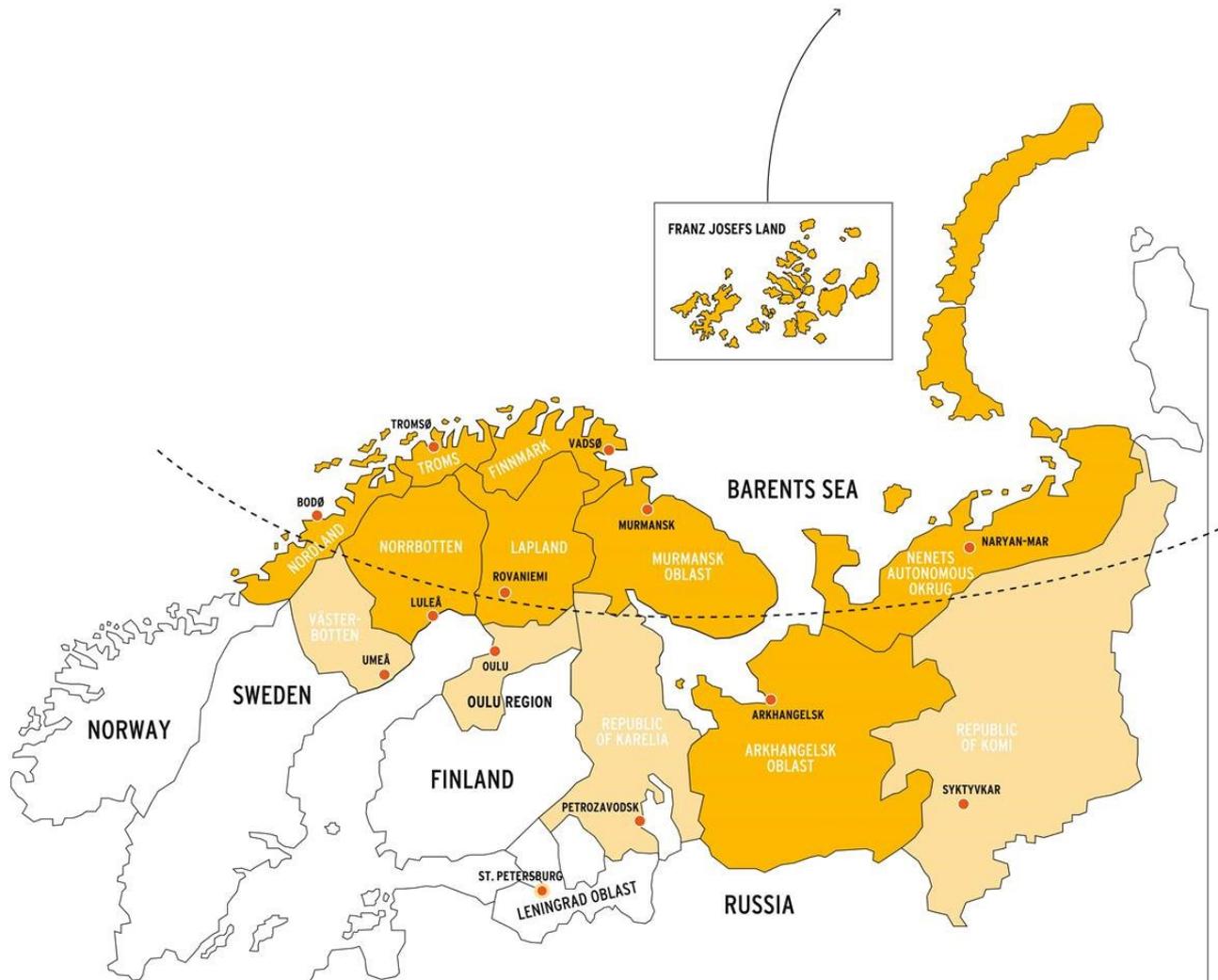


THE KOLARCTIC CBC PROGRAMME 2014–2020



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SUMMARY

The Kolarctic Cross Border Cooperation (CBC) 2014–2020 Programme continues and strengthens cross-border cooperation between the countries in the North Calotte and northwest Russia (see map on page 34). The Programme is mainly built on the experiences gained in long-term cooperation between the participating countries. Cooperation has been based on both bilateral agreements and on multilateral Programmes. The Programme is co-funded by the European Union from the European Neighbourhood Instrument (ENI), Finland, Norway, Russia and Sweden, each with their national and regional financing. 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 promote a viable economy and attractiveness of the region, where inhabitants and visitors come to enjoy the arctic nature and where natural resources are used in a sustainable way.

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

1. Viability of arctic economy, nature and environment
2. Fluent mobility of people, goods and knowledge

The priority axes form the framework for the Programme and project activities and they are based on three strategic objectives, which the Programming document 2014–2020 lists for ENI Cross Border Cooperation. These strategic objectives are: A. promote economic and social development in regions on both sides of common borders, B. address common challenges in the environment, public health, safety and security, C. promote better conditions and modalities for facilitating the mobility of persons, goods and capital.

The priority axes are also based on the guidelines for actions stipulated in the Concept for Cross-Border Cooperation of the Russian Federation. These guidelines are: a) cooperation in cross-border trade; b) cooperation in investment projects; c) cooperation in transport and logistics and communication; d) cooperation in sustainable exploitation of natural resources and environmental protection; e) cooperation in law-enforcement; f) cooperation in regulating migration and labour market; g) cooperation in science and research and people-to-people contacts.

The Programme will contribute to the needs of the Programme area identified in the priority axes by supporting projects under the following thematic objectives:

1. Business and SME development.
2. Environmental protection, climate change mitigation and adaptation.
3. Improvement of accessibility to the regions, development of sustainable and climate-proof transport and communication networks and systems.
4. Promotion of border management and border security, mobility and migration management.

Promotion of local cross-border people to people actions and support to education, research, technological development and innovation are considered as horizontal modalities. Cross-cutting issues, in particular environmental sustainability and gender equality, will be promoted throughout the Programme implementation.

The fundamental requirement for actions to be financed is the added CBC value 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 CBC Programme is on internationalization and cross-border cooperation within the implementation of the priority axes. 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 European Union funding for the Kolarctic CBC 2014–2020 Programme is 24 718 090 €. Availability of the additional European Regional Development Fund (ERDF) allocation for years 2018–2020 of 10 355 241 € was supposed to be a subject to the mid-term review of the CBC by the EU and availability of matching ENI funds. However, the planned matching ENI funds were not available after all, and thus the additional ERDF funding could not be allocated to the programme.

The Norwegian equivalent funding is in total 7 000 000 € for the programme period. The National co-financing from EU Member States, Sweden and Finland is in total 15 248 045 € and from Norway 7 000 000 €. The National co-financing from Russia is 12 359 045 €. All individual projects shall be requested to allocate their own contribution of a minimum of 10 % of the total project budget.

1. INTRODUCTION TO THE PROGRAMME

The Kolarctic Cross-Border Cooperation 2014–2020 Programme complements national cross-border activities by focusing on cooperation between the European Union Member States (Finland and Sweden) and Norway and Russia. Within the Kolarctic Cross Border Cooperation 2014–2020 Programme context, Norway participates as a European Economic Area (EEA) and Schengen country.

The new Kolarctic CBC Programme contributes to fulfilling the objectives of the Northern Dimension and the Kirkenes Declaration of 1993, which the Barents cooperation is based on. During the summit, on the occasion of the 20th anniversary in June 2013, a new declaration was signed by the prime ministers of the Barents Region. The new declaration will form the framework for the future cooperation.

The Kolarctic CBC Programme 2014–2020 has been drawn up in a legal framework of the following legal documents:

- the Commission Implementing Regulation (EC) No 897/2014 of 18 August 2014 laying down implementing rules for cross-border cooperation programmes (CBC IR)
- the Regulation (EC) No 232/2014 of the European Parliament and of the Council of 11 March 2014 (ENI Regulation)
- the Council Regulation (EC, Euratom) No 966/2012 on the Financial Regulation applicable to the general budget of the European Communities
- the CBC Strategy/Programming document 2014-2020, with indicative programme 2014–2017.

In the Russian Federation the legal context for the implementation of the CBC Programme is made of:

- the Concept for the Foreign Policy of the Russian Federation
- the Strategy for the Social and Economic Development of the North-West Region of the Russian Federation until 2020
- the Strategy for the Development of the Arctic Zone of the Russian Federation and Safeguarding of the National Security for the period until 2020
- the Federal law on procurement (№ 44-FZ dated 5.04.2013)
- The Concept for Cross-Border Cooperation of the Russian Federation
- The Concept for the Long-term Social and Economic Development of the Russian Federation through to 2020
- Applicable Codes of the Russian Federation
- Related decrees of the President of the Russian Federation and the Russian Government

In Finland, a separate law on the management of the ENI CBC Programmes came into force during 2015. In addition to the legal framework described above, a separate financing agreement was signed between the European Commission, the Russian Federation and Finland, after the Joint Operational Programme was adopted by the participating countries and the European Commission. Financing agreement sets the basic joint principles for the implementation of the Programme. Structures and procedures prepared for the implementation of the Programme are in compliance with the EC Implementing Rules.

As it is highlighted in the CBC Programming Document, cross-border cooperation on the external borders of the EU is a key priority both in the European Neighbourhood Policy and in the EU's strategic partnership with Russia.

As for the Russian side, according to the Concept for the Foreign Policy of the Russian Federation the development of regional and cross-border cooperation is an important element of bilateral relations with the relevant countries and regions in commercial and economic, humanitarian and

other fields. The cross-border cooperation is important for strengthening of trust and mutual understanding between the Russian Federation and the European Union.

Cross-border cooperation is structured based on principles such as multi-annual programming, equal partnership and co-financing. Furthermore, the Programme is based on the experiences and best practices gained during the implementation of its predecessors, the Kolarctic Neighbourhood Programme 2004–2006 and the Kolarctic ENPI CBC Programme 2007–2013. As in the previous programmes, Norway is contributing national funding equal to the Union funding for Norwegian project activities.

In establishing the present cross-border cooperation, the Programme partners from all participating countries have reached a 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 national governments of the participating states and the European Commission.

The programming process was carried out in accordance with the guidance provided by the INTERACT ENPI and by the European Commission (EC), and in active cooperation with the Joint Programming Committee (JPC), represented by national and regional members from each participating country. The Joint Managing Authority of the Kolarctic European Neighbourhood and Partnership instrument (ENPI) CBC 2007–2013 Programme and its Branch Offices in Norway, Russia and Sweden have gathered and analysed information based on consultations with regional and national authorities, public and private organizations and other relevant stakeholders. Strength, Weaknesses, Opportunities, Threats (SWOT) analysis was produced in cooperation and with active involvement of the Joint Programming Committee members.

The basis of the joint cross-border development strategy of the Kolarctic CBC Programme is the geographical position of the Programme area and well-established cooperation between the regions. The Programme Strategy responds to the development needs and opportunities identified in the SWOT analysis of the Programme area, as well as in the consultations with the regional and national stakeholders. Compatibility with other programmes and relevant objectives included in the Regional Strategic Programmes of the participating regions have been taken into account. The Programme Strategy goals shall be realized by implementing joint activities within four selected thematic objectives and two priority axes. Joint vision, derived from the Programme Strategy, is as follows: the Kolarctic CBC Programme area is a flourishing, environmentally-friendly area with viable economy, fluent mobility of people, ideas and technologies, and where people to people cooperation is an essential value.

Coherence with Barents Working Groups action plans, as well as with Arctic Strategies of the European Union and the participating countries has been taken into account while preparing the Programme content and priority axes. A Strategic Environmental Assessment (SEA) report was developed in dialogue between external environmental experts, the Joint Managing Authority, the Joint Programming Committee and the wider audience via public hearings and consultation events. Consultations with the public and the environmental authorities on the content of the Joint Operational Programme and the Strategic Environmental Assessment were organized according to the national legislation and regulations of each participating country.

In Finland the public consultation was open during February and March 2015 and it lasted more than the minimum required of 30 days. The draft Joint Operational Programme document and the Strategic Environmental Assessment report were published on the websites of the Regional Council of Lapland and of the Kolarctic ENPI CBC 2007–2013 Programme in English and Finnish languages. Announcements of the public hearing were published in the Official Journal of Finland and in a local newspaper. A public hearing meeting was organized in Rovaniemi on 19th February 2015 and it gathered 28 participants from the regional authorities, NGOs and other stakeholders. The Ministry of the Environment, the Ministry of Social Affairs and Health and the Lapland Centre

for Economic Development, Transport and the Environment were consulted and they provided official statements on the Programme content and its environmental considerations. Statements were also received from the Regional Councils of Kainuu and North Karelia, and from the Finland-Russia Association.

In Norway the public consultation took place during February and March 2015 and lasted more than four weeks. Information about the draft Joint Operational Programme document and the Strategic Environmental Assessment report was posted on Nordland, Troms and Finnmark regional administrations' websites, and published on the Kolarctic Norway website, www.kolarctic.no, in English, Russian and Norwegian languages. Announcements of the public hearing were published in three regional newspapers, one in each region. Also, press releases were published by the regional administrations, and the hearing was commented on in public by one county mayor.

In Russia, the draft Joint Operational Programme document was published in Russian language in March 2015 on the website of the Ministry of Economic Development of the Russian Federation. On the 19th of March, a round table discussion was held in Murmansk with the stakeholders of the Murmansk Region. The participants received the draft JOP, the SEA and other materials in advance both in English and in Russian languages. Twenty-four stakeholders attended the round table discussion. During the meeting, the attendees became familiar with the specifics of the Kolarctic CBC Programme, including the thematic objectives (TOs) and the priorities of the Programme.

In Sweden the public consultation took place during February and March 2015 and it lasted for 30 days. The draft Joint Operational Programme document and the Strategic Environmental Assessment report were published on the website of the County Administrative Board of Norrbotten in English and Swedish languages. Announcements of the public hearing were published in three local newspapers. A public hearing meeting was organized in Lulea on the 17th of February 2015 and it gathered 20 participants from the regional authorities, NGOs and other stakeholders. Information about the hearing was also sent by email to a wide range of stakeholders across the region.

In addition to the public hearings and consultations organized in each participating country, the draft Joint Operational Programme and the SEA were made available on the website www.kolarcticenpi.info in English and in all national languages, which facilitated access to the draft documents by the whole programme area. Feedback and comments received during the public hearings and consultations have been taken into account and reflected in the final Joint Operational Programme.

Experiences from previous CBC Programmes

Experiences gained during the implementation of the Kolarctic ENPI CBC 2007–2013 Programme and other EU CBC Programmes are to be used for the benefit of the Kolarctic CBC Programme 2014–2020 in full. Results and best practices of the Kolarctic ENPI CBC 2007-2013 Programme are capitalized via capacity building events and training for project and Programme stakeholders and potential applicants, and thus sustainability of the expertise in cross-border cooperation shall be ensured within the Programme area for the new programme period 2014–2020.

