of the concept notes based on the evaluation grid published together with the guidelines. The RAGs assess all the concept notes whether there is a Partner involved from each country or not.

Based on this technical assessment of the concept notes made by the RAGs, the JSC draws up a list of shortlisted projects that are invited to submit a full proposal. The non-shortlisted proposals will be informed of the results of the selection process.

The assessment of the full proposals based on the shortlisted applications shall be carried out following the open call's procedures.

Contracting

The JMA Operational Unit prepares a grant contract for the selected proposals after verification of whether corrections possibly requested by the Joint Monitoring Committee have been introduced. The contract shall be signed between the JMA and the Lead Partner. All necessary information for the implementation of the project shall be annexed to the contract in accordance with the contractual procedures referred to in Article 23 of the Implementing Rules. In parallel, the Norwegian Branch Office applies the equivalent procedures when contracting the Norwegian equivalent financing with Norwegian partners.

The list of contracts awarded by the JMA are published in the Programme's website in accordance with the requirements of the EC Financial Regulation and of the PRAG.

11.6. Financial procedures

General Description

The JMA shall be responsible for the financial management of the Programme and for the reports to the Commission. To secure sound financial management the operational and financial tasks have been separated in the JMA. The tasks of JMA Operational and Financial units are described in Section 11.2.

Monitoring system

Kolarctic ENPI CBC Programme has an electronic monitoring system, which is used for management of the Programme and of individual projects. At a project level the JMA uses the system both for operational and for financial follow up. Payments to the applicants are made with a

separate electronic accounting system. The information within these two systems will be matched regularly.

The electronic management system will be prepared for the ENPI CBC Programmes which have the JMA in Finland (Kolarctic, Karelia and SE Finland-Russia). All the three Programmes use the same system but have the separate data. The system and the database are secured and only a restricted number of people have access to them.

Programme accounts at the JMA

The Kolarctic ENPI CBC Programme has a separate bank account managed by the accounting officer within the Regional Council of Lapland. The programme's account is independent and separate and it includes only transactions relating to the programme. This account is divided into three different sub-accounts:

- EU funding
- National co-financing from Finland

The account operates under the double signatures principle i.e. all payment orders shall be signed by two different JMA officials (authorising officer and accounting officer).

The interest income is individualised and entered into the different sub-accounts separately. The interest income generated by Community pre-financing payments shall be assigned to the Programme and shall be declared in the final report. The Joint Monitoring Committee shall decide on the distribution of the interest income between the different priorities.

Community contribution

Annual commitments

The Programme has a financing table divided into annual provisional commitments for the programme period. After the initial commitment accompanying the decision to adopt the Programme, the Commission shall each year make a budgetary commitment no later than 31 March of the year concerned. The amount of this commitment shall be determined in accordance with the payment forecast in the financial table detailing the provisional yearly allocations in the Programme, and shall also depend on the Programme's progress and availability of funds. The Commission shall inform the Joint Managing Authority of the exact date on which the annual commitment is made.

Payments relating to annual commitments are made by the Commission either as pre-financing or (Art. 26.1 of the Implementing Rules), as additional pre-financing (Art. 26.2 of the Implementing Rules) or as a payment following clearance of pre-financing (Art. 26.3 of the Implementing Rules). The Commission shall make each payment from the Community contribution subject to the availability of funds.

Financial flows from the Commission to JMA

Each year, once the JMA has been notified of the budgetary commitment, it may request, as pre-financing, the transfer of up to 80% of the Community contribution to the budget for the year in question.

From the second year of the Programme, these requests for pre-financing shall be accompanied by a provisional annual financial report covering all expenditure and revenue from the previous year not yet certified in the annual external audit report and by the provisional budget detailing the Joint Managing Authority's commitments and payments for the following year.

After reviewing this report, assessing actual financing needs for the Programme and verifying the availability of funds, the Commission shall proceed with the payment of all or part of the requested pre-financing.

In the course of the year, the JMA may ask for the transfer of all or part of the balance of the annual Community contribution as additional pre-financing.

In support of its request, the JMA shall submit an interim financial report showing that the expenditure actually incurred or likely to be incurred before the end of the year exceeds or shall exceed the amount of pre-financing already granted.

Such subsequent transfers shall constitute additional pre-financing in so far as they are not certified by an external audit report.

In the second half of each year of the programme's implementation, the Commission shall clear previous pre-financing payments on the basis of the eligible expenditure actually incurred as certified by the annual external audit report referred to in Article 31 of the Implementing Rules.

Based on the results of this clearance, the Commission may proceed with the necessary financial adjustments. The Commission's annual commitment will be based on the information included in the column "Payments-Community contribution" in the financial table.

The JMA Financial Unit is responsible for making the payment requests to the Commission.

Payments of the Community Contribution to the Lead Partners from the JMA Financial unit

In full compliance with the payment conditions set out in the General Conditions of grant contracts annexed to the Practical Guide, the JMA shall use three types of payments to the Lead Partners:

- pre-financing after signature of the Grant Contract,
- interim payments after verification of expenditure (further pre-financing instalments). In the case of contracts shorter than 12 months, no interim payments are made,
- final payments of balance after full verification of expenditure and activities.

The first pre-financing payment may cover up to 80% of Project's first-year (a 12-month period) Community contribution to the project. The first pre-financing request can be made by the Lead Partner after both the JMA and the Lead Partner have signed the Grant Contract for the project.

The first interim payment request can be made as soon as the share of the actually incurred expenditure reaches 70% of the advance payment. Further mid-term payments can be requested when 70% of the previous pre-financing payments and 100% of the ones preceding that have been used and supported by an expenditure verification report. The number of interim payments depends on the size and duration of the project.

When submitting a payment request to the JMA, the Lead Partner shall enclose the corresponding expenditure verification report (ex-post control contracted out to auditors). The expenditure verification report shall cover all project expenditure (including that of the Lead Partner and the Partners).

Based on the technical and financial project reports and the above-mentioned expenditure verification reports, the financial/operational managers of the JMA shall check that all verifications are correctly undertaken and they shall eventually proceed with the payment. Should they need clarifications related to certain aspects of the expenditure they shall turn for more information to the Lead Partner (who should in turn contact its partner(s) if the information request is related to the Partner)

The final payments of the balance for the projects shall be made on the basis of the actual eligible costs after the verification of expenditure carried out by nominated auditors and the JMA (balance payment).

Financial circuits

JMA Financial Unit makes the payment claims to the European Commission and is responsible for receiving payments from the European Commission and from Finland (Finnish national co-financing). The Financial Unit receives the payments from the Commission and from the State of Finland into the Programme accounts. Head of the Financial Unit saves the information about the received payments into the monitoring system. Information from the accounts and from the monitoring system is compared regularly.

JMA Financial Unit makes the payments of the EU funds and of the Finnish national co-financing to the Lead Partners. Each Lead Partner is responsible for allocating financing received from the JMA to other partners of its project.

Within the JMA Financial Unit the Head of the Financial Unit signs the payment decisions to the LP's together with the Financial Secretary. The accounting officer carries out the payments and takes payment reports from the accounts regularly. The Head of the Financial Unit compares the account report with the information from the monitoring system. The JMA Financial Unit sends the information about the payment to the LP and to the Partners.

JMA Financial Unit prepares the reports about actualised budgets to the EC and to the State of Finland and makes the needed payment claims.

Norwegian equivalent funding Contribution

Annual commitments

Norwegian annual commitments from the Ministry of Municipal and Regional Development (KRD) and other ministries are decided by the parliament (Stortinget) at the end of each year. A final grant letter is formulated annually in January.

The Norwegian earmarked equivalent ENPI CBC allocations are dispatched as annual grants from the Ministry of Municipal and Regional Development to Finnmark County Authority (Finnmark Fylkeskommune).

The Norwegian financial procedures in Kolarctic ENPI CBC in general correspond with the programme rules, adjusted to the practice concerning Norwegian development funds under the control of the Norwegian State Audit Institution.

Finnmark County Authority is obliged to report to KRD annually on the use of Norwegian equivalent Funding through a Norwegian common county accounting system. Allocations shall also be presented in the annual reports to the Joint Monitoring Committee (JMC).

Payments of the Norwegian equivalent financing Contribution to the Lead Partners/ Partners from the Norwegian Branch Office

In total 75 % of the Norwegian financing can be paid out as pre- and interim payments when the account is in line with the project budget and comparable with the relative amount of the Norwegian financing within the total budget of the project. The Norwegian "lead partner" gets the final payment after audited project account and report. In addition, the Norwegian rules for regional development funds are applied.

National co-financing

Financial flows of the National co-financing

Finnish national co-financing is allocated annually from the state budget, and allocated and transferred to the Joint Managing Authority (JMA). In exceptional cases where required by national legislation, Finnish national co-financing may be channelled to the selected applicants through a Finnish State Authority. Application for Finnish national co-financing is made using the same application form as for ENPI financing and the financing decision is included in the Grant Contract.

The role of the JMA as a body responsible for the use of national co-financing in the Kolarctic ENPI CBC Programme will be defined in the national legislation on the management of ENPI CBC Programmes in Finland.

Finnish national co-financing shall be used to co-finance Kolarctic ENPI CBC Projects and Technical Assistance.

The payment procedures for the Finnish co-financing follow the same procedures as in ENPI financing. Payments are mainly based on expenses already paid.

National co-financing from the Russian Federation.

The Russian co-financing is to be determined later.

The largest part of the **Swedish national co-financing** is made up of public funding channelled through the internal Swedish budget system and decided by the authorities at regional and central levels. In addition, funding is secured from municipalities and county councils subject to the exclusive decision of each entity. The Swedish national co-financing goes directly to project Lead Partners/ Partners from the financing organisations. The type of project generally determines co-financing organisations.

Norwegian project applicants are responsible for acquiring regional co-finance, and they can then apply for Norwegian ENPI equivalent funding to match this amount (50-50%). Dependent on the type of the project, this regional co-finance can come from various sources.

Funding from private organisations can be a part of the budget, but cannot be matched by Norwegian ENPI equivalent funding.

This co-financing regime is based on a tradition of management of EU programmes since 1996.

Payments by the national co-financing in Norway will be carried out based on the payment requests for expenses already paid by the Lead Partner/Partner. The payment of a certain amount can also be requested upon project start-up. The actual execution of the payment to the Lead Partner/Partner will be made by the national co-financer.

Recovery of payments made to Lead Partners for unjustified or ineligible expenditure

The JMA makes the possible recovery orders based on supporting documents after the necessary audits have been carried out.

In the event that recovery orders concern ineligible expenses by a partner established in a partner country and where the JMA does not succeed in recovering the funds from the Lead Partner within a maximum of 12 months after the issuing the recovery order, the JMA shall refer the case to the Commission which, on the basis of a complete file, shall take responsibility to settle the matter.

The JMA shall be responsible for the recovery of any unjustified or ineligible expenditure of the Finnish and Swedish project partners and for reimbursement to the Commission of any Community funding that could not be recovered. In the event that the JMA fails to reimburse such funding to the Commission the Member State concerned (Finland or Sweden) shall ultimately be accountable for the reimbursement to the European Commission.

Each participating country shall individually have overall final liability for the Programme funds granted to the partners established in its territory.

11.7 Controls and audits at the project level

Verification of expenditure

Expenditure verification concerns all projects, whatever the size of the awarded grant. All payment requests must comply with the programme eligibility criteria, with relevant procurement rules, other EU legislation and the eligibility legislation in each participating country. Nominated auditors must conduct the expenditure verification as close as possible to the final beneficiaries.