Kolarctic ENPI CBC Programme 2007–2013 was implemented in the framework of the ENPI and on the basis of the Agreement between the Government of the Russian Federation and the European Community on Financing and Implementing the Cross-Border Cooperation Programme "Kolarctic" of 18 November 2009. Even though the launch of the ENPI programmes was seriously delayed from the start of the programming period, implementation of the Programme was successful and the opportunities it gave to the beneficiaries were well taken into use. The total budget of the Kolarctic ENPI CBC Programme 2007–2013, with the extended programme implementation period until the end of 2015, was € 95.062.241. The national co-financing provided by Finland and Sweden for the Programme was 14 100 000 € in total. Norwegian financing for the

Programme was 14 000 000 € in total and Russia co-financed the Programme in extent of € 36 470 205,1. The total amount of financed projects was 51, of which three were regarded as “Large scale projects” with a different application procedure.

Compatibility with other programmes and policies

Compatibility with existing strategies and policies is of high value to the Kolarctic CBC Programme. Information exchange and awareness of activities supported under other initiatives shall be ensured in order to avoid overlapping. Since several national and EU strategies are covering and overlapping the Programme area, a good coordination and coherence with other policies and programmes is necessary in order to promote synergies and complementarities between them. Coordination and coherence is essential in order to reach the objectives but also to avoid overlapping and double financing of identical actions. In order to promote high effects of the cross-border activities from possible synergies and coherence, information on activity funding will be exchanged between relevant bodies and programmes.

Coordination with other EU policies and strategies will be carried out by checking the coherence between and towards them. Coordination will be ensured through exchange of information between authorities and bodies in charge of the implementation of programmes. Active cooperation with regional and national level decision-makers will be enhanced via joint discussions and events during the Programme implementation process.

Main areas where the Kolarctic CBC Programme can achieve synergies with other EU and national strategies and programmes will be:

- Business and SME development
- Environmental protection, climate change adaptation and mitigation
- Improvement of accessibility to the regions
- Promotion of border management and border security

Coordination of the synergies and possible coherence will be enhanced between and towards the strategies and programmes described below in this Chapter.

The European Commission guidelines for enabling synergies between the European Union funded programmes (2014) shall be taken into account within the framework of the Programme. The guidelines are mainly targeted at European Structural and Investment Funds, Horizon 2020 and other research, innovation and competitiveness-related Union programmes, but the logic is also adaptable to other programmes¹.

Europe 2020² is the European Union’s ten-year growth and jobs strategy that was launched in 2010. It is about more than just overcoming the crisis from which our economies are now gradually recovering. It is also about addressing the shortcomings of our growth model and creating the conditions for a smart, sustainable and inclusive growth.

Five headline targets have been set for the EU to achieve by the end of 2020. These cover employment; research and development; climate/energy; education; social inclusion and poverty reduction.

The objectives of the strategy are also supported by seven ‘flagship initiatives’ providing a framework through which the EU and national authorities mutually reinforce their efforts in areas supporting the Europe 2020 priorities such as innovation, the digital economy, employment, youth, industrial policy, poverty, and resource efficiency.

¹ http://ec.europa.eu/regional_policy/sources/docgener/guides/synergy/synergies_en.pdf

² http://ec.europa.eu/europe2020/europe-2020-in-a-nutshell/index_en.htm

The EU Sustainable Development Strategy (SDS)³ sets out a single, coherent strategy on how the EU will more effectively live up to its long-standing commitment to meet the challenges of sustainable development. It recognizes the need to gradually change our current unsustainable consumption and production patterns and move towards a better-integrated approach to policy-making. It reaffirms the need for global solidarity and recognizes the importance of strengthening our work with partners outside the EU, including those rapidly developing countries which will have a significant impact on global sustainable development.

The European Union Strategy for the Baltic Sea Region (EUSBSR)⁴

The European Union Strategy for the Baltic Sea Region is the first macro-regional strategy in Europe. It aims at reinforcing cooperation within this large region in order to face several challenges by working together as well as promoting a more balanced development in the area. The Strategy also contributes to major EU policies and reinforces the integration within the area.

The Strategy is divided into three objectives, which represent the three key challenges of the Strategy: saving the sea, connecting the region and increasing prosperity. Each objective relates to a wide range of policies and has an impact on the other objectives.

The EU Member States involved in the EUSBSR are Sweden, Denmark, Estonia, Finland, Germany, Latvia, Lithuania and Poland. The Strategy also welcomes cooperation with countries neighbouring the EU (Russia, Norway and Belarus). Joint priorities of the EUSBSR and Strategy for the social and economic development of the North- West Federal district of the Russian Federation until 2020, such as increasing the prosperity and promotion of economic integration are to be developed.

The implementation of the Programme contributes to reaching goals of the Strategy of social and economic development of the North-Western Federal district up to the year 2020 which describes ways of increasing prosperity and living conditions of the inhabitants, more balanced economic development and promoting investments in the area, economic integration and interregional cooperation and aims at improving the overall complex infrastructural development of the North-Western Federal district.

The CBC programmes with Russian participation are to be implemented following the guidelines for actions stipulated in the Concept for Cross-Border Cooperation of the Russian Federation. These guidelines are: a) cooperation in cross-border trade; b) cooperation in investment projects; c) cooperation in transport and logistics and communication; d) cooperation in sustainable exploitation of natural resources and environmental protection; e) cooperation in law-enforcement; f) cooperation in regulating migration and labour market; g) cooperation in science and research and people-to-people contacts.

Relationship between Russia and the EU

The current legal basis for EU-Russia cooperation is the 1994 Partnership and Cooperation Agreement. The EU and Russia entertain important trade and energy relations. Russia is the third/fourth largest EU trade partner, and the EU, Russia's most important trade partner. Furthermore, the EU and Russia cooperate on a number of challenges of bilateral and international concern, including climate change, drug and human trafficking, organized crime, counter-terrorism, non-proliferation, the Middle East peace process, Iran etc.

To that due the Ukraine conflict the EU suspended most cooperation programmes with Russia with the Cross-Border-Cooperation Programme being an exception. Cross-border cooperation remains important to rebuild trust and enhance cooperation between Russia and the EU.

³ <http://ec.europa.eu/environment/eussd/>

⁴ <http://www.balticsea-region-strategy.eu/about>

Relationship between Norway and the EU⁵

Norway joined the EEA (European Economic Area) in 1994. The EEA Agreement covers most aspects of its relations with the EU including:

- the EU single market: all relevant EU regulations, except those dealing with agriculture and fisheries, apply to Norway,
- EU Agencies and programmes: Norway participates in a number of them, albeit with no voting rights;
- social & economic cohesion in the EU/EEA: Norway contributes financially and participates in regular political dialogue on foreign policy issues at ministerial and expert level.

Norway is an associate member of Europe's border-free Schengen area and fully participates in the Dublin system for dealing with asylum claims.

Northern Dimension⁶

The Northern Dimension (ND) is a joint policy between EU, Russia, Norway and Iceland, in which Belarus participates in practical cooperation activities. Other actors such as International Financial Institutions, regional councils, universities and research centres also participate in the Northern Dimension.

The policy aims at providing a framework to promote dialogue and concrete equal cooperation, strengthen stability and intensified economic cooperation and promote economic integration, competitiveness and sustainable development in Northern Europe. Cross-border cooperation is a cross-cutting theme producing added value at the sub-regional and transnational level. To facilitate ND project implementation, four Partnerships have been established to deal with the following thematic issues: environment, public health and social well-being, transport and logistics and culture.

The Arctic Council

The Arctic Council⁷ 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 organizations representing many arctic indigenous communities have the status of Permanent Participants of the Arctic Council. The Arctic Council is administratively supported by the Permanent Secretariat in Tromsø, Norway.

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

Barents Euro-Arctic Cooperation

Cooperation in the Barents Euro-Arctic Region was launched in 1993 when Denmark, Finland, Iceland, Norway, Russia, Sweden and the European Commission signed the Kirkenes Declaration establishing the Barents Euro-Arctic Council (BEAC) at a Foreign Minister's Conference in Kirkenes, Norway. At the same time the Barents Regions' county governors and representatives of indigenous peoples signed a cooperation protocol establishing the Barents Regional Council (BRC). The Barents cooperation was thus launched at two levels:

⁵ http://eeas.europa.eu/norway/index_en.htm

⁶ <http://formin.finland.fi/public/default.aspx?nodeid=15579&contentlan=2&culture=en-US>

⁷ <http://www.arctic-council.org/index.php/en/>

BEAC is a forum for intergovernmental cooperation while the BRC is aimed at cooperation between the 13 regions of the Member States. The Indigenous Peoples have an advisory role in relation to the both Councils. The interregional cross-border cooperation and the status of the indigenous peoples are also features making the Barents cooperation unique from a global perspective.⁸

The overriding goal of the Barents Euro-Arctic Council (BEAC) is to promote stability and sustainable development in the Barents Region, i.e. in the Northern parts of Finland, Norway, Russia and Sweden. Other members of the Barents Euro-Arctic Council are Denmark, Iceland and the EU.⁹

The Chairmanship of BEAC rotates every second year between Finland, Norway, Russia and Sweden.



Figure 1. The Barents Euro-Arctic Region.

Barents International Secretariat (IBS)

Agreement on the Establishment of an International Barents Secretariat (IBS) was signed at the 11th BEAC Ministerial session on 15 November 2007 in Rovaniemi, Finland. The IBS is aimed at increasing and securing coherence and efficiency of the Barents cooperation as well as assisting the biennial rotation of governmental and regional Chairs in their tasks and guaranteeing the seamless continuity of the cooperation.¹⁰ The Barents International Secretariat is located in Kirkenes, Norway.

Barents working groups and activities¹¹

The Barents cooperation has working groups at both national and regional levels for different policy areas. The Ministries of the member state that holds the Chairmanship in the Barents Euro-Arctic Council may also chair most of the Barents Euro-Arctic Working groups on the national level. The

⁸ http://www.barentsinfo.fi/beac/docs/Barents_Cooperation_information_English_October_2013.pdf

⁹ Ministry of Foreign Affairs of Finland:

<http://formin.finland.fi/public/default.aspx?contentid=288689&nodeid=48044&contentlan=2&culture=en-US>

¹⁰ <http://www.beac.st/in-English/Barents-Euro-Arctic-Council/Contacts/International-Barents-Secretariat>

¹¹ <http://www.beac.st/in-English/Barents-Euro-Arctic-Council/Working-Groups>

county that holds the Chairmanship in the Regional Council chairs the Barents Regional working groups on the regional level. The working groups at the national and regional levels are in continuous cooperation.

Barents Euro-Arctic Council working groups

Working Group on Economic Cooperation (WGEC) seeks to promote economic development of the Barents Region through cooperation between the countries involved. The WGEC also makes efforts to make the economic potential of the Barents Region better known in Europe and the world and to facilitate trade in general. Barents Forest Sector Network is a subgroup of the WGEC and the main objectives of the BFSTF are to create necessary conditions for the development of forestry, environmental care, and wood-based industries through cooperation, mutual concrete actions, projects and programmes within the forest sector of the Barents Region.

Working Group on Environment (WGE) seeks to promote sustainable and environmentally sound development of the sensitive Barents Region. Acknowledging that climate change, pressure on natural resources, increased environmental risks, pollution of the environment and loss of biodiversity are the major environmental challenges in the Barents Region, the WGE will continue its efforts under its thematic Subgroup on Nature Protection, Subgroup on Hot Spots Exclusion, Subgroup on Water Issues and Subgroup on Cleaner Production and Environmentally Sound Consumption. Special attention is paid to climate issues and implementation of the BEAC Action Plan on Climate Change for the Barents Region.

Steering Committee for the Barents Euro-Arctic Transport Area (BEATA) aims to strengthen cooperation in order to create an efficient transport system in the Barents Region that integrates the different means of transport. The cooperation includes border crossing points, customs cooperation, maintenance and reconstruction as well as new projects to improve the infrastructure.

Joint Committee on Rescue Cooperation (JCRC) seeks to improve the possibilities for the rescue services agencies to co-operate on emergency and rescue issues across county and national/federal borders in the Barents Region. Focus is on day-to-day basic emergency situations, such as traffic accidents, forest fires, tourism-related accidents, fires in open cabins, floods and ice dams, and industrial and chemical accidents. A Barents Joint Rescue Manual was developed for use in emergency situations.

The working group on customs aims to improve information exchange and simplify customs procedures. The group has been inactive since March 2014.

Joint Barents Euro-Arctic Council - Barents Regional Council working groups

Joint Working Group on Health and Related Social Issues (JWGHS) aims to improve public health and social well-being of the people in the Barents Region. The JWGHS works closely with formats and organizations such as the Northern Dimension Partnership in Public Health and Social Well-being (NDPHS) and the World Health Organization (WHO). The JWGHS prepares its own health and social programme for 4 years at a time. The current Programme covers the period 2012-2015. The scope and priorities of the Programme are prevention and control of communicable and non-communicable diseases, reduction of lifestyle-related risk factors to improve health and the social situation of the population, development of primary health care, public health and social services.

Joint Working Group on Education and Research (JWGER) aims to further strengthen cross-border cooperation in the fields of education, research and innovation with the prioritized tasks of enhancing academic exchanges and a broader range of international study programmes, developing partnerships with business and industries and achieving synergy with other networks and cooperation formats like University of the Arctic, the Northern Dimension Institute, the Arctic Council, Nordic Council of Ministers and others.

Joint Working Group on Energy (JWGE) aims to promote sustainable exploitation, production, transmission and use of energy in the Barents Region. Special priorities are for example promotion of the activities of the Barents Energy Focal Points, improvements in the efficiency of energy production, distribution and consumption in the Barents Region, promotion of the use of bioenergy in northwest Russia.

Joint Working Group on Culture (JWGC) seeks to strengthen Barents cultural identities, multicultural dialogue and cultural ties between the countries and the regions. JWGC encourages new networks, exchange of best practices and information on cultural cooperation. The development of cultural life serves the social and economic development in the Barents Region.

Joint Working Group on Tourism (JWGT) aims to develop tourism business in the Barents Region and to promote ecologically, socially and culturally sustainable tourism. This means promoting multilateral cooperation and joint projects, networking and exchanging information and best practices. Special priorities are, for example, to promote entrepreneurship and employment in the field of tourism in order to increase tourism revenue, to promote development and realization of cross-border tourist projects, to improve preconditions for tourism development by improving accessibility developing year-round tourism and improve border crossing formalities, to maintain the unique tourism attractions by promoting sustainable tourism development and by adapting to the challenges caused by climate change.