The Auditor shall be a member of a national accounting or auditing body or institution that in turn is a member of the International Federation of Accountants (IFAC). If the organisation is not a member of IFAC the auditor commits himself to undertake the engagement in accordance with applicable IFAC standards and ethics. The auditors shall be jointly appointed for each project by the participating partners and contracted by the Lead Partner or when justified, by a Partner in the respective country. The Terms of Reference specified in Annex VII to the grant contract of the PraG shall be applied in the contract.

The main functions of the auditors carrying out the expenditure verification are to

- control eligibility for project expenditures and activities
- control the correctness of application of contract procedures (public procurement rules)
- issue expenditure verification reports to the project Lead Partner after carrying out project expenditure verification.

The model Report of Factual Findings for an Expenditure Verification of an EC Financed Grant Contract for External Actions contained in Annex VII to the grant contract of the PraG shall be used.

Auditors' right of access

The Russian Federation and the Kingdom of Norway guarantee the legal access of auditors to the project partners' accounts and other relevant documents insofar this is appropriate for securing the validation of declared expenditure.

Costs for the expenditure verification

Auditors shall invoice the Lead Partner/Partner of a project that they are controlling. The costs of the expenditure verification are eligible for financing by the programme and shall be included by the applicants in their proposed project budgets.

Audits/sample checks of projects

From the end of the first year of the Programme, the JMA (Operational and Financial Unit) shall annually draw up an audit plan for the projects that it finances.

The controls included in the audit plan shall be conducted by examining the documents or conducting on-the-spot checks of a sample of projects selected by the JMA based on random statistical sampling and taking internationally recognised audit standards into account, in particular having regard to risk factors related to a projects' value, type of operations, type of beneficiary or other relevant elements. The sample shall be sufficiently representative to warrant a satisfactory level of confidence in relation to the direct controls carried out by the JMA on the existence, accuracy and eligibility of the expenditure claimed by the project.

Sample checks are carried out by an external audit company. The contract about conducting the sample checks shall be made according to the procurement procedures of the Regional Council of Lapland.

The JMA shall issue a report on the audits to the Joint Monitoring Committee and the European Commission in the line with Article 30.2. of the Implementing Rules.

Audits for Norwegian allocations

On the project level, the Vadsø Branch Office demands external audits for each project from each beneficiary of the Norwegian ENPI allocation. In all ENPI CBC projects, this auditing system suffice for the Norwegian part of the project budget.

Sample checks, both on project content and project accounts, are carried out by the Vadsø Branch office. The use of Norwegian ENPI allocation is reported annually to KRD. Furthermore, all Finnmark County's accounts are subject to audits from the Governmental Audit System.

11.8 Audit procedures at the Programme level

Internal Audit of the JMA

The Internal Audit Service of the JMA implements a control programme annually in order to check internal circuits and ensure that procedures have been correctly applied within the JMA. It shall draw up an annual report and send it to the representative of the JMA. The Internal Audit Service is independent the departments performing authorising-officer, accounting-officer and management functions. A detailed description about the Internal Audit Service is presented in Section 11.2 of this document.

External Audit of the JMA

The Joint Managing Authority (Operational Unit) shall contract an independent certified auditor who is a member of an internationally recognised supervisory body for statutory auditing and who shall carry out an annual ex-post verification of the revenue and expenditure presented by the JMA in its annual financial report in accordance with the standards and ethics of the International Federation of Accountants (IFAC) and in accordance with Art. 31 of the IR-s. The external audit can be carried out by the same company that conducts the audits/sample checks of the projects (see above).

The scope of this external audit shall cover the JMA's direct expenditure on technical assistance and project management (payments). The external audit report shall certify the statement of revenue and expenditure presented by the JMA in its annual financial report and in particular, the report shall certify that the stated expenditure has actually been incurred and is accurate and eligible.

11.9 Programme evaluation

The Joint Monitoring Committee and the Joint Managing Authority (with the assistance of JTS) are bodies responsible for monitoring of the Programme. They carry out this task by reference to indicators and targets specified in the Programme and with the use of monitoring system where data on implementation necessary for monitoring is collected.

The Joint Managing Authority is responsible for the setting up of a system to gather reliable financial and statistical information on implementation of the Programme for the monitoring indicators and for evaluation and forwarding the data in accordance with arrangements agreed between the participating countries and the Commission. The Appropriate database in electronic form, including information on selected operations and payments made to the beneficiaries will be developed and maintained during the whole programme implementation period.

Mid-term, ex-post and ad-hoc evaluations of the Programme will be carried out by the European Commission. The results of the evaluations shall be communicated to the JMC and JMA and they may lead to adjustments in the Programme.

The JMA may as well carry out its own ad-hoc evaluations in order to improve the quality, effectiveness and consistency of the implementation, especially when the Programme monitoring reveals significant divergence with the objectives set in the Programme.

11.10. Technical assistance

A total of 10% of the Community's total contribution to the Programme may be allocated to Technical Assistance (TA). In order to ensure sufficient resources, the TA is also co-financed by the participating countries. The amounts of TA co-financing are shown in the Indicative Financial Table on page 33 of this document.

Technical Assistance shall be used to finance activities that are necessary for the effective and smooth implementation and management of the Programme. This concerns the preparatory, management, monitoring, evaluation, information and control and auditing (audits/ sample checks of projects, external audit of the JMA) activities of the Programme and includes activities such as meetings of the Programme Committees and the activities of the Joint Managing Authority branch offices, and the Norwegian Branch Office. Technical Assistance shall also cover other costs such as seminars, information activities, evaluation and the costs of setting up and maintaining a computerised ENPI monitoring system for management, monitoring and evaluation.

The JMA will engage a sufficient number of properly qualified and fully dedicated staff to the Programme in order to ensure good Programme management of the commensurate with the volume, content and complexity of the operations planned under the programme.