Joint Working Group on Youth (JWGY) aims to increase child and youth participation in decision making, mobility and cooperation across the borders, cooperation in the field of education, innovation and entrepreneurship, people to people cooperation through child and youth groups exchange programmes. To strengthen the youth cooperation in the Barents Region and empower younger generations to participate more actively in the Barents regional development, the Barents Regional Youth Council (BRYC) was established in 2004. The BRYC consist of 14 members representing the youth from each county, region, republic or okrug in the Barents Region and the indigenous youth. Barents Youth Cooperation Office (BYCO) was established with the aim to provide information for youth groups, organizations and networks about national and international financial resources for projects, possible partners and ongoing youth projects and meetings in the Barents Region.

Barents Regional Council working groups

The Regional Working Group on Environment (RWGE) acts as a network for environmental authorities in the Barents Region and ensures that environmental issues in the region are continuously taken into consideration and given priority at national and international levels. The RWGE promotes local and regional competence to engage in environmental work at international level and to improve the exchange of information and know-how between the different regions by project implementation. In the current action plan for the years 2013-2015, the RWGE has focused on two major areas: water quality and biodiversity in the Barents Region. Efforts to improve the environmental situation in the area around the Pechenganikel industrial complex are also addressed in the framework of the RWGE.

The Regional Working Group on Transport and Logistics (RWGTL) has during the period of 2003–2007, practically been replaced by the Sustainable Transport in the Barents Region (STBR) project. The county administrative board of Norrbotten has been the lead partner. The STBR is a common interest for the EU, the relevant national ministries and the regions. As agreed between these levels the STBR has been largely responsible for practical transport cooperation in the Barents Region. The partners have agreed to continue the cooperation organized in the same way as earlier. The partners are now working on the "Barents Freeway" project, which has prepared a common Regional Transport Plan for the Barents Region.

The Regional Working Group on Investments and Economic Cooperation (RWGIEC) aims to develop a multilateral cooperation and business climate among the member regions that is productive and progressive for the SMEs.

Indigenous People

The Working Group of Indigenous Peoples (WGIP) consists of representatives of the Sami, the Nenets and the Veps peoples. The group differs from other regional working groups by the fact that, in addition to its operational role as a working group, it also has an advisory role to both the Barents Euro-Arctic Council (foreign ministers) and the Barents Regional Council (county governors). The overall goal for the indigenous peoples' cooperation in the Barents Region is to secure indigenous peoples' rights, foundation for trade, society, culture and language. The indigenous peoples' cooperation shall contribute to friendship and cooperation based on equality, co-existence and tolerance between the peoples of the region. In the light of the status of Nenets, Saami and Veps as indigenous peoples of the north, the cooperation shall secure solid health and living conditions, as well as cultural continuity in the future.

Arctic Strategies of the participating countries

During the last decade, the Arctic has become a more and more interesting area and its strategic importance for all the participating countries of the Kolarctic CBC Programme, as well as for the European Union has grown. Vast natural resources and possibilities to use the Northern Sea Route in the future will open new opportunities for the global markets and industries of all participating countries.

Finland's Strategy for the arctic region highlights the increased significance of the region and a growing perception of the whole of Finland as an arctic country. Finland possesses diversified arctic expertise and it is very much in Finland's interests to be involved in the development of the region. The new strategy for the arctic region is based on four pillars of policy, in particular consisting of the following: an arctic country, arctic expertise, Sustainable development and environmental considerations and International cooperation. These four pillars define Finland's role in the arctic region. It is essential for Finland to promote growth and actions to enhance competitiveness in the region with due regard to its environment. Particular focus is on the environmental objectives, which are also the key elements and reflections in the promotion of the economic activity and cooperation. Sustainable use of natural resources is a cross cutting issue throughout the strategy. Comparability of the Arctic strategy of Finland to the Kolarctic CBC objectives is shown in the mind map in Figure 1 (separate annex 1).

The Arctic Strategy of Norway, called "The strategy of the High North", is based on the assumption that the government of Norway will see the most rapid developments in the future happening in the north and its immediate neighbourhood. The Norwegian Government's strategy for the High North consists of three main pillars, in particular knowledge, activity and presence. The strategy aims to position Norway as a leader in the field of knowledge in and about the High North. Knowledge is seen as the core of the whole policy. The activity pillar focuses on Norway's leading role in the key areas of economic activity, environment and natural resources in the north. This requires close cooperation between national, regional and local authorities, as well as businesses and relevant research communities. The presence pillar is related to internal visibility in the territory and the sea areas of Norway. Comparability of the Arctic strategy of Norway to the Kolarctic CBC objectives is shown in the mind map in Figure 2. (Annex 2)

The Russian Federation is the owner of the largest part of arctic space and in practice 1/2 of its land, 9 million km², belongs to the northern territories. The Strategy for the Development of the Arctic Zone of the Russian Federation for the Period up to 2020 was signed on the 20th of February 2013 by the President of the Russian Federation, Mr. Vladimir Putin. A number of tasks of the Strategy could be implemented through cross-border cooperation, in particular social-economic development, development of science and technologies and international cooperation in the Arctic zone. International cooperation includes, among others, bilateral and multilateral interaction with the arctic states with the aim of strengthening relations with them, promoting economic, scientific, cultural and cross-border cooperation. The strategy identifies key priorities, practices and means to achieve the strategic objectives for the sustainable development of the Russian Arctic.

Comparability of the Arctic strategy of Russia to the Kolarctic CBC objectives is shown in the mind map in Figure 3. (Annex 3)

The purpose of the Arctic strategy of Sweden is to present the nature of the relationship with the Arctic, together with the current priorities and future outlook. This is the first strategy the Government of Sweden has adopted on the Arctic as a whole. International perspective is a key element of the strategy. It points out three priority areas, namely climate and the environment, economic development and the human dimension. As regards climate and environment the Arctic Strategy puts the emphasis on the vulnerability of the arctic region and on the fact that it is crucial to acknowledge the consequences. It is important to foresee but also to strengthen the capacity for adaptation to and recovery from the consequences. Protecting the environment and sustaining the biodiversity of the Arctic territory requires effort. Research and knowledge based development in Sweden will be enhanced in the future with collaboration of the neighbouring countries. Economic development will be hastening during the coming decades in the arctic territory. Sweden wants to promote development, which is economically, socially and environmentally sustainable. It will be important to maintain Sweden's growth and competitiveness. Development of free trade and active efforts to counter technical barriers to trade in the arctic region is therefore essential to continue. Efforts shall be made to ensure that the anticipated use of natural resources is made in an environmentally, economically and socially sustainable way. Infrastructure for the business development has to be developed and supported involving cross-border cooperation. It is also important to sustain important traditional livelihoods and lifestyles of the region. Comparability of the Arctic strategy of Sweden to the Kolarctic CBC objectives is shown in the mind map in Figure 4. (Annex 4)

Bilateral cooperation agreements between North Calotte and Russia

During the period 1992–2012, Finland and Russia had an agreement concerning cooperation activities in the Murmansk Region, Republic of Karelia, St. Petersburg and the Leningrad Region. During these years, Finland allocated 330 Million Euros to cooperation projects within the framework of Neighbouring Area Cooperation. The countries decided to terminate this form of Neighbouring Area Cooperation in 2012. That year, Finland and Russia signed a new agreement concerning cross-border cooperation, which aimed at development of regions on both sides of the Finnish-Russian border. It was decided that financing was to be sought from ENPI CBC, and, starting from year 2014, the ENI CBC¹². An agreement between the Government of the Komi Republic (Russian Federation) and the Regional Council of Lapland (Finland) was signed on October 10th in 2006.

Swedish-Russian neighbouring area cooperation is focused on northwest Russia and north-eastern Sweden in particular the City of St. Petersburg, the Leningrad, Murmansk, Arkhangelsk, Karelia, Kaliningrad Regions in Russia as well as Norrbotten, Västerbotten, Blekinge and other counties in Sweden. 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 the social and health sector, the judiciary and the cooperation between NGO's. In the coming years funding will mainly be available for environmental, nuclear safety and nuclear non- proliferation projects.

There is a contractual basis of the interregional cooperation between the Russian Federation and the Kingdom of Norway.. Agreements between the Government of the Russian Federation and the Government of the Kingdom of Norway on simplification of reciprocal travels of citizens was signed on November 2nd 2010 and on Russian – Norwegian border crossing point Borisoglebsk – Storskug was signed on February 28th 2011. The treaty between the Kingdom of Norway and the

¹² <http://formin.finland.fi/public/default.aspx?nodeid=48744&contentlan=1&culture=en-EN>

Russian Federation concerning Maritime Delimitation and Cooperation in the Barents Sea and the Arctic Ocean was signed on November 15th 2010.

The majority of participating regions in the Programme area in Norway, Sweden, Finland and Russia have a long tradition of cooperation agreements. Cooperation agreements have been concluded between:

- the Administration of the Nenets Autonomous Okrug (Russian Federation) and Rogaland County (Norway) on September 12th 2009
- the Government of the Arkhangelsk Region (Russian Federation) and the counties of Troms and Finnmark (Norway) on September 16th 2010 and on 20 September and 28 October 2013
- the Government of the Arkhangelsk Region (Russian Federation) and the Nordland County (Norway) in November 2014
- the Government of the Murmansk Region (Russian Federation) and Finnmark County (Norway) on April 6th 2011
- the Government of the Murmansk Region (Russian Federation) and Lapland (Finland) in November 2014.

Twin city agreements are concluded between several cities of the Programme area. For example, an agreement on the establishment of a friendship city relationship between the city of Murmansk (USSR) and the city of Troms (Norway) exists since July 10th 1972, and there is also an agreement on the establishment of a friendship city relationship between the city of Arkhangelsk (Russian Federation) and the city of Vardø (Norway) since 23 February 1989. The cities of Arkhangelsk (Russian Federation) and Troms (Norway) concluded an agreement on the establishment of a friendship city relationship on July 7th 2011. There is also an agreement on the establishment of a friendship city relationship between the Murmansk Region (Russian Federation) and the County of Norrbotten (Sweden) from September 15th 1988 and agreement on the establishment of a friendship city relationship between the Murmansk Region (Russian Federation) and the County of Oulu (Finland) from November 12th 1993. Västerbotten (Sweden) and Karelia (Russian Federation) renewed their regional cooperation agreement for the period 2014–2020.

Collaboration with other programmes and financing sources

Cooperation with other ongoing and future international and national EU-funded or nationally funded programmes is of high value to the Kolarctic CBC Programme. Close cooperation prevents overlapping and supports implementation of the activities of each Programme more effectively.

Karelia CBC Programme and South-East Finland – Russia CBC Programmes

Close cooperation with the Karelia CBC and South-East Finland – Russia (SEFR) CBC Programmes is essential during preparation of the programmes, as well as during their implementation since the same European Commission Implementing Regulation (CBC IR) applies to all CBC programmes with EU participation. The Managing Authorities (MA) of the Kolarctic CBC, Karelia CBC and SEFR CBC Programmes are located in Regional Councils in Finland, which promotes synergies in harmonization of administrative procedures.

Karelia CBC core region consists of three regions in Finland (Kainuu, North Karelia and Oulu Region) and of the Republic of Karelia on the Russian side. The Programme's objectives, strategy and priorities are based on the needs and problems of the Programme area. The Programme will contribute to the following thematic objectives: Business and SME development; Promotion of local culture and preservation of historical heritage; Environmental protection, climate change adaptation; Promotion of border management, and border security. The overall objective of the Karelia CBC Programme is to make the Programme area an attractive place for the people to live and work and businesses to establish and operate.

The South-East Finland – Russia CBC Programme's core area for the period 2014–2020 includes the regions of Kymenlaakso, South Karelia and South Savo in Finland and the Leningrad Region and the City of Saint Petersburg in Russia. The adjoining regions include Uusimaa, Päijät Häme, and North Savo and the Republic of Karelia. The South-East Finland – Russia CBC Programme will contribute to economic and social development, mitigate common challenges and promote mobility among actors of regional relevance to further improve cross-border cooperation and the sustainable prerequisites of the Programme area. Thematic objectives of the Programme are: Business and SME development; Support to education, research, technological development and innovation; Environmental protection, and climate change mitigation and adaptation; Promotion of border management and border security, mobility and migration management.

Interreg V A Nord comprises areas in northern parts of Sweden, Finland and Norway, including Sápmi. The programme consists of two subareas, i.e. the North area and the Sápmi area. The North area contains the County of Norrbotten and Skellefteå, Sorsele, Malå and Norsjö municipalities in the County of Västerbotten in Sweden, Lapland, and Oulu Region and central Ostrobothnia in Finland, and the Counties of Finnmark, Troms and Nordland in Norway.

The Sápmi subarea comprises the same area as the North subarea but additionally includes the Swedish Counties of Västerbotten and Jämtland as well as parts of the County Dalarna (i.e. the area of the Sámi village of Idre). It also contains, in Norway, the counties of Nordland, Nord-Trøndelag and Sør-Trøndelag and a part of the Hedmark municipality. Sápmi is thus integrated in the whole North Programme, but has also its own unique goals in some parts.

Activities implemented under the North Programme shall concentrate on the development of research, technological development and innovation, business and SME, environmental protection, sustainable use of natural resources and cultural heritage and labour mobility. The activities in Kolarctic CBC Programme shall complement activities in the INTERREG V A North Programme with the Russian dimension by cooperating with the Russian partners.

The Botnia-Atlantica Programme¹³

The Programme shall strengthen the east-west dimension and supplement the long-term integration and cooperation within the Botnia-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 regions Southern Ostrobothnia in Finland and Gävleborg (except Nordanstig) in Sweden participate in the Programme as adjacent areas.

Strategy of social and economic development of the North-West Federal District of the Russian Federation until 2020

The strategy embraces all spheres of life in the district. The geographic location of the North-West Russia predetermines its active participation in securing economic links of Russia with the European Union. Being an internal instrument of the Russian Federation, the Strategy also has an impact on the participation of Russian regions in Russia - EU cross-border cooperation (CBC) programmes.

According to the action plan of the strategy there are four main objectives:

1. Create conditions for effective economic development.
2. Remove transport, energy, information, telecommunication and other infrastructure restrictions.

¹³ <http://www.botnia-atlantica.eu/default.asp?lid=1>

3. Social development.
4. Solve environmental problems.

The Northern Periphery and the Arctic Programme

The vision of the Northern Periphery and Arctic (NPA) 2014–2020 Programme is to generate vibrant, competitive and sustainable communities by harnessing innovation, expanding the capacity for entrepreneurship and seizing the unique growth initiatives and opportunities of the northern and arctic regions in a resource-efficient way.

The NPA 2014–2020 Programme promotes cooperation between the Member States of Finland, Ireland, Sweden and the United Kingdom (Scotland and Northern Ireland) and the non-member areas of the Faroe Islands, Iceland, Greenland and Norway. Thus, the NPA area encompasses the Euro-Arctic zone, parts of the Atlantic zone and parts of the Barents Region, and it is neighbouring Canada in the West and Russia in the East. Russia has been invited to join the Programme.

The large NPA Programme area shares a number of common features, such as low population density, low accessibility, low economic diversity, abundant natural resources, and high impact of climate change. The increased interest and rapid developments in arctic regions have resulted in a more explicit recognition of the Programme's arctic dimension in regional development.

The development needs and potentials of the NPA area will be addressed through four priority axes which contribute to the Programme's vision: 1. using innovation to maintain and develop competitive communities; 2. promoting entrepreneurship to realize the potential of the area's competitive advantage; 3. fostering energy-secure communities through promotion of renewable energy and energy efficiency; 4. protecting, promoting and developing cultural and natural heritage. The sparsely populated communities of the NPA area are the focus point of all priority axes.

INTERREG Baltic Sea Region Programme

The overall objective of the INTERREG Baltic Sea Region Programme is to strengthen the integrated territorial development and cooperation for a more innovative, better accessible and sustainable Baltic Sea Region.

The Baltic Sea Region Programme 2014–2020 promotes cooperation between the Member States of Denmark, Germany, Estonia, Finland, Latvia, Lithuania, Poland and Sweden, and the non-member state Norway. The Russian Federation, as well as Belarus, intend to join the Programme.

Partners from countries around the Baltic Sea work together in transnational projects to address common key challenges and opportunities. The funding is mainly directed at public authorities, research and training institutions, NGOs, sectoral agencies & associations and enterprises.

The Programme is implemented in accordance with four main priorities:

- 1) Capacity for innovation.
- 2) Efficient management of natural resources.
- 3) Sustainable transport.
- 4) Institutional capacity for macro-regional cooperation.

INTERREG EUROPE

The 28 EU Member States, together with Norway and Switzerland participate in this Programme. The Programme, funded under the ERDF has a budget of €359 million for the 2014–2020 period. INTERREG EUROPE will work on the following four topics, all related to Structural Fund Programmes in Finland and Sweden that are developed to strengthen regional development: 1) Research, technological development and innovation, 2) Competitiveness of SMEs, 3) Low carbon economy, 4) Environment and resource efficiency.

The INTERREG EUROPE Programme finances two types of actions:



a) Interregional Cooperation projects: partners coming from different countries in Europe work together for three to five years to exchange their experiences on a particular policy issue. Each region involved in the cooperation project will produce an Action Plan. This specifies what the region will do to ensure that the lessons learnt from the cooperation are put into action. Projects shall focus on competitiveness and employment in EU Member States. Monitoring what happens to the Action Plan is also requested, to assess how well the cooperation has worked.

b) Policy Learning Platforms: a space for continuous learning where any organization dealing with regional development policies in Europe can find solutions to improve the way they manage and implement their public policies in the four topics above.

National European Regional Development Fund (ERDF) and European Social Fund (ESF) Programmes in Finland and Sweden that are part of the European structural and investment (ESI) funds and developed under the “Investment for Growth and Jobs” goal. International activities are also eligible within these Programmes.

In Finland the Managing Authority of the Sustainable Growth and Jobs 2014–2020 – Finland’s Structural Funds Programme is the Ministry of Employment and the Economy, but the role of the intermediate body is shared with the regions. The main priorities in the Programme (ERDF and ESF funds) are 1) Enhancing the competitiveness of the SMEs, 2) Strengthening research, technological development and innovation, 3) Promoting sustainable and quality employment and supporting labour mobility, 4) Investing in education, training and vocational training for skills and lifelong learning and 5) Promoting social inclusion, combating poverty and any discrimination.

Regional Development Programmes in Finland

The Regional Development Programmes are based on the Act on Regional Development of the Regions and Administration of the Structural Funds Act in Finland (7/2014). 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. In Lapland a new development strategy “Lapland Agreement” was in May 2014, the Agreement states the most important guidelines for the development in the four coming years. Lapland’s Smart Specialisation Strategy, “Lapland’s Arctic Specialisation Programme”, and a long-term development strategy until 2040 are in the background of the Agreement.

2. DESCRIPTION OF THE PROGRAMME AREA

2.1 Core regions

Area and population

The area covered by the Kolarctic CBC Programme comprises Lapland in Finland, Norrbotten in Sweden, Finnmark, Troms and Nordland in Norway and the Murmansk Region, the Arkhangelsk Region and the Nenets Autonomous District in Russia. The borders between two EU Member States, Norway and Russia are located in this region. 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 almost two 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. 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 Nenets language are spoken in the area. More than 70% of the region's population live in the Russian part of the Programme area. Most of the Programme area's population lives in municipality centres. The largest population centre Murmansk is also located in Russia. 92.7 % of the population of the Murmansk Region live in cities¹⁴.

The Programme area is characterized by a falling population trend due to negative 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 mainly due to immigration (*Table 1*). The number of children under 15 years of age is the highest in Nenets, where the number of older people is the lowest (*Table 2*). The income level in the Programme area is well below that in the southern parts of these countries. Nenets has the highest average income per capita not only in the Barents Region, but in all of Russia. The rapid growth in salaries is an apparent reflection of the region's oil production industry¹⁵.

¹⁴ <http://www.patchworkbarents.org>

¹⁵ <http://www.patchworkbarents.org/node/123>

Table 1. Land area, population¹⁶.

Area	Land area	Population (2014)	Population change 1990–2014 (%)
Lapland	98 984	182 844	-10,3
Norrbottn	98 911	248 637	-5,7
Lapland and Norrbotten total	197 895	431 481	-8
Finnmark	48 615	73 787	-0,5
Troms	25 869	238 320	8,2
Nordland	38 460	238 320	0,5
Northern Norway total	112 944	550 427	8,2
Murmansk	144 900	771 058	-33,9
Arkhangelsk	587 400	1 148 760	-23
Nenets	176 700	43 025	-18,4
North-west Russia total	909 000	1 962 843	-25,1
Entire area, total	1 219 839	2 944 751	-13,8

Table 2. Population of the Programme area by age and gender 2011–2012¹⁷.

Area	Age structure %			Gender %	
	0–14 years	15–64 years	65+ years	Men	Women
Lapland	15,4	64,1	20,3	50,1	49,8
Norrbottn	14,9	62,9	22,0	50,8	49,1
Lapland and Norrbotten average	15,2	63,5	21,2	50,4	49,5
Finnmark	18,3	66,6	15,1	51,28	48,72
Troms	18,1	66,4	15,4	50,25	49,75
Nordland	17,6	64,4	17,8	50,25	49,75
Northern Norway average	18,0	65,8	16,1	50,6	49,4
Murmansk	16,4	74,0	9,6	47,9	52,1
Arkhangelsk	16,3	71,2	12,5	46,7	53,3
Nenets	21,6	71,6	6,6	48,7	51,3
North-west Russia average	18,1	72,3	9,6	47,8	52,2

¹⁶ Sources: <http://www.patchworkbarents.org/>

¹⁷ Sources: Statistics Finland, Statistics Sweden, Statistics Norway, Rosstat

Table 3. GDP, unemployment and education level statistics from the Programme area¹⁸.

Area	GDP/per capita/euro			Unemployment rates (% of work force)			Higher education (%) 2010		
	2000	2007	2011	2009	2011	2013	total	men	women
- Lapland	14 818	28 129	30 360	11,6	10,2	12,1	22,8	41,6	58,4
- Norrbotten	18 611	36 357	47 591	9,5	8,1	9,3	26,9	43,6	56,4
Lapland and Norrbotten, average	16 715	32 243	38 976	10,6	9,2	10,7	24,9	42,6	57,4
- Finnmark	15 619	34 412	43 050	3,6	3,2	3,5	23,4	39,2	60,8
- Troms	16 581	35 049	42 439	2,6	2,2	2,3	27,0	43,5	56,5
- Nordland	16 342	36 268	41 599	2,8	2,8	2,9	21,8	43,2	56,8
Northern Norway, average	16 181	35 243	42 363	3,0	2,7	2,9	24,1	42,0	58,0
Murmansk	1 566	6 804	8 338	7,6	8,8	7,2	20,4	42,7	57,3
Arkhangelsk	1 186	6 197	9 149	7,2	6,0	6,1	17,5	41,0	59,0
Nenets	-	68 247	100 139	9,5	8,7	7,1	15,8	39,1	60,9
Northwest Russia, average	1 376	27 083	39 209	8,1	7,8	6,8	17,9	40,9	59,1
Total	11 424	31 523	40 182	7,2	6,6	6,8	22,3	41,8	58,2

Sources: <http://www.patchworkbarents.org>, Murmansk Statistics, Arkhangelsk Regional Government, Statistics Finland, Statistics Sweden, Statistics Norway

When comparing the unemployment rates from year 2009 to year 2013, the trend is declining. However, during this period, unemployment grew considerably in Finnish Lapland where the unemployment rate is the highest with 12.1% (Table 3).

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 Norwegian Sea and the southern half of the Barents Sea remain ice-free year round. The average temperature in January is between -10 and -20°C, with slightly higher temperatures on the Norwegian coast. In July, the average 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 Region 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 characterized by large 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 clearly 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.

¹⁸ Sources: <http://www.patchworkbarents.org/>

The largest forests are situated in Lapland and Norrbotten and in the southern parts of the Murmansk and Arkhangelsk regions. Forest growth is slow due to the area's northern location, which makes trees extra dense 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 some of the richest fish stocks in the world. Close cooperation between Norway and Russia ensures a rational joint management of these fishery resources. Dependent on local supplies, some 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, since it lies on the Fennoscandian shield, which is the most important deposit of natural resources in the EU and also a place where important minerals can be found. The Kola Peninsula has some of Russia's most important mineral and ore reserves. For example, more than 400 occurrences of mineralization, ore or chemical deposits have been found there so far. The exploitable natural resources in the Murmansk region cover almost all possible sources of valuable minerals. The Arkhangelsk Region has important bauxite and fluorite deposits as well as valuable diamond reserves. Norrbotten has deposits of iron ore of international significance and Lapland has mineral deposits that include gold and nickel. 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 the Nenets region. 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 organizations can obtain contracts and assignments in relation to future investments.

Nature is also considered as a resource for Saami economic activities for their livelihood and as an important resource for tourism activities in the Programme area.

Economic structure

Economic structure varies throughout the area. The overall trend in GDP has been positive in all parts of the Programme area especially in the Nenets Autonomous Okrug (*Table 3*). The East-West divide is still apparent as the Nordic countries and regions continue to enjoy much higher levels of GDP per capita than their Eastern (including North West Russia) counterparts. Norrbotten in Sweden and Nordland in Norway each have GDP per capita levels higher than the European average.¹⁹

Clean nature and abundant natural resources provide a unique, solid foundation for the business sector in Lapland. The main drivers of the region's economy are the forest industry, metal industry, mining industry, forestry and tourism. The energy sector will play an increasingly important role in the future economy. Economic growth in Finnish Lapland has been more positive than the national level of growth, though uncertainty caused by Global financial crises and continuing poor demand in the export industry have been reflected in the economic development of Lapland.²⁰

In Norrbotten production of raw materials and forestry are the main drivers of Norrbotten's economy, but small and medium-sized enterprises are assuming a role of ever greater importance. The willingness of existing companies to invest has never been so high. The county has the second highest productivity in Sweden after Stockholm County. In the years 2007–2009, industry annually invested an average of 6,800 SEK per inhabitant in Sweden. The biggest industrial investments were in Norrbotten County. Norrbotten County has approximately 2,340 import companies and about 890 export companies.²⁰

Norway is still the number one area in the European High North regarding investment plans and projects. The energy sector is constantly on the top of the investment list including offshore and onshore, wind power and hydropower. Renewable energy, including bioenergy, has been the fastest growing and largest energy sector in recent years. North of Norway is rich in resources and the location offers particular advantages, especially in the fields of fisheries and aquaculture, extraction of mineral resources, energy production and tourism.²⁰

In the Murmansk Region, metallurgy is especially important due to the global process of raw materials has fared well over recent years. The salary levels in the region have increased in the field of industry. The Government of Murmansk region has published a forecast of the regional development to 2020–2030, where the Murmansk Region aims at creating new economic activities, such as mining, quarrying of energy resources, oil refining, developing new forms of existing products (LNG, petroleum products, processing of chromite ore, platinum group metal ores) setting up of a modern large transport and logistics centre, building of a refinery and of a plant to liquefy natural gas.²⁰

Arkhangelsk has an abundance of forestry industries. Severodvinsk, close to the city of Arkhangelsk, has shipbuilding yards and a mechanical engineering industry. Forestry and the forest industry are the most important factors in the economy of the Arkhangelsk Region. Production technology and the mills need investment. The region produces 30 % of Russia's exported sawn material and 25 % of paper and cellulose exports. Shipbuilding is an important part of regional economics because of high competence and unique production assets.²⁰

The economy of the Nenets Autonomous Okrug, which has large mineral deposits such as oil, natural gas, gas condensate, coloured and precious metals, etc., is dominated by oil and gas, constituting around 99% of all industrial activity within the whole Okrug. Extraction of commercial minerals accounts for the largest investment volume in the sectorial structure of capital investments, which is due to the high activity of the oil production enterprises. Their share of investments has range from 87% to 96% in recent years.

¹⁹ State of the Nordic Region 2013, 63-65

²⁰ Arctic Business Forum, Yearbook 2014, 41-196.

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

Reindeer husbandry plays an important role, particularly in Lapland, Finnmark and in Norrbotten. 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 Region.

Reindeer has a central role in the whole livelihood of the Saami culture, beyond reindeer husbandry. It is the core for further developing many industries, for example handicrafts, food, art and design.

The industrial sector in Lapland (Finland), Norrbotten (Sweden), northern Norway and Russian parts of the Programme area is mainly in the hands of owners who are not from the local area, which means that profits partly 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.

Hydroelectric power is produced throughout the Programme area, except for the Arkhangelsk Region. Hydroelectric power plays a prominent role in northern Norway and in northern Sweden, where almost all the electricity is generated by hydroelectric power plants. In contrast, the Murmansk Region uses nuclear power to produce most of its energy and exports power to Finland and Norway. The Murmansk Region also has 17 hydro power stations and 3 thermal power stations. Wind power and bioenergy have risen to become an alternative over recent years. There are already several wind power stations on the Norwegian coast, as well as in Norrbotten (Sweden) and Lapland (Finland). As a result of two projects funded under the Kolarctic ENPI CBC 2007–2013, the use of renewable energy sources (wind energy) and a more environmentally safe energy resource alternative to diesel fuel was promoted at the local level and a pilot wind power mill was established in a remote location in the Nenets Okrug.

The oil and gas industry is a major factor for the economy of the Programme area, especially for the Norwegian counties in the North and for the Russian regions participating in the Programme. It also impacts industries supplying various products needed in the exploitation and production of petroleum. Cooperation between Norway and Russia in this field is of importance, and this interaction naturally is in the interest of the participating countries in the Programme area.