Programme management activities in Norway, including the personnel of the Norwegian Branch Office and the possible reimbursements for Norwegian Committee members shall be financed exclusively from the TA of the Norwegian equivalent funding and related national co-funding. Moreover, the costs derived from building up and maintaining the monitoring system shall be partly covered from the Norwegian TA with a contribution agreed between the Norwegian Branch Office and the JMA.

The JMA Operational Unit together with the Financial Unit shall prepare the detailed annual TA budget which shall be approved by the Joint Monitoring Committee. The use of TA funding shall be reported annually to the Joint Monitoring Committee and European Commission.

The indicative budget of the TA is detailed in the following table:

Kolarctic ENPI CBC 2008-2016

Technical Assistance Budget (Finland, Sweden and Russia)	Total	2008 7 months	2009	2010	2011	2012	2013	2014	2015	2016
STAFF COSTS	3 521 824	249 688	426 668	466 760	477 840	426 334	436 443	386 095	322 133	329 863
JMA, Operational Unit	2 516 586	209 595	339 328	347 760	356 106	301 796	309 039	260 751	193 780	198 431
JMA, Financial Unit	977 740	37 590	82 340	114 000	116 736	119 538	122 407	125 344	128 353	131 432
Regional Assessor Group	27 498	2 503	5 000	5 000	4 998	5 000	4 997			
ADMINISTRATION	957 379	105 000	171 500	137 860	138 229	132 606	128 993	107 240	18 700	17 252
Outsourced services	318 243	25 000	50 000	50 000	50 000	50 000	50 000	42 240	500	503
Premises (rents)	101 187	7 500	15 000	15 360	15 729	16 106	16 493	8 000	4 000	3 000
Travel costs	427 000	52 000	77 000	62 000	62 000	52 000	52 000	50 000	10 000	10 000
Office costs	90 449	18 000	24 500	7 500	7 500	11 500	7 500	6 000	4 200	3 749
Training	20 500	2 500	5 000	3 000	3 000	3 000	3 000	1 000		
AUDIT	355 000	25 000	40 000	40 000	40 000	40 000	40 000	40 000	40 000	50 000
INFORMATION	244 000	45 000	50 000	25 000	45 000	25 000	25 000	25 000	2 000	2 000
MONITORING	380 000	180 000	30 000	30 000	30 000	30 000	30 000	30 000	10 000	10 000
EVALUATION	190 000	0			80 000				80 000	30 000
TOTAL	5 648 203	604 688	718 168	699 620	811 069	653 940	660 436	588 335	472 833	439 115
Com. Contribution	2 824 102	302 344	359 084	349 810	405 534	326 970	330 218	294 168	236 417	219 558
National Co-financing	2 824 102	302 343	359 084	349 810	405 534	326 970	330 218	294 168	236 417	219 558

Nota Bene: In case the Russian co-financing is provided, it also covers the costs of the Technical Assistance

Kolarectic ENPI CBC 2008-2016

Technical Assistance Budget (Norway)	TOTAL	2008 7months	2009	2010	2011	2012	2013	2014	2015	2016
STAFF COSTS	880 000	-	110 000	110 000	110 000	115 000	115 000	115 000	115 000	90 000
Operational Unit, Financial Unit and the RAG	880 000		110 000	110 000	110 000	115 000	115 000	115 000	115 000	90 000
ADMINISTRATION	260 000		50 000	40 000	40 000	40 000	40 000	25 000	20 000	5 000
Outsourced services	70 000		10 000	10 000	12 000	12 000	11 000	9 000	6 000	
Premises (rents)	20 000		3 000	3 000	3 000	3 000	4 000	2 000	2 000	
Travel costs	130 000		27 000	20 000	20 000	20 000	20 000	10 000	8 000	5 000
Office costs	30 000		4 000	4 000	4 000	5 000	5 000	4 000	4 000	
Training	10 000		6 000	3 000	1 000					
AUDIT	70 000		4 000	10 000	10 000	10 000	9 000	10 000	10 000	7 000
INFORMATION	60 000		30 000	10 000	5 000	5 000	6 000	4 000	0	0
MONITORING	90 000		26 000	20 000	10 000	10 000	10 000	6 000	5 000	3 000
EVALUATION	40 000		0	10 000	5 000				10 000	15 000
TOTAL	1 400 000		220 000	200 000	180 000	180 000	180 000	160 000	160 000	120 000
Norwegian equivalent funding	700 000	-	110 000	100 000	90 000	90 000	90 000	80 000	80 000	60 000
National co-financing by Norway	700 000	-	110 000	100 000	90 000	90 000	90 000	80 000	80 000	60 000

11.11. Use of languages

The official language used in the programme is English. All programme and meeting documents shall be prepared and presented in the English language.

Meetings of the Joint Monitoring Committee and the Joint Selection Committee shall be interpreted into Finnish, Swedish and Russian.

Project applications must be submitted in English.

All costs related to interpretation in meetings and the translation of documents into English and Russian according to this paragraph (excluding project applications and their annexes) shall be covered by the Technical Assistance budget.

11.12. Information and publicity

The Joint Managing Authority shall be responsible for the implementation of information and the visibility relating to the Programme. The JMA shall take all necessary steps to ensure the visibility of Community financing or co-financing in relation to its own activities and the activities of the projects financed under the programme. Such measures shall comply with the relevant rules on the visibility of external actions as laid down and published by the European Commission on its website at http://ec.europa.eu/europeaid/visibility/index_en.htm.

The responsibility of the Branch Offices shall be to publicise activities under the joint operational programme and to provide information to anyone who may be interested.

The objective is to contribute to the programme's efficient realisation and to distribute information about the opportunities provided by the Programme. The dissemination of the experiences and know-how of the project actors is also important, and seminars shall be organised that concentrate on follow-up, guidance and the exchange of the experiences from the ongoing projects.

Information shall be targeted at the public, potential applicants, regional and local authorities and interest groups across the borders. The distribution of information shall secure openness and

publicity for activities and the programme shall become better known within the Programme area. The EU share of Programme funding shall be raised in all information concerning the Programme.

The JMA shall draw up an Information Action Plan that shall be adopted by the Joint Monitoring Committee. The Plan shall include planned and budgeted information and publicity activities and it shall be available in English, Finnish, Swedish, Norwegian and Russian.

The Kolarctic ENPI CBC Programme has a website at <http://www.kolarcticenpi.info>. This site includes key information about the Programme. The JMA shall designate a contact person to be responsible for providing information and publicity.

The costs incurred through providing information and publicity shall be covered by Technical Assistance. A detailed Information Activity Plan is annexed to the Programme document as Annex 3.

Figure 1. Connection network and border crossing points in the Kolarctic ENPI Programme Area.

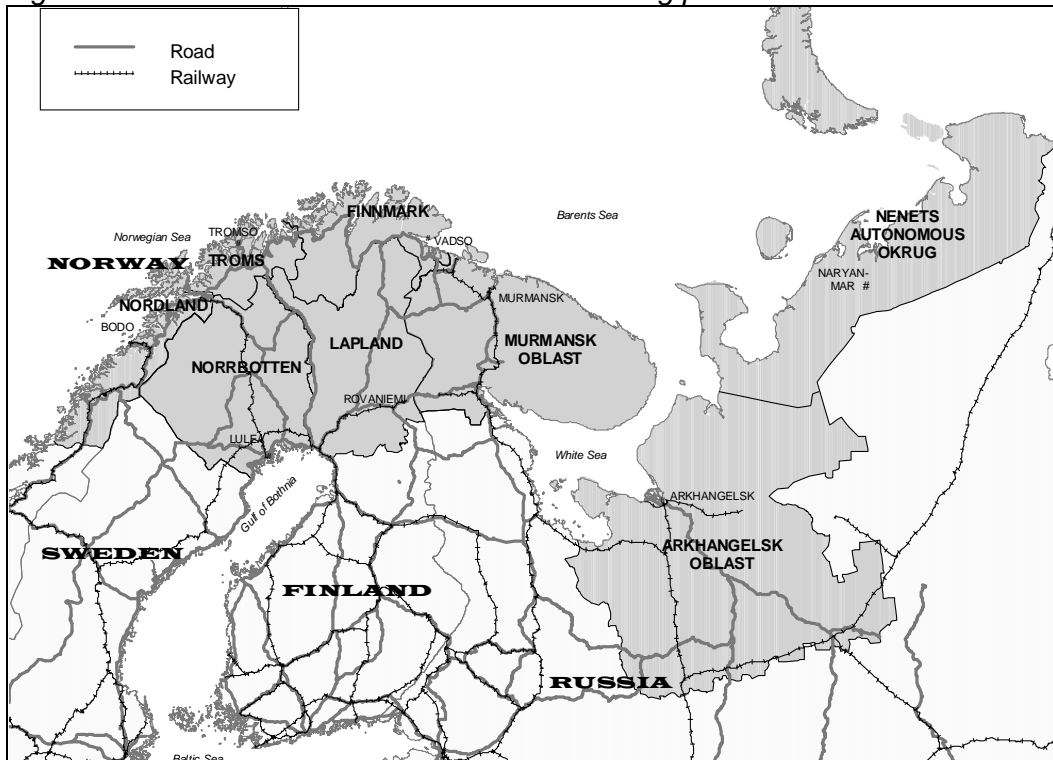


Figure 2; Transport corridors in and around of the Programme area

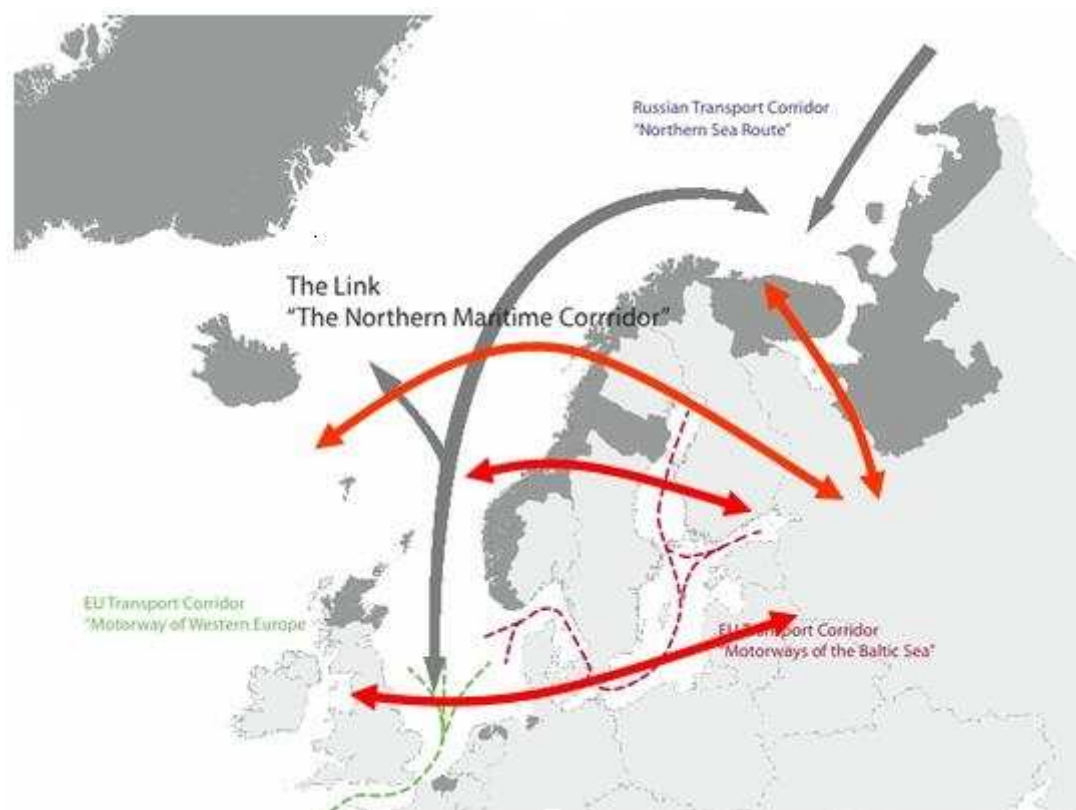


Table 1. Land area, population density and population trends in the Kolarctic ENPI Area (forecast for 2020).