Tourism is one of the fastest developing business sectors in the north Calotte. The whole Programme area has great potential to become an even more attractive destination for international tourism. The significance of tourism as a source of livelihood has grown considerably during the past decades. The tourism industry has a significant employment effect especially on youth and women. This is very important especially in sparsely populated areas where tourism is sometimes the only source of income. The attractive but fragile arctic environment, natural phenomena and cultural diversity are the key factors that attract tourists to the Barents Region. Tourism businesses need to be ecologically, economically, socially, culturally and politically developed in a sustainable way to ensure that tourism resources are maintained. Sustainability is especially important when facing the challenges caused by climate change, which can affect as well as promote tourism industry considerably. Competition in the tourism sector is getting tougher. The major improvements needed relate to the availability of transportation and to the smooth visa

handling procedures between Russia and Nordic countries. Visitors require fast and flexible solutions. East-west communications and streamlined handling of visas are necessary.

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

The health care and educational systems are in general well-developed locally within all the districts in the area. However, the deterioration of public services, especially social services in the sparsely populated areas is of constant concern. Some cross-border cooperation projects have been established to address this concern. Telemedicine projects and hospital cooperation are developing in the North Calotte. In emergency preparedness and emergency response, cooperation exists in the Kolarctic CBC region but its functioning needs to be improved.

Private services in the area are often provided by branches of organizations located in the capital of their respective countries. Banking works well across the border but insurance companies are more reluctant to insure cross-border activities.

Infrastructure

There are several busy internal Schengen border-crossing points between Finland, Sweden and Norway, and the road connections are generally good. There is an international border-crossing point between Norway and Russia in Storskog/ Borisoglebsk, and two between Finland and Russia in Raja-Jooseppi/Lotta and Kelloselkä/Salla. The border-crossing point, Borisoglebsk, was developed within the framework of the Kolarctic ENPI CBC 2007–2013 Programme. Finnish and Russian border authorities have expressed their interest to develop their northernmost border-crossing points in cooperation with the regional road administrations in order to develop east-west transport corridors, which not only include the border-crossing points, but also roads and traffic lanes directing to them.

The 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 only used for freight trains. A railway line runs from Sweden to Narvik in Norway. There is no direct railway connection from the North Calotte to Russia, but studies were 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 existing studies of the Salla-Alakurtti railway line by adding feasibility and cost-effectiveness elements in order to start building a link connecting the Russian and Finnish rail networks, thus also providing the opportunity to develop the Barents Transport Corridor.

The air traffic in the area is mainly from north to south within the individual countries, some East-West connections also exist across the region but this situation is changing rapidly. Most existing traffic is passenger air traffic from the North Calotte to northwest Russia, although small quantities of goods are also delivered from Finland, Norway and Sweden. The biggest bottleneck in the region's traffic system is the lack of East-West flight connections.

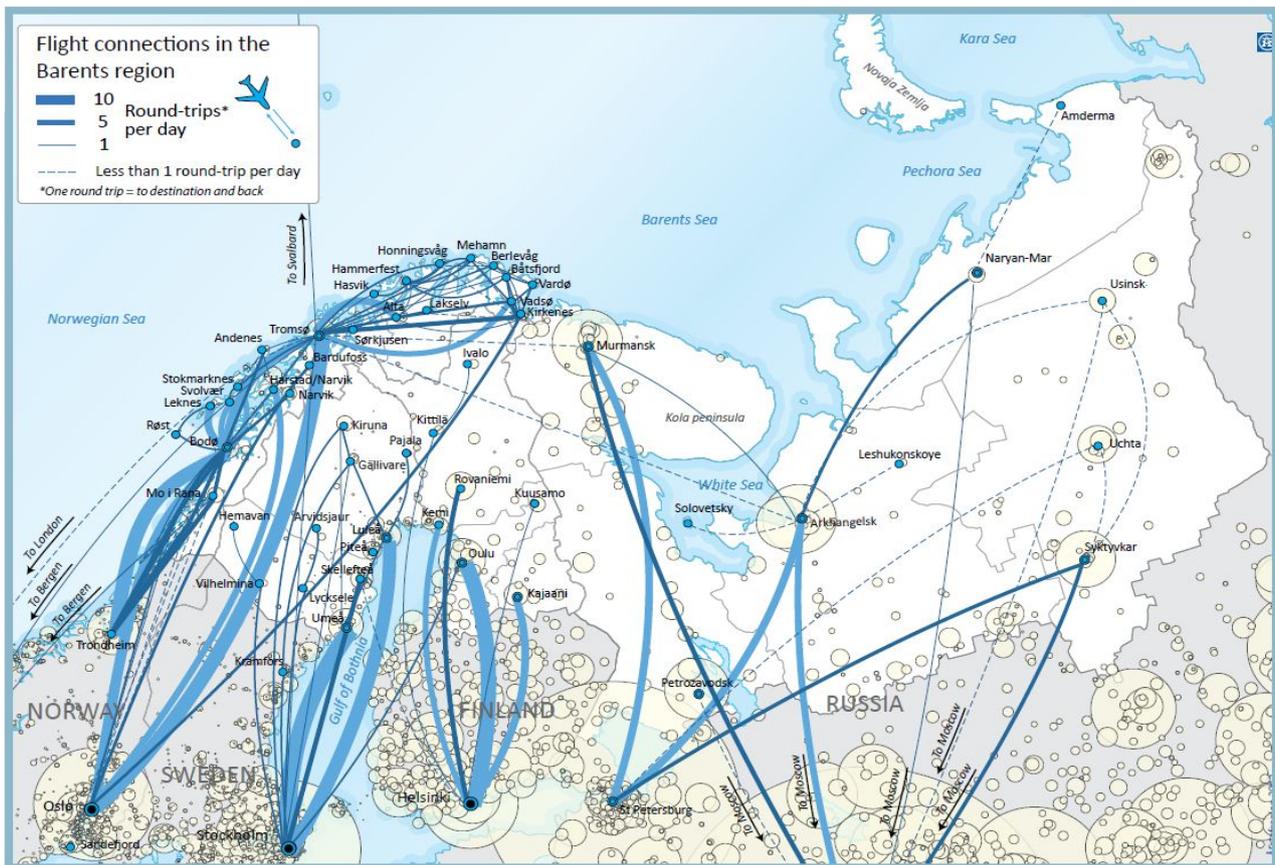


Figure 2. Flight connections in the Barents Region.

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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 the Murmansk Commercial Port. All ports in the Barents Region shall take on a more prominent role in the future when the Barents and Kara Sea oil deposits 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.

The development of the Northern Sea Route (NSR) increases the traffic between Asia and the Programme area.

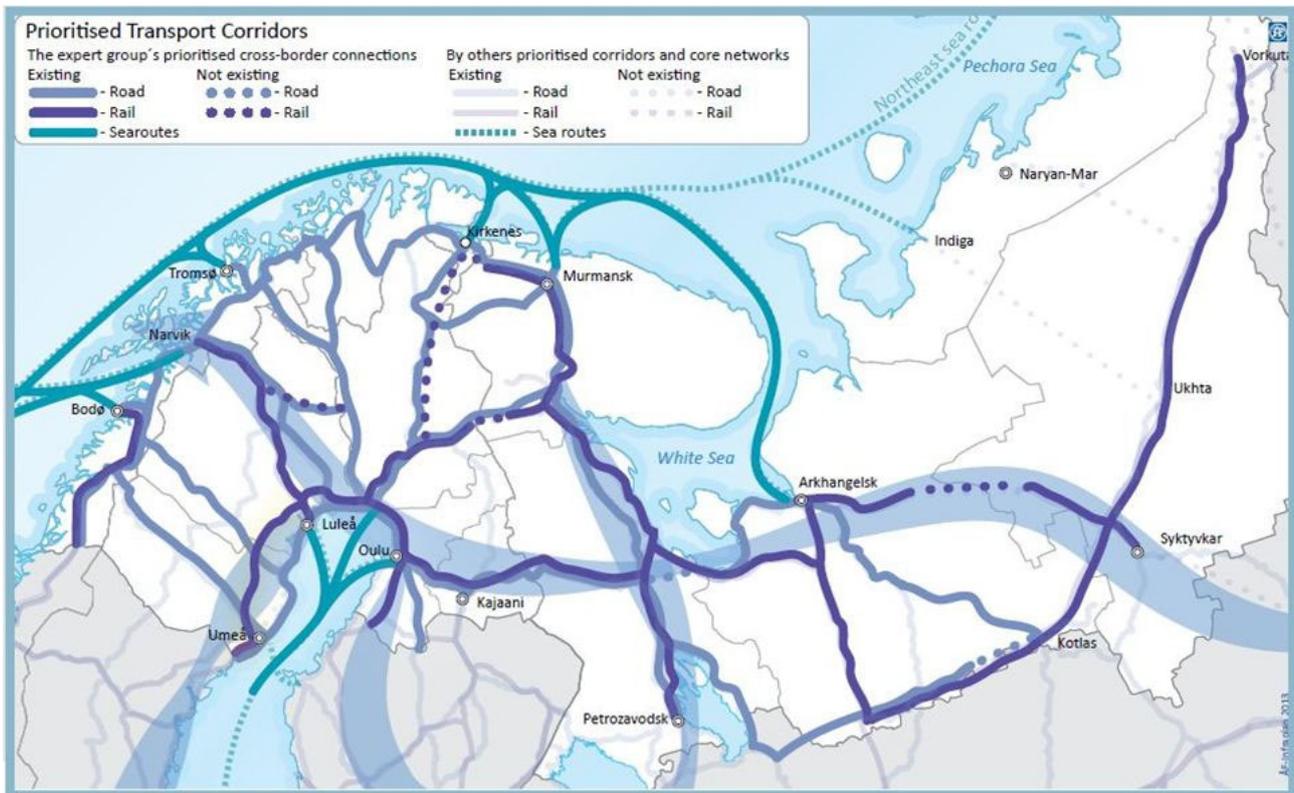


Figure 3. Prioritized transport corridors.

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Telecommunications and information technology

Globally modern telecommunications and information technology is widely spread throughout the North Calotte (Table 4). The aim is to have sufficient bandwidth to accommodate businesses needs for telecommunication to places outside the area's larger centres.

Table 4. Share of broadband subscriptions per inhabitant 2012–2013²¹.

²¹ Sources: <http://www.patchworkbarents.org/>, Lapland: <https://www.viestintavirasto.fi/>

Area	%
Nordland	73
Troms	73
Finnmark	63
Murmansk Oblast	15
Arkhangelsk Oblast (also includes Nenets)	14
Lapland	82
Norrbotten	97

The mobile phone networks are of good quality in the Murmansk and Arkhangelsk Regions where only the most sparsely populated areas are outside the range of transmitters. The Internet connection in Murmansk and Arkhangelsk is very good; it covers the same areas as the mobile phone network and it can be used with mobile phones. The situation in the Nenets Autonomous District is more challenging; the mobile phone network only covers Narjan Mar and the area surrounding it but, 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.

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 began 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.

Education and research

The increased emphasis on education and research is vital to achieving sustainable socio-economic development in the Programme area. The formation of knowledge and innovation-based society plays a determining role in creating and developing a competitive economy in the region, thus making academia and research centres a significant driving force and one of the key contributors to the overall well-being and prosperity of the Barents Region. Research and education also leads to a more qualified educational platform and contribute to regional development.

In 2010, 22.2% of the population in the Programme area had a university degree. The highest rates for higher education were in Troms (27%) and the lowest were in the Nenets (15.8%) (*Table 3*).

Cooperation in the Programme area 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 concerning e.g. the internationalization of the curricula and administration, the implementation of the Bologna Process, the peripheral geographical location in the North. Thus, network cooperation and common development has taken on a key role in these institutions' day-to-day activities.

Environment and nature

The Programme area 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 slow

natural recovery processes. The growing economic activity may increase the impact on the environment and weaken the quality of the environment and ecosystem services. This also affects industries that are dependent on nature and ecosystems, such as reindeer herding. Economic activity has increased the pressure on land use, where the long-term planning and careful coordination of different interests is particularly important. However, it should be noted that, due to the large size of the Programme area, its sparse population and the concentration of industrial activity, the pressures resulting from human action involve relatively small areas in many cases. There is however industrial air emissions produced in the Barents area, the effects of which can be seen in large areas as a long-range deposition.

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

At the moment, the mining industry in the Barents Region is developing. Growing demand has increased the production rates on many sites and new technologies enable short-term operations and the extraction of relatively small deposits. Many companies pay more attention to environmental issues by introducing environmental management systems, or even making investments to reduce discharges into water. Meanwhile, other mines are closed down, leaving open wounds in the bedrock where natural processes cause migration of hazardous substances, threatening sensitive eco-systems. The closure of old or unprofitable mines is a growing problem in the Barents Region.

The greatest pressure on nature in the North Calotte is on the coast of the Gulf of Bothnia, which houses the largest industrial establishments. Insufficiently purified industrial and municipal wastewaters emitted into the rivers on the Russian side of the area increases chemical contamination and persistent organic pollution (POPs) in arctic waters. The European Arctic is also polluted by long-range transport from the area and outside of it. However, the problem of acidification is declining in lakes of the Euro-Arctic Barents Region and there are clear signs of recovery on a regional scale. The Arctic Monitoring and Assessment Programme (AMAP) of the Arctic Council regularly publishes environmental studies on the Programme area. Reindeer overgrazing in Lapland and Finnmark causes extensive abrasion of vegetation.

Many of the environmental problems encountered in the Russian Barents 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 organizations and industrial enterprises. These actions aim at modernizing companies and cutting down the amount of industrial emissions that pollute the air and contaminate the waters in the areas. Relevant Russian authorities together with international partners pay a lot of attention to solving the problem of radioactive waste depositories. Insufficient wastewater purification and the resulting poor quality of drinking water require even more attention on the Russian side of the Barents area, as lot of sicknesses are due to untreated drinking water. Water problems are most severe in specific industrial areas where the population density is high in comparison with the rest of the Programme area which is by and large sparsely populated. The need to develop the water supply infrastructure is particularly acute in these areas.

To reduce the loss of biodiversity, causes must be identified. It is particularly important that an ecological use of natural resources is secured in mining, agriculture, forestry and fishing. The threatened, sensitive biodiversity must be protected and rehabilitated where possible. Special importance is given to the protection of the endangered, sensitive biotopes and cultural landscapes that are included on the World Conservation Union (IUCN) Red List of threatened species. Arctic nature with a rich arctic biodiversity is important for the survival and development of the Sami economic activities as well as for the tourism sector.

The water areas extending across the border are of particular importance. The most important rivers flowing between the North Calotte and Russia are the 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, call for cross-border cooperation. Effects of industrial emissions produced in the Kola Peninsula can also be seen in this area.