Area	Land area km ²	Population density 2000	Population trend		
			2000	2005	2020
- Lapland	98 937	1.9	191 768	185 800	170 264
- Norrbotten	105 500	2.6	256 238	251 740	240 000
EU countries, total	204 437	2.25	448 006	437 540	410 264
- Finnmark	48 637	1.5	74 054	73 074	76 703
- Troms	25 981	5.8	151 160	152 741	160 522
- Nordland	38 327	6.2	239 109	236 825	240 506
Northern Norway	112 945	4.5	464 328	462 640	477 731
Murmansk	144 900	6.0	932 000	868 700	770 000
Arkhangelsk	587 400 (A+N)	6.4	1 379 700	1 298 000	1 097 000
Nenets		0.2	44 900	42 000	45 300
	732 300	4.2	2 356 600	2 208 700	1 912 300
North-west Russia					
Entire area, total	1 049 682	3.65	3 268 934	3 108 880	2 800 295

Table 2. Population of the Programme area by age and sex

Area	Age structure %				Sex %	
	0-14 years	15-64 years	65 + years	Total (2005)	Men	Women
- Lapland	16.6	66.1	17.2	185 800	50.2	49.8
- Norrbotten	17.6	63.3	19.1	251 740	50.6	49.4
EU countries, total	17.1	64.7	18.2	437 540	50.4	49.6
- Finnmark	20.8	65.8	13.4	73 074	50.8	49.2
- Troms	20.0	66.3	13.7	152 741	50.4	49.6
- Nordland	19.6	64.2	16.2	236 825	50.0	50.0
Northern Norway	19.9	65.2	14.9	462 640	50.3	49.7
Murmansk	16.1	69.5	14.4	868 700	48.4	51.6
Arkhangelsk	24 (0-19 yrs)	68.5 (20-69 yrs)	7.5 (70- yrs)	1 298 000		
Nenets						
Russian areas						
Total						

Table 3. GDP, SME, unemployment and education level statistics from the Programme area

Area	GDP/inhabitant			Number of SME's/ 1000 inhabitants		Unemployment rates (% of work force)			% of inhabitants over 15 years of age, who have completed a	
	1995	2000	2005	Region	Country	2002	2004	2006	Secondary degree	Tertiary degree
- Lapland	15 759	18 705	24 266 (2005)	52,4	53,4	18,7	17,1	15,6	40.4	20.7
- Norrbotten	-	-	31 459 (2005)	116,5	111,0	9,5	9,0	8,7	56.3	29.6
EU countries, total	-	-	27 862	-	-	17.6	15.9	15.3	48.4	25.2
- Finnmark	18 633	23 083	24 759 (2004)	104	97	5,1	5.7	4.4	37.8	20.7
- Troms	19 432	24 549	29 274 (2004)	90		3.2	3.8	2.9	39.1	23.8
- Nordland	18 638	24 985	27 446 (2004)	92		3.7	4.4	3.3	41.0	19.0
Northern Norway	18 901	24 205	27 160	-	-	3.8	4.4	3.4	39.3	21.2
Murmansk	44 100	61 600	163 333 (2005)	23,6	7,6	4,4	3,9	3,7	46.5	15.5
Arkhangelsk	9 336	45 345.1	117 337. 4 (2004)	22,1		2.1	2.6	3	42.8	11.8
Nenets	-	307.4	-	23,8		10.9	7.2	2.4	11.7	9.,7
Northwest Russia	-	35 084	140 335	-	-	5.6	4.7	3.1	33.7	12.3
Entire area, average	-	29 644	65 119	-	-	9.0	8.4	7.7	40.1	19.6

Table 4. Implementation of the INTERREG III A Kolarctic Neighbourhood Programme 2000-2006 by measure (million euros).

<i>Measure</i>	Programme EU financing (Community participation ERDF)	Tied %	Total budget (Community participation ERDF and National public participation)	Tied %	Number of applications	Number of approved projects
3. Business cooperation	4 860 000	72,7	8 090 000	75,9	118	51
3.1. Production cooperation and business networks	3 082 000	75,3	5 132 102	78,9	82	39
3.2. Development of expertise in businesses	1 778 000	68,2	2 957 898	70,7	36	12
4. Expertise and welfare	10 745 067	91,4	17 921 500	91,5	160	79
4.1. Education	4 185 000	83,1	6 975 000	83,0	43	23
4.2. Research and development	3 352 500	98,6	5 587 500	98,6	44	24
4.3. Culture and welfare	3 207 567	94,7	5 359 000	95,4	73	32
5. Internal functionality of the Programme	5 760 000	80,9	9 601 333	81,1	49	31
5.1. Infrastructure and transportation	3 666 500	77,3	6 110 500	78,2	32	22
5.2. Information technology and communications	2 093 500	87,3	3 490 833	86,1	17	9
Technical assistance	3 604 802	85,6	7 209 600	85,6		
Total	24 969 869	88,3	42 822 433	85,2	327	161