The aim of tackling climate change is to stabilize 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 to reduce greenhouse gas emission and to promote renewable energy sources. Regionally it is important to highlight adaptation activities for climate change. Regional climate strategies are an important tool when reviewing the impacts of climate change. Impacts of climate change in the arctic region are rapid, and they can already be seen in the distribution of plant and animal species, snow and ice cover and extreme phenomena such as floods and droughts. Climate change affects the environment in many ways and further impacts living conditions, human activities and well-being. Because of climate change, the risk of severe flooding is increasing in the whole Barents area. River valleys are traditional places for settlements in all northern areas, whereby the risk of flood damage will be more obvious in the future.

2.2 Adjoining regions

The participating countries have decided to include the following adjoining regions in the Kolarctic CBC 2014–2020 Programme: Oulu Region in Finland, Västerbotten in Sweden and the Republic of Karelia and the Republic of Komi in Russia. Beneficiaries from the adjoining regions can participate in the Programme implementation as equal partners. Location of the adjoining regions in relation to the core programme region is shown in the section 2.4 “Map of the Programme area”.

Justification for inclusion of the adjoining regions to the Kolarctic CBC 2014–2020 Programme is to ensure the continuation of the existing long-term cooperation between the Programme’s core regions and these adjoining regions, in particular with Oulu Region, Västerbotten and the Republic of Karelia.

Since many organizations located in the Programme area also cooperate actively with the Republic of Komi, concerning for example the development of livelihoods of indigenous peoples, it is justified to include the Komi Republic in the Kolarctic CBC 2014–2020 Programme as a new adjoining region. In addition, the Republic of Komi is also part of the Barents Region and, since the Kolarctic CBC 2014–2020 Programme aims to strengthen Barents cooperation and to support activities in coherence with the Barents working groups priorities, the enclosure of the Komi Republic within the Programme brings added value to the cooperation within the Kolarctic CBC Programme area.

2.3 Major social, economic or cultural centre and regions outside of the Programme region

The participating countries have decided to include the City of St. Petersburg in Russia in the Kolarctic CBC 2014–2020 Programme as a major social, economic and cultural centre. The City of St. Petersburg is the largest city and a major economic centre in North-West Russia. During the Kolarctic ENPI CBC Programme period 2007–2013 St. Petersburg was included in the Programme area as an adjoining region.

In order to ensure the principle of continuity, St. Petersburg can participate as there is a long-term established connection between St. Petersburg and the core area regions that may add up to the supported activities within the Programme and provide cohesion with the other CBC Programmes. It is important that cooperation with partners from St. Petersburg can be continued. When the city of St Petersburg is included as a major social, economic or cultural centre in the Programme, beneficiaries from St. Petersburg will be able to participate in Programme implementation as equal partners.

2.4 Map of the Programme area



Figure 4. Map of the Programme area.

Kolarctic CBC Eligible territorial units (NUTS 3)

Core regions:

Finland: Lapland

Sweden: Norrbotten

Norway: Finnmark, Troms, Nordland

Russia: Murmansk Oblast, Arkhangelsk Oblast, Nenets Autonomous Okrug

Adjoining regions:

Finland: Oulu Region

Sweden: Västerbotten

Russia: Republic of Karelia, Republic of Komi

Major social, economic and cultural centre:

Russia: City of St. Petersburg

2.5. Geographical eligibility requirements

As a general rule, each project shall have at least one partner from the participating Member State (Finland or Sweden) and one from the participating partner country (Russia).

To follow the principle of continuity from the previous Kolarctic ENPI CBC 2007–2013 Programme, bilateral projects between Norway and Russia may be implemented in cases, when there is no possibility to find a relevant Partner from Finland or Sweden and when the project activities concern the oil and gas industry or fisheries. EU financing is not available to bilateral projects between Norway and Russia. These projects will be financed from Norwegian and Russian national financing.

Beneficiaries from the core regions (Lapland, Norrbotten, Finnmark, Troms, Nordland, the Murmansk Region, the Arkhangelsk Region and the Nenets Autonomous Okrug), from the adjoining regions (Oulu Region, Västerbotten, Republic of Karelia, Republic of Komi), and from the major social, economic and cultural centre (the city of St. Petersburg) can participate in the Programme implementation as equal partners.

National level public entities based in Helsinki, Moscow, Oslo and Stockholm can act as project partners if they do not have their structural units in the Programme area.

When the substance of the project activities concerns implementation of the activities defined for Barents cooperation or support of Euro-Arctic development, partners from outside of the Programme area can participate as equal partners.

A maximum amount of 20 % of the Programme financing can be used to finance activities of the Lead Partners and Partners from the adjoining regions, from the major social, economic and cultural centre and from outside of the Programme area. This 20% principle does not concern Large Infrastructure Projects (LIPs).

3. PROGRAMME'S STRATEGY

3.1 Description of the Programme Strategy

The Programme Strategy responds to identified regional needs of the Kolarctic CBC Programme area which shall be addressed by aiming at the strategic objectives of the Programme. The EU Programming document 2014–2020 sets out three ENI CBC strategic objectives for CBC activities and ten Thematic Objectives (TO). Each programme must select a maximum of four TO and contribute to at least one of the following strategic objectives:

- A. Promote economic and social development in regions on both sides of common borders
- B. Address common challenges in environment, public health, safety and security
- C. Promote better conditions and modalities for facilitating the mobility of persons, goods and capital.

The CBC programmes with Russian participation are also to be implemented following the guidelines for actions stipulated in the Concept for Cross-Border Cooperation of the Russian Federation. These guidelines are: a) cooperation in cross-border trade; b) cooperation in investment projects; c) cooperation in transport and logistics and communication; d) cooperation in sustainable exploitation of natural resources and environmental protection; e) cooperation in law-enforcement; f) cooperation in regulating migration and labour market; g) cooperation in science and research and people-to-people contacts.

The Kolarctic CBC 2014–2020 Programme contributes to the above-mentioned strategic objectives by financing actions aimed at addressing the identified needs of the Programme area within two (2) priority axes in compliance with the guidelines for actions. These Priority axes represent the translation of the selected TO into the Programme reality. The Programme priorities are defined using the Logical Framework Approach (LFA). The Priority axes are:

1. Viability of arctic economy, nature and environment
2. Fluent mobility of people, goods and knowledge

The implementation of the strategy shall take into account the principles of EU regulations and Russian concepts and strategies (described on page 36) concerning partnership, equality, sustainable development as well as the information society. The common focus of any action carried out with the support of the Kolarctic CBC Programme is on cross-border cooperation.

3.2 Justification for the chosen Strategy

Thematic objectives, The Logical Framework Approach and the SWOT analysis

The needs of the Programme area are considered through four thematic objectives:

1. Business and SME development (Strategic objective A, TO 1)
2. Environmental protection, climate change mitigation and adaptation (Strategic objective B, TO 6)
3. Improvement of accessibility to the regions, development of sustainable and climate-proof transport and communication networks and systems (Strategic objective C, TO 7)
4. Promotion of border management and border security, mobility and migration management (Strategic objective C, TO 10)

The implementation of the Programme's TO1 "Business and SME development" contributes to reaching goals of the "Concept for long-term social and economic development of the Russian Federation until 2020", the "Strategy for social and economic development of the Northwestern Federal district until 2020" and the "Strategy for long-term innovative development of the Russian Federation until 2020". Support of the development and modernization of businesses (e.g. in tourism, agriculture) which is included in the TO1 will help Russia reaching the targets of the "Strategy for social and economic development of the Northwestern Federal district until 2020" namely the production modernisation which is oriented towards reducing energy costs and consumption of materials and developing agriculture.

Support to the creation of science parks (industrial / business / technological) and innovation centres will aid Russia in one the most important tasks stated in the "Strategy for a long-term innovative development of the Russian Federation until 2020" which is the development of innovative manufacturing and the increase in the number of innovative businesses.

The implementation of the Programme's TO6 "Environmental protection, climate change mitigation and adaptation" will help Russia reach some targets in the field of environment which are stated in the "Ecological Doctrine of the Russian Federation" such as rational use of natural resources, reduction of environmental pollution and saving of resources by supporting ecologically efficient production including the use of renewable energy sources and secondary raw materials.

Promotion of nature protection and conservation of the marine environment and land areas, and preservation of biodiversity referred to under TO6, will help Russia reaching one of the main priorities of the "Strategy for social and economic development of the Northwestern Federal district until 2020", which is keeping the natural legacy of the district alive. Projects implemented within this priority will contribute to reaching the goal of the "Strategy for the development of maritime

activities of the Russian Federation until 2030”, namely protection of the maritime environment against pollution from the ships and overall, protection of the maritime environment in the areas under Russian jurisdiction.

Within the framework of the TO7, Russia will reach the goals of the “Transport strategy for the Russian Federation until 2020”, such as development of innovation in the transport sector, development of the Northern marine route for commercial transportation, creation of an appropriate infrastructure in the Arctic basin, development of innovative technologies of construction, reconstruction and maintenance of transport infrastructure.

The achievement of the Programme’s TO10 “Promotion of border management and border security, mobility and migration management” shall help Russia resolve some issues mentioned in the “Federal law on customs regulation of the Russian Federation” such as ensuring economic security of the country within foreign trade and capacity building of the state administration in the field of customs.

Promotion of local cross-border people to people actions and support to education, research, technological development and innovation are considered as horizontal modalities that may be applied, where relevant, in pursuing the thematic objectives. These horizontal modalities could include actions enhancing cooperation among local and regional authorities, public and private partnerships, NGOs and other civil society groups, universities, research institutions and schools, chambers of commerce, etc.

The Logical Framework Approach (LFA) and SWOT analysis are used as analytical and management tools to identify the needs of the Programme area and for structured thinking of goals and means. The LFA process synthesizes the means enabling the Programme to achieve its objectives in a Logical Framework Matrix (Annex 5).

The Logical Framework is composed starting from the bottom, by asking questions on the key activities to be carried out to produce the expected results, on the expected results and what specific objective/purpose is the action intending to achieve to contribute to the overall objectives/long-term results. The purpose of the Logical Framework is to indicate the main activities needed in the Programme territory in the TO particular field, as well as, what are the expected changes in the defined areas. Programme indicators are defined by using the LFA.

The SWOT analysis identifies the strengths, weaknesses, opportunities and threats in the Programme area (Annex 6). The fundamental principle underlying the analysis is to identify those issues that are common to the area. For the programme, issues concerning only parts of the area were left out unless they were of special importance.

The main objective of the SWOT analysis is to exploit the issues that were identified as opportunities using the identified strengths as support. The aim is also to eliminate the weaknesses that were identified through the Programme activities and to remove or fence off the identified threats.

The issues identified in the SWOT analysis have been evaluated to assess whether the Programme would be in a position to influence these issues.

Lessons learnt

The development of the Kolarctic CBC Programme 2014–2020 is based on the lessons learnt from the Kolarctic ENPI CBC Programme 2007–2013 and on the experiences gained in other EU CBC programmes.

Experience and best practises have been gained from the implementation of the European Territorial Programmes and from an older instrument, Tacis. The Barents II A Programme was

implemented in 1996-1999 with a total funding of € 36.0 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

EU CBC programmes have been carried out jointly between the regions of northern Finland, Sweden, Norway and northwest Russia since 1996. In the programming period 2007-2013, the cooperation was based on the European Neighbourhood and Partnership Instrument (ENPI), which enabled regional administrations through shared management to manage the CBC programmes.

The Kolarctic ENPI CBC Programme 2007–2013 was also implemented on the basis of the Agreement between the Government of the Russian Federation and the European Community on Financing and Implementing the Cross-Border Cooperation Programme “Kolarctic” of 18 November 2009. Even though the launch of the ENPI programmes was seriously delayed, implementation of the Kolarctic ENPI CBC Programme was successful and the opportunities it gave to the beneficiaries were fully used.

During the implementation of the Kolarctic ENPI CBC Programme 2007–2013, four calls for Proposals were launched within three priorities: 1. Economic and Social Development; 2. Common challenges; 3. People-to-People Cooperation and Identity Building. The total number of financed projects was 51, of which three were regarded as Large Scale Projects (LSPs) with a different application procedure. The total budget of the Kolarctic ENPI CBC Programme 2007–2013 was 95 062 241 €. The implementation period for projects was extended until the end of 2015. The implementation of the Kolarctic ENPI CBC Programme has evidenced a vivid interest for the cross-border cooperation between participating countries

Practices and experiences gained from the day-to-day Programme management as well as from the Internal Projects Qualitative Monitoring (IPQM) serve as a sound platform for further development of the Kolarctic CBC Programme 2014–2020. Furthermore, best practices regarding project implementation gathered from beneficiaries and relevant stakeholders are used while determining the objectives and strategy of the Programme in question.

Risk management

The objectives of the risk management are to identify, analyse, evaluate, and mitigate risks where possible and to continually monitor risks throughout the Programme implementation.

To carry out the risk analysis and identify mitigating measures a Risk Management Plan shall be developed to serve as a useful tool for the Managing Authority to reduce the risks identified during the initial stage of the Programme as well as during its implementation, and respond to them by putting in place risk mitigation strategies. Furthermore, the Risk Management Plan, like the monitoring and evaluation systems are reporting tools to inform the Joint Monitoring Committee.

The Risk Management Plan shall correspond to the Kolarctic CBC Programme 2014–2020 Joint Operational Programme (JOP) and be in line with the Commission Implementing Regulation (EU) NO 897/2014 and the Russia-EU agreement on co-financing and implementing the Programme. Monitoring and Evaluation Plan serves as an additional tool during risks identification, since monitoring is an essential part of the risk management process.

Risk management process, roles and responsibilities

In order to systematically monitor the Programme for potential risks, sufficient human resources of the MA and Branch Offices will be dedicated to this task. Since risk management is an ongoing process over the whole Programme’s implementation, the risk management review should be conducted consistently, on a regular basis every six month to ensure that risks are identified, mitigated and reported. The Managing Authority will ensure that risks are actively identified, analysed and managed throughout the Programme life. Risks will be identified as early as possible

in order to minimize their impact. These different steps shall be outlined in the Risk Management Plan.

The Risk Management Plan shall be approved by the Joint Monitoring Committee during the initial stage of the Programme. During programme implementation, the MA shall update and revise the Risk Management Plan on a regular basis. The Risk Management Plan shall be submitted to the JMC on an annual basis for approval.

Vision

The Programme vision describes the expected positive change to be acknowledged in the Programme area after the implementation of the Programme. The Kolarctic CBC 2014–2020 vision is based on the Logical Framework. The vision was developed combining the overall objectives of each thematic objective selected for the programme. The overall objective is the broader objective to the achievement of which the Programme will contribute. In summary, the overall objective is to promote a viable economy and the attractiveness of the region, where inhabitants and visitors are able to enjoy the arctic nature and where the natural resources are used in a sustainable way.