<i>Norway</i> € = 7,8 NOK <i>Measure</i>	Programme Kolarctic financing	Tied %	Total budget (Kolarctic and National public participation)	Tied %	Number of applications	Number of approved projects
3. Business cooperation	2 017 000	94	2 017 000	94		30
3.1. Production cooperation and business networks	1 144 000	96	1 144 000	96		19
3.2. Development of expertise in businesses	873 000	91	873 000	91		11
4. Expertise and welfare	2 488 000	99	2 488 000	99		30
4.1. Education	739 000	85	739 000	85		8
4.2. Research and development	814 000	106	814 000	106		9
4.3. Culture and welfare	935 000	103	935 000	103		13
5. Internal functionality of the Programme	1 433 000	106	1 433 000	106		22
5.1. Infrastructure and transportation	791 000	92	791 000	92		10
5.2. Information technology and communications	642 000	123	642 000	123		12
7. Technical assistance	580 000	121	580 000	121		2
Total	6 518 000	101	6 518 000	101		84

Addendum to a Joint Operational Programme document (Approved 19/12/2008, C(2008)8453)

By a letter dated 03/09/2010 the European Commission approved Joint Monitoring Committee's proposal to include following changes to the Programme Document:

Chapter 2: "Description and analysis of the Geographical areas covered by the programme"

- 2.2.Economic structure/ Refining (page 8)

A sentence "As a result, the sector currently has access to global cutting-edge technology and expertise but Russian industrial establishments have not been significantly refurbished or modernized", shall be deleted

- 2.2/ Private and public services (page 9)

A sentence "The legislative framework in Russia is relatively new and still changing, and it is a challenge both for Russian and Nordic organisations to be fully up-to-date with Russian laws and regulations and the way in which they are interpreted by the authorities." shall be deleted

Chapter 9: "Indicative financing plan"

- 9.2. Indicative allocation of financing (pages 32-33)

The amount of Russian national financing is added into the indicative financial table so that the amounts of national co-financing from the EU Member States and Russia are presented as one total amount per Priority and per year. A word "indicative" is added to the headline of the second table to clarify the indicative nature of the yearly distribution of Russian co-financing.

Indicative financial table

Indicative financing plan of the ENPI CBC programme, giving, for the whole programming period, the indicative amount of funding by priority						
Priorities by source of funding (in euros)						
	Community funding (a)	National Co-financing/ EU Member States + Russia (b)	Co-financing rate %	Norwegian equivalent funding (d)	National co-financing/ Norway (e)	Total funding (a+b+c+d+e)
Priority 1	11 296 408	11 296 408	100 %	2 800 000	2 800 000	28 192 816
Priority 2	7 060 254	7 060 254	100 %	1 750 000	1 750 000	17 620 508
Priority 3	7 060 254	7 060 254	100 %	1 750 000	1 750 000	17 620 508
Technical Assistance	2 824 102	2 824 102	100 %	700 000	700 000	7 048 204
Total	28 241 018	28 241 018	100 %	7 000 000	7 000 000	70 482 036
Financial table describing the indicative yearly allocations of Programme's commitments and payments						
	A INDICATIVE COMMITMENT BY THE EC	B CO-FINANCING (Member States and Russia)	Norway (equivalent+ national)	PROGRAMME'S INDICATIVE COMMITMENTS - Contracts/ EC funding -	PROGRAMME'S INDICATIVE PAYMENTS - EC funding -	
2008						
TOTAL 2008	3 882 296	3 882 296	3 560 000	302 344		302 344
2009						
TOTAL 2009	4 243 943	4 243 942	2 000 000	5 881 466		1 831 719
2010						
TOTAL 2010	4 328 822	4 328 822	2 000 000	4 281 745		3 239 120
2011						
TOTAL 2011	5 551 934	5 551 934	2 000 000	4 968 241		4 957 774
2012						
TOTAL 2012	5 640 242	5 640 242	2 000 000	5 556 806		4 868 284
2013						
TOTAL 2013	4 593 781	4 593 781	2 000 000	7 250 416		6 345 575
2014						
TOTAL 2014	0	0	160 000	0		5 448 893
2015						
TOTAL 2015	0	0	160 000	0		1 027 751
2016						
TOTAL 2016	0	0	120 000	0		219 558
TOTAL 2008-2016	28 241 018	28 241 018	14 000 000	28 241 018		28 241 018
Cofinancing rate		100%				

Chapter 10: “Joint Structures and designation of competent authorities”

- 10.3. Joint Selection Committee (JSC) (page 35)

One additional member and a substitute member is to be nominated to the JSC from each country participating the Programme. One of the four members from each country can represent the central government.

The first para of the chapter shall read as follows:

“The Joint Selection Committee shall be appointed by the Joint Monitoring Committee for the whole programme period. It shall consist of four representatives (and their substitutes) from each participating country, one of which can represent central government.”

Sentence “National Ministries, which are members in the JMC, can participate in the JSC meetings as observers.” shall be deleted

Chapter 11: “Programme implementation”

- 11.2 Tasks of the Joint Managing Authority/The Internal Audit Service (page 39)

The second chapter describing the position of the Internal Auditor in the organisation of Regional Council of Lapland is deleted due to organisational change.

- 11.2./Branch offices in Murmansk, Luleå and Vadsø (page 39)

The description of the tasks of the Branch offices is modified.

The first para of the chapter shall read as follows:

“The programme’s Joint Managing Authority has a branch office in Murmansk (Russia), Luleå (Sweden) and Vadsø (Norway). The branch offices are structurally small organisations with limited budgets that ensure close contacts between the Programme and the coordinating body/bodies in the Participating Countries as well as with other regional sector authorities. The JMA entrusts its branch offices with tasks related to information activities for potential applicants with regard to issues such as applying for a grant, implementation of projects, contracting procedures, reporting, budget and payment issues, and supporting the activities of the JMA in the programme area.”

- 11.3. Preparation of Calls for Proposals (page 40)

A description of Large-Scale Projects is added

Following text is added after the paragraph “Project types in Calls”

“Large-Scale Projects (LSP)

There will be a possibility to implement large-scale projects, which in accordance with ENPI CBC Implementing Rules Article 2 (7) are projects comprising a set of works, activities or services intended to fulfill an indivisible function of a precise nature pursuing clearly identified objectives of common interest for the purposes of implementing cross-border investments.

Max/ up to 30% of the programme funding will be allocated for the LSP’s.”

- 11.6. Financial Procedures/ Programme accounts at the JMA (page 44)

A mention about the sub-account for Russian funding is added.

List of sub-accounts shall be as follows:

- EU funding
- Russian funding
- National co-financing from Finland

- 11.6./ Norwegian equivalent funding contribution (page 46)

words “and other ministries” are deleted.

The first paragraph under “The annual commitments” shall be as follows:

“Norwegian annual commitments from the Ministry of Municipal and Regional Development (KRD) are decided by the parliament (Stortinget) at the end of each year. A final grant letter is formulated annually in January.

The Norwegian earmarked equivalent ENPI CBC allocations are dispatched as annual grants from the Ministry of Municipal and Regional Development to Finnmark County Authority (Finnmark Fylkeskommune).”

- 11.6./ National co-financing

A chapter describing Russian co-funding is added

The fifth para under “National co-financing” shall be as follows:

“**Russian co-funding** to the Programme (14 120 509 €) will be transferred to the JMA through the European Bank for Reconstruction and Development (EBRD) and used to fund projects and Technical Assistance. Rules and procedures concerning Community Contribution shall apply *mutatis mutandis* to Russian funding.”

-11.10. Technical assistance

Tables describing TA are amended to describe the budgets which the JMC has already accepted.

TA budget table shall be as follows after the addendum:

Kolarctic ENPI CBC 2008-2016

Technical Assistance Budget (Finland, Sweden and Russia)	Total	2008	2009	2010	2011	2012	2013	2014	2015	2016
STAFF COSTS	3 521 824	0	336 060	464 600	487 530	510 207	441 706	462 141	399 795	419 785
JMA, Operational Unit	2 603 383	0	278 060	355 500	373 275	392 039	319 355	335 323	268 211	281 621
JMA, Financial Unit	894 441	0	55 000	103 100	108 255	113 668	119 351	125 319	131 585	138 165
Regional Assessor Group	24 000	0	3 000	6 000	6 000	4 500	3 000	1 500		
ADMINISTRATION	932 500	0	169 200	155 500	155 000	135 500	124 500	106 200	48 900	37 700
External services	311 700	0	51 200	50 000	50 000	45 500	45 000	40 000	20 000	10 000
Rents	91 200	0	4 200	18 000	18 000	18 000	18 000	8 000	4 000	3 000
Travel costs	422 500	0	77 000	75 000	75 000	55 000	50 500	50 000	20 000	20 000
Telephone, postage	25 000	0	4 000	3 000	3 000	3 000	3 000	3 000	3 000	3 000
Equipment, purchase	31 200	0	17 300	2 000	2 000	7 000	1 000	700	700	500
Copying, maintenance	15 000	0	5 000	2 000	1 500	1 500	1 500	1 500	1 000	1 000
Office supplies	14 900	0	2 500	2 500	2 500	2 500	2 500	2 000	200	200
Education	21 000	0	8 000	3 000	3 000	3 000	3 000	1 000	0	0
AUDIT	320 000	0	20 000	45 000	40 000	40 000	40 000	35 000	50 000	50 000
INFORMATION	244 000	0	50 000	55 000	40 000	40 000	25 000	25 000	6 000	3 000
MONITORING	220 000	0	32 000	38 000	30 000	30 000	24 000	25 000	22 000	19 000
EVALUATION	190 000	0	0	0	80 000				80 000	30 000
Administrative indirect	219 879	0	24 598	30 708	33 722	30 611	26 540	26 464	24 575	22 662
TOTAL	5 648 203	0	631 858	788 808	866 252	786 317	681 746	679 805	631 270	582 147
Com. Contribution	2 824 101	0	315 929	394 404	433 126	393 159	340 873	339 903	315 635	291 072
National Co-financing	2 824 102	0	315 929	394 404	433 126	393 159	340 873	339 903	315 635	291 073

Kolarctic ENPI CBC 2008-2016

Technical Assistance Budget (Norway)	TOTAL	2008	2009	2010	2011	2012	2013	2014	2015	2016
STAFF COSTS	880 000	-	110 000	110 000	110 000	115 000	115 000	115 000	115 000	90 000
Operational Unit, Financial Unit and the RAG	880 000		110 000	110 000	110 000	115 000	115 000	115 000	115 000	90 000
ADMINISTRATION	260 000		50 000	40 000	40 000	40 000	40 000	25 000	20 000	5 000
Outsourced services	70 000		10 000	10 000	12 000	12 000	11 000	9 000	6 000	
Premises (rents)	20 000		3 000	3 000	3 000	3 000	4 000	2 000	2 000	
Travel costs	130 000		27 000	20 000	20 000	20 000	20 000	10 000	8 000	5 000
Office costs	30 000		4 000	4 000	4 000	5 000	5 000	4 000	4 000	
Training	10 000		6 000	3 000	1 000					
AUDIT	70 000		4 000	10 000	10 000	10 000	9 000	10 000	10 000	7 000
INFORMATION	60 000		30 000	10 000	5 000	5 000	6 000	4 000	0	0
MONITORING	90 000		26 000	20 000	10 000	10 000	10 000	6 000	5 000	3 000
EVALUATION	40 000		0	10 000	5 000				10 000	15 000
TOTAL	1 400 000		220 000	200 000	180 000	180 000	180 000	160 000	160 000	120 000
Norwegian equivalent funding	700 000	-	110 000	100 000	90 000	90 000	90 000	80 000	80 000	60 000
National co-financing by Norway	700 000	-	110 000	100 000	90 000	90 000	90 000	80 000	80 000	60 000