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

The Kolarctic CBC Programme area is a flourishing, environmentally-friendly and diverse area with a viable economy, fluent mobility of people, ideas and technologies, and where people to people cooperation is an essential value.

Elements defining Programme Strategy

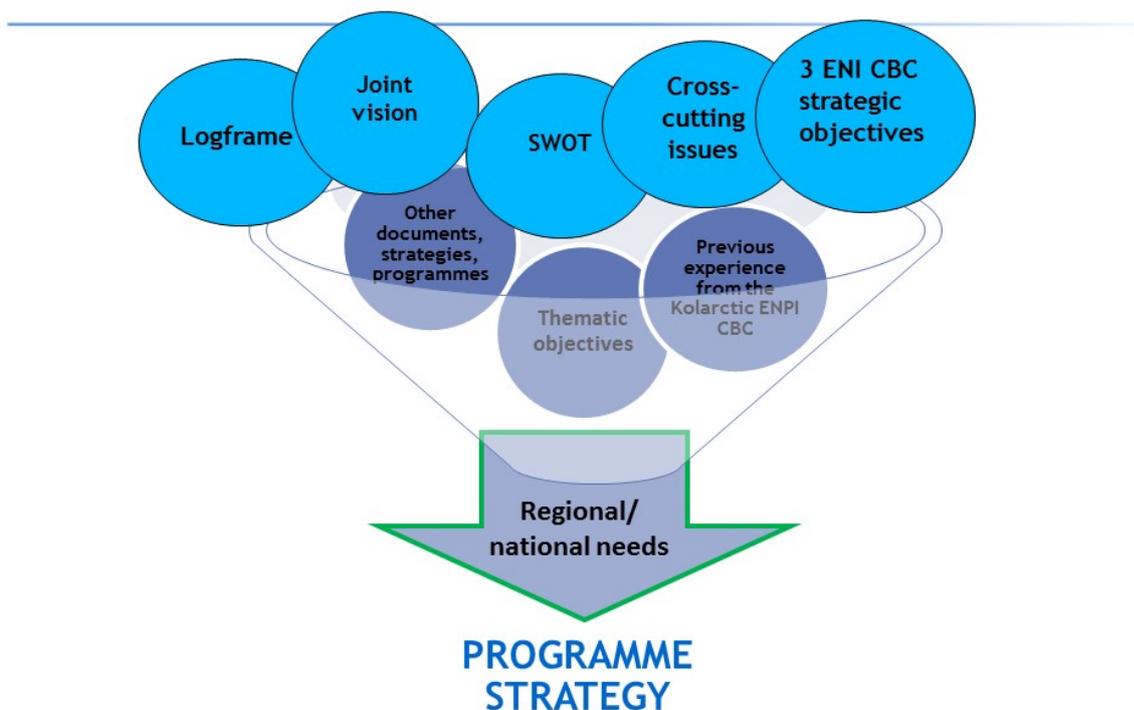


Figure 5. Elements defining Programme Strategy.

Priority axes of the Programme

1. Viability of arctic economy, nature and environment (TO 1, TO 6)

An essential factor in the future development of the North-Calotte and North-West Russia is the viability and attractiveness of the area with respect to the economy and the arctic nature. As defined in the SWOT analysis (Annex 6), the Kolarctic CBC Programme area is rich in arctic natural resources and renewable energy sources. The specific northern climate circumstances in the area provide unique opportunities for development of specialized products and services, such as snow as a “luxury product” and cold climate testing environments. Large untouched wilderness areas and unspoiled nature make of the Programme area an attractive region.

The promotion and the use of existing arctic knowledge, as well as the cooperation between the business sector, environmental authorities and NGOs is a prerequisite for the multi-sectoral development of the viability of the Programme area by seeking common interests and implementing sustainable development activities in the area.

In addition to projects purely related to Business and SME development (TO 1), or projects only related to environmental protection, climate change mitigation and adaption (TO 6), this priority axis is developed to also support and facilitate joint development activities between the business and the environmental sectors.

The aim of the priority axis 1 is to enhance a viable economy and a good quality of life by increasing the attractiveness of the region, as well as by maintaining the biodiversity and use of natural resources in a sustainable way.

Examples of activities that can be supported by the Kolarctic CBC 2014–2020 Programme:

Business-oriented cross-border cooperation in research, as well as in training and education of experts and other relevant stakeholders in fields of competences and industries, which are essential and relevant for the development of the Programme region, such as:

- sustainable use of natural resources
- arctic conditions, cold climate testing
- environmentally secured tourism business, tourism safety
- creative industries
- renewable energy
- cleantech
- waste management
- raw materials (wood, minerals, arctic berries and plants etc.)
- mineral investigation
- fishery
- agriculture
- forestry
- environmental viability
- oil and gas
- traditional/ modern livelihoods of indigenous peoples of the Programme region
- research and innovations on emerging industries or branches, that seemingly fit in cross-border cooperation

Cross-sector innovations in cross-border businesses

- development of joint innovative working methods, technologies or solutions, for example between private and public sector; between business sector and environmental organizations; between creative industries and ICT developers etc.
- promotion of proactive development and realization of high quality joint product families in tourism industry, for example, tourism and welfare industry, tourism and energy etc.
- sustainable tourism industry: building up infrastructure for tourism in a sustainable way (energy efficiency)
- sustainable mineral industry: best environmental practices in metal mining industry
- sustainable forestry and agriculture: best environmental practises in northern climate circumstances and changing climate
- support to Arctic maritime industry by ensuring the development of specialized vessels and rigs adapted to working on the northern latitude, operational expertise, technology and quality, skills for seafarers
- cross-sector innovations in cleaner production activities

Support to young entrepreneurship and SMEs

- joint cross-border activities of young entrepreneurs and SMEs starting up their business or willing to develop their cross-border business competence by joint education or training
- development of SME cooperation and clustering capacity in order to strengthen their competitiveness in cross-border business

Support to cross-border business development, including public-private partnership

- competence development of SMEs in cross-border cooperation and operating in the Kolarctic Programme region/ Barents Region
- information service development for cross-border business purposes
- language training for cross-border business purposes
- development of high quality tourism products specialized in arctic strengths
- strengthening of competitiveness by expanded markets
- removal of barriers to cross-border trade
- support of entrepreneurship in creative industries, including cross-border culture production
- studies of relevant national legislation and existing practices serving as a guide for SMEs desiring to expand their business abroad

Support to businesses enhancing the cultures and/or traditional livelihoods of indigenous people

- support to indigenous entrepreneurship,
- development of sustainable nature/tourism products based on nature experiences and regional traditional knowledge

Support to entrepreneurship in creative industries

- projects to promote incubators and entrepreneurs in residence – exchange of knowledge, networks and experiences
- development of cultural tourism

Joint activities to provide information and/or education on environmental issues

- development of networks between environmental management, environmental NGOs and natural science institutions, involvement of local populations in environmental awareness raising activities
- improved dissemination of information on e.g. climate change adaptation, agriculture, forestry and biodiversity and the environmental status of the Barents

- cooperation with cultural actors: spreading/promoting artistic expressions of the arctic nature and environment

Joint education and research supporting sustainable development and environmental activities

- environmental monitoring
- environmental restoration
- environmental research and implementation of scientific results, including climate change issues, marine research, freshwater research etc.
- documentation and protection of indigenous peoples' usage of land and areas

Joint activities in support of environmental innovations, technologies and services in the fields, such as:

- energy efficiency
- renewable energy
- waste and waste water management
- cleansing and improvement of the quality of drinking water
- promotion of low carbon economy
- eco-efficient development of industries
- environmentally sustainable development of industries, forestry and agriculture
- bioeconomy
- using cleantech knowledge in the fields of energy efficiency, energy saving, water and waste management

Joint capacity building activities in the field of ecological disaster prevention and response

- development of special training programmes for professional rescue teams in the field of prevention and response to chemical accidents, taking into account the cross-border cooperation
- risk management and emergency preparedness for natural / man-made disasters
- prevention of man-made disasters, including common training, exchange of best practices, public awareness raising

Joint research and capacity building activities based on common environmental interests

- cooperation in environmentally sustainable land and water use planning across the border areas
- cooperation in exchange of best practice in environmental management
- creation of a common database on large carnivores in the reindeer husbandry area

Joint activities aimed at the sustainable management of the arctic natural resources

- rehabilitation of arctic waters contaminated by radioactive wastes
- water protection, restoration and management activities in the international and national river basins, harmonizing water quality, water quality environmental standards and water ecology monitoring programmes

Joint activities in the field of nature/environmental protection

- protection of the environment from negative impacts of closed mines
- development of ecologically sustainable methods for post treatment of closing mines
- cleansing and restoration of abandoned industrial and military areas
- preservation and restoration of nature biodiversity
- protection of vulnerable areas
- networking of arctic conservation, protection and restoration areas

Examples of possible projects supporting people-to-people cooperation:

- projects that increase cultural understanding and cultural integration into working life
- projects that support young or/and vulnerable people who are entering working life
- projects supporting development of businesses related to traditional livelihoods and handicrafts and alternative sources of income of indigenous peoples
- promotion of language and traditional knowledge education for the indigenous peoples´ in order to strengthen their competence to maintain and develop their traditional livelihoods and create new sources of income
- projects that increase attractiveness of the region by facilitating cooperation between local businesses in creative industries, such as radios, museums, exhibition halls, libraries, etc. and local creative innovators in order to build strong joint media image of the Programme region
- activities that highlight the attractiveness of the region to the young people
- activities which support indigenous cultures and their living environment
- environmental education by means of arts and culture
- environmental education by networking on research and best practises in conservation, protection and restoration

Examples of possible projects supporting education, research, technological development and innovation:

- projects connecting tourism with nature and environmental education
- joint research and development projects between public and private sector, for example, in the field of creating new solutions or technologies enhancing the economic development in the Programme region
- collaboration between educational and research institutions within relevant sectors of industries, such as sustainability in tourism; the use of energy efficiency in tourism resorts; cooperation in the fields of tourism education and research in order to achieve common criteria in quality, safety and sustainability; cold climate engineering
- sustainability development and technological innovations in mineral industry; innovative educational approaches in mining education, such as simulation
- promotion of education and research as tools for regional and economic development
- capacity building in terms of entrepreneurial, management and producer skills in order to promote professionalism, knowhow and competency within the Barents Region
- development of rescue services cooperation; competence development among the personnel, reducing barriers for cross-border rescue cooperation
- environmental education by means of social media and media innovations
- environmental education by networking on research and best practises in conservation, protection and restoration
- make arctic culture and cultural heritage more visible through ICT solutions

Fluent mobility of people, goods and knowledge (TO 1, TO 6, TO 7, TO 10)

Fluent mobility of people, goods and knowledge are preconditions for the overall development of different sectors in the Programme area, such as business, research, innovations and technological development, as well as environmental awareness. Daily life security and safety at local level in the border regions also require fluent cooperation and networks between municipalities, authorities, educational institutions, NGOs and local inhabitants. Arctic environment and its special circumstances call for well-developed rescue services and emergency preparedness with adequate capacity to operate in an international environment across the borders when required.

In order to facilitate cross-sectoral cooperation within the Programme area, in particular east-west connections and cross-border logistic corridors, investments and development activities are required. Traffic and cargo flows to and from the Kolarctic Programme regions, connected to the mining industry and tourism business, for example, have increased remarkably during the past few years.

Improvement of the accessibility of the Programme area, as well as utilization of the specialized arctic expertise across the borders require proper traffic- and ICT connections. Fluent transport and communication systems are also essential for the SMEs and business sector, as well as for providers of public and private services in sparsely populated areas.

The aim of the priority axis 2 is to facilitate joint activities, which enhance fluent, well-functioning, efficient and safe traffic and logistics, as well as fluent mobility of people, goods and know-how/expertise across the borders within the Programme area.

Improvement of the accessibility shall be implemented on a sustainable way and taking into account the fragile arctic nature of the Programme area. Compatibility of the above mentioned aim with the environmentally-friendly thinking shall be ensured by supporting cross-sectoral projects, for example between business sector, environmental protection, transport and communication systems, as well as development of border crossing corridors and joint networks between authorities.

Examples of activities that can be supported by the means of Kolarctic CBC 2014–2020 Programme:

Innovations, joint research and development activities on long-term and relevant transport/logistics solutions in the Programme region

- mapping of the future development of flows of goods and raw materials
- development of environmentally sustainable transportation solutions and logistics
- improvement of traffic safety (for example, by creating common traffic accident data, research and prevention of wild life collisions, heavy vehicles on the roads of the Programme area, snowmobile safety)
- cooperation between transport/logistics and other relevant sectors, such as, tourism business, environment, mining industry etc.

Improvement of traffic lanes/roads to cross-border points

- joint development activities in order to improve accessibility to and from the region (East-West connections)
- elimination of bottlenecks in transport and border crossings

Facilitating cross-border mobility in the Programme area

- accessibility in terms of tourism business, SMEs
- transportation of natural resources, goods
- improvement of the accessibility to the Arctic Ocean

Support to development of ICT infrastructure, which enhances introduction of remote services in peripheral or sparsely populated areas in relevant fields, such as:

- e-health
- e-government
- e-learning
- e-inclusion
- virtual culture services
- e-marketing

Publication and dissemination of arctic knowledge

- use of innovative technological solutions, social media, virtual services
- creation of new ways to produce and disseminate arctic knowledge

Functionality of border-crossing points

- facilitation of veterinary and phytosanitary checks by providing equipment at the relevant border crossing points
- use of modern technology and innovations using ICT
- enhancement of cooperation and networking of the border authorities with professional international rescue teams/ authorities
- reconstruction of relevant border-crossing points and lanes directing traffic to them

Cooperation and exchange of best practices between border authorities (border guards, customs and other authorities and relevant stakeholders)

- joint competence and capacity building projects
- improvement of customer service skills of the border authorities
- language training for authorities
- joint education and training for authorities at border crossings (for example, on cross-border legal framework, preparedness for changes in regulations of visa regime, etc.)
- projects improving the exchange and dissemination of information about custom regulations between authorities and to the public (for example, tourists, cross-border business actors, companies within cross-border transportation, logistics etc.)
- establishing a joint network between relevant authorities (border authorities, customs, search and rescue authorities), NGOs (such as voluntary rescue services), companies and educational institutions in order to improve and develop cross-border tourism safety and emergency preparedness

Examples of possible projects supporting people to people cooperation:

- use of the creative industries, artists and their communities in order to find new ways of using cross-border communication technology
- development of web services, e.g. social media, enabling cooperation of citizens, especially youth of the Programme region
- improvement of exchange and dissemination of relevant information for example, on custom regulations to a wider audience, such as tourists, youth and sports organizations, cultural networks, research institutions and other relevant stakeholders having active cross-border cooperation within the Programme region
- improvement of daily life security and safety at local level in the border regions by enhancement of cooperation between municipalities, authorities, educational institutions, NGOs and local inhabitants

Examples of possible projects supporting education, research, technological development and innovation:

- joint research and studies on future needs in accessibility to and from the Programme region
- development of environmentally sustainable transportation solutions and logistics
- creation of joint research information on elements, effecting traffic safety within the Programme area and finding innovative solutions to the identified risk factors
- development of common education and trainings for authorities and other relevant stakeholders (for example, language training, emergency preparedness etc.)
- Increase of the use of modern technological solutions at the border-crossing points

3.3 Indicators

The following objectively verifiable indicators, reflecting the Programme needs have been identified in order to monitor the Programme achievements and report on the Programme progress:

- **output indicators** for each thematic objective, including the quantified target value, which are expected to contribute to the results;
- **result indicators** with a baseline value and a target value that correspond to the expected results for each priority.

Output indicators measure direct products of the projects implemented within the Programme and capture what the Programme is expected to deliver. They are only affected by the Programme and are in principle insensitive to any external impact. There are two types of output indicators: common output indicators and Programme-specific output indicators covering the aspects that are not covered by the common indicators.

1) Common output indicators

In response to strengthened EU accountability requirements and in order to allow the aggregation of output indicators across the programmes for monitoring and evaluation it is necessary to set a common framework for reporting Programme progress towards the defined goals. A list of common output indicators for the use of the CBC programmes²², taking into account standard EU indicators for external assistance has been communicated to all CBC programmes to choose the ones which best fit their programmes. This framework of common indicators will pave the way for improved communication of achievements both at Programme and instrument levels.²³ Actions reflected in common indicators are not more important than other actions reflected by Programme-specific indicators. The common output indicators assume implicitly that all actions undertaken by the programmes do have a specific cross-border value-added character or dimension, even if this is not explicitly expressed in the wording and/or definition of a particular individual indicator.

²² A list of common output indicators for ENI CBC Programmes, EEAS

²³ ENI CBC Programming Document, point 6.5

2) Programme-specific output indicators

As the list of common output indicators covers some, but not all actions, the Programme identified its Programme-specific indicators that reflect the specific actions of the Programme.

Defined **result indicators** measure the broader societal impact of priorities and correspond with the expected results of the Programme. They span beyond the direct beneficiaries of the support and cover a wider group of society. Defined result indicators to a certain extent are affected by the outputs of the Programme, but in general, they are also affected by other external factors that lay beyond the activities of the Programme. There is a causal link between the output and the result indicator, meaning that changes in the output indicator exert effect on its corresponding result indicator.

The expected results and corresponding result indicators for each priority, as well as output indicators for each priority are defined in the Logical Framework (Annex 5). The Monitoring and Evaluation Plan of the Kolarctic CBC Programme 2014–2020 provides a detailed definition for the Programme output and result indicators including rationale for their selection, source of verification, baselines and targets and calculation formulas. Baseline and target values for the result indicators will be defined at the latest before the call for proposals is launched. The Monitoring and Evaluation Plan will be updated by the Managing Authority (MA) and approved by the Joint Monitoring Committee (JMC) on an annual basis and sent to the related National Authorities of the participating countries, if requested.

3.4 Mainstreaming of cross-cutting issues

Environmental sustainability shall be reflected throughout the Kolarctic CBC Programme and financed projects, from the project selection process, to the project implementation phase. Every project must be evaluated based on criteria that ensure environmental sustainability throughout the Programme. Environmental sustainability concerns all aspects of cross border cooperation activities: economical, ecological, social and cultural cooperation. The Programme's and projects' impact on environment, climate and human wellbeing should be positive. Projects with a direct negative environmental impact shall not be financed under the Kolarctic CBC Programme.

In July 2009 the European Commission adopted the 2009 Review of the EU Sustainable Development Strategy (EU SDS)²⁴. According to the EU SDS, the Kolarctic CBC Programme shall promote the fight against climate change and the promotion of a low-carbon economy by financing projects related to environmental protection, climate change mitigation and adaptation. Environmental sustainability will be supported also by facilitation of projects, connected to the development of sustainable climate-proof transport and communication systems.

In the Russian Federation, the Ecological Doctrine of the Russian Federation adopted by the Government on August 31st 2002 which sets up the following priorities:

- ensure sustainable nature management,
- reduce pollution and ensure resource-saving,
- protect and restore the natural environment.

The Doctrine stipulates sets of measures aimed at environmental security in such areas as industrial production, healthy and environmentally secure living conditions, reduction of consequences of natural and anthropogenic disasters, better control over invasive species and genetically modified organisms.

Gender equality is a basic human right, and men and women must have the same rights, opportunities and obligations in different fields of society. The Kolarctic CBC Programme shall aim to contribute to the integration of gender perspective in all the stages of the implementation and monitoring of the Programme. Gender equality will be promoted by implementation of projects that strengthen the position of women and increase entrepreneurship among them, and thus facilitate women's inclusion in the local and regional development and economic growth of the Programme area. Considerable emphasis shall also be put on activities concerning cross-border cooperation of young people and women in the Programme area. Projects with a direct positive impact on equality between men and women shall be promoted by the Programme.

²⁴ <http://ec.europa.eu/environment/eussd/>

4. STRUCTURES AND APPOINTMENT OF THE COMPETENT AUTHORITIES AND MANAGEMENT BODIES

4.1 Joint Monitoring Committee (JMC)

The Joint Monitoring Committee (JMC) will be set up within three months of the date of the adoption of the Programme by the European Commission and its approval by National Authorities of the participating countries. The JMC will be composed of a maximum of six persons per country. As a rule, each country will be represented by four regional representatives and two representatives of the central government level. Each country will have one vote. The JMC members will be appointed on a functional basis. European Commission representatives will be involved in the JMC as observers. The JMC may invite other observers if requested.

The delegations (JMC) from each participating country cannot include representatives of all relevant stakeholders in the Programme area. This limitation imposes on each participating country and region the obligation to set up national and regional coordination mechanisms in order to guarantee the commitment and influence of stakeholders not represented in the delegation.

The JMC follows the implementation of the Programme and gives recommendations to the Managing Authority (MA) for the Programme implementation and evaluation. The JMC approves the criteria for project selection, is responsible for evaluation and for the selection procedure, makes the final decision on project selection, approves the MA's work programme and financial plan, approves the Technical Assistance budget and monitors the MA's implementation of the work programme and financial plan. The JMC examines and approves the annual reports, the annual monitoring and evaluation plans and the annual information and communication plans.

The main principles governing the work of the JMC are confidentiality, equal treatment, impartiality and compliance with the Programme rules. The JMC is the final decision making body of the Programme.

The first JMC meeting will be convened by the MA. The JMC meets at least once a year. The JMC draws up and adopts its Rules of Procedure. The decisions shall be made unanimously.

The JMC will carry out the following tasks:

1) Programme and financial management

- approve the MA's work programme and financial plan and monitor their implementation by the MA;
- examine and approve annual reports and the final report;
- examine and approve an annual information and communication plan and an annual monitoring and evaluation plan;
- approve any proposal to revise the Programme;
- examine all reports submitted by the MA, and if necessary, take appropriate measures;
- examine any contentious cases brought to its attention by the MA
- approve adjustments of the Programme financial plan.

2) Selection and management of projects

- is responsible for the evaluation and selection procedure applicable to projects to be financed by the Programme;
- approves the criteria for selecting projects to be financed by the Programme;
- makes the final decision on approval or rejection of the project applications and decide on the final sums granted to them.

3) Technical Assistance

- approve the Technical Assistance budget and the planned use of Technical Assistance;
- approve adjustments of the Technical Assistance budget.

4.2 Regional Assessment Groups (RAG) and external experts

The participating countries have decided to establish Regional Assessment Groups (RAGs) in each participating country to carry out the evaluation of the quality and relevance of the project applications.

The JMC makes the decision to establish RAGs. The members of each RAG are nominated by the respective participating country.

External experts might also be involved in the evaluation procedure if decided by the JMC.

The RAGs or external experts will evaluate the quality and relevance of the project applications vis-à-vis the Programme priorities and the strategies of the Programme regions, as described in Chapter 5.3.

4.3 The Managing Authority (MA) and its designation process

The countries participating in the Kolarctic CBC Programme have decided that the Regional Council of Lapland in Finland will act as the Managing Authority (MA) of the Programme and thus ensure continuation of practices developed during the period 2007–2013 in the management of the Kolarctic ENPI CBC Programme. It is recommended that persons from the whole Programme area participate in the work of the MA. The MA will have a mandate to act as a Programme body after establishing the JMC. The Regional Council of Lapland is a regional organization. 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 started as Managing Authority for the Barents IIA Programme during the 1996–1999 period, followed as Managing Authority of the Interreg IIIA North Programme 2000–2006 and continued as Joint Managing Authority of the Kolarctic ENPI CBC Programme 2007–2013. 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 CBC Programme.

The MA will be officially designated by the Ministry of Employment and the Economy of Finland. The designation decision (ministerial order) is based on a report and an opinion of the Audit Authority of the programme which acts as independent audit body and will assess the compliance of the management and control systems with the designation criteria laid down in ENI CBC Implementing Rules. The Audit Authority of the programme (Ministry of Finance, control function) is functionally independent from the Managing Authority and will carry out its work according to internationally accepted audit standards.

A tentative timeline of the MA designation process:

- Appointment of the MA by the Participating countries in the first Joint Programming Committee in September 2013
- Report and opinion of the independent audit body (Audit Authority) about the compliance of the management and control systems after adoption of the JOP was submitted in November 2017
- Designation decision by the Finnish Ministry of Employment and the Economy was made in March 2018

The MA has the responsibility for managing the Programme in accordance with the principle of sound financial management and for ensuring legality and regularity of its operations. It is also responsible for the compliance of the decisions of the JMC with the regulations and provisions in force.

The Regional Council of Lapland, acting as the MA for the Kolarctic CBC Programme, will produce a detailed description of the procedures and organization of the MA and of the Programme. The procedures will be described in a description of the management and control systems, which will be approved by the Audit Authority and the Member State hosting the Managing Authority (Finland). The description of management and control systems will be regularly validated throughout the Programme implementation.

The Managing Authority will carry out the following tasks:

1) Programme management,

- support the work of the Joint Monitoring Committee;
- give informational support to the National Authorities about the projects and Programme on request
- draw up and submit annual reports and the final report to the European Commission and the governments of the participating countries;
- share information with the Audit Authority and beneficiaries that is relevant to the execution of their tasks or project implementation;
- establish and maintain a computerized system to record and store data on each project necessary for monitoring, evaluation, financial management, control and audit, including data on individual participants in projects;
- by the request of the Russian project beneficiary or project partners, to provide confirmation about the participation of the certain organization in the project of the Programme in order Russian partners could apply for the customs duties and tax exemption;
- carry out, where relevant, environmental impact assessment studies at Programme level;
- implement information and communication plans and monitoring and evaluation plans.

2) Selection and management of projects

- draw up and launch the selection procedures;
- manage the project selection procedures;
- provide the lead beneficiary with a document setting out the conditions for support for each project including the financing plan and execution deadlines;
- in case of problems contact all project partners with a view to resolve the problems;
- sign contracts with lead beneficiaries;
- manage projects.

3) Technical Assistance

- manage the contract award procedures;
- sign contracts with contractors;
- manage contracts.

4) Financial management and control of the Programme

- verify that services, supplies or work have been performed, delivered and/or installed and whether the expenditure declared by the beneficiaries has been paid by them and that this complies with applicable law, Programme rules and conditions for support of the projects;
- ensure that beneficiaries involved in project implementation maintain either a separate accounting system or a suitable accounting code for all transactions relating to a project; put in place effective and proportionate anti-fraud measures taking into account the risks identified;
- set up procedures to ensure that all documents regarding expenditure and audits required to ensure a suitable audit trail are held in accordance;

- draw up the management declaration and annual summary;
- draw up and submit payment requests to the European Commission;
- draw up the annual accounts;
- take account of the results of all audits carried out by or under the responsibility of the Audit Authority when drawing up and submitting payment requests;
- maintain computerized accounting records for expenditures declared to the Commission and for payments made to beneficiaries;
- keep an account of amounts recoverable and of amounts reduced following cancellation of all or part of the grant.

Verifications of financial management and control of the Programme will include the administrative verifications for each payment request by beneficiaries and on-the-spot project verifications.

The frequency and coverage of the on-the-spot verifications will be proportionate to the amount of the grant to a project and the level of risk identified by these verifications and audits by the Audit Authority for the management and control systems as a whole. On-the-spot project verifications may be carried out on a sample basis.

The personnel of the MA will be nominated according to the rules and procedures of the Regional Council of Lapland. Personnel of the Branch Offices shall be nominated according to agreed-upon procedures. The MA and the Branch Offices in cooperation work with the public and the stakeholders in all languages of the Programme region, in addition to the English language.

4.4 National Authorities (NA)

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.

Each participating country appoints a National Authority (NA) to support the Managing Authority in the management of the Programme in accordance with the principle of sound financial management.

The countries participating in the Kolarctic CBC Programme 2014–2020 have designated the following bodies as their respective National Authorities:

Finland: Ministry of Economic Affairs and Employment, Regions and Growth Services, Cohesion Policy and Structural Funds

Russia: Ministry of Economic Development of the Russian Federation, Department for Regional and Cross-Border Cooperation Development, Unit for Regional and Cross Border Cooperation Development, Department for Development and Regulation of External Economic Activities Mineconomy Russia

Sweden: Ministry of Enterprise and Innovation, Department for Sustainable Growth, Division for Regional Growth and Cohesion Policy

Norway: Ministry of Local Government and Modernisation, Department of Regional Development, Europe and the North

The task of the NA is multidimensional, it:

- supports the Managing Authority in the management of the Programme in accordance with the principle of sound financial management.

- is responsible for the set up and effective functioning of management and control systems at the national level
- ensures the overall coordination of the institutions involved at national level in the Programme implementation, including the institutions acting as Control Contact Points and as members of the Group of Auditors
- represents the country in the Joint Monitoring Committee
- In the Russian Federation the national authority is the ultimate responsible body for implementing the provisions set out in the Russia-EU financing agreement.

Participating countries will prevent, detect and correct irregularities, including fraud and the recovery of amounts unduly paid on their territories and notify these irregularities without delay to the Managing Authority and the European Commission and keep them informed of the progress of related administrative and legal proceedings.

4.5 Branch Offices (BO)

Branch Offices (BO) will be established in Norway, Russia and Sweden. BOs will be established as a legal entities or under regional administrations. If necessary, hosting organizations will be selected via tendering procedures or by JMC decision based on the recommendation of the country where the BO is expected to be established.

In the case of the Russian BO, the Managing Authority will sign the contract with the BO and take care of the recruitment of the personnel with strong/requisite consideration of the recommendations provided by the Russian members of the Joint Monitoring Committee. In the case of the Russian BO all agreements with the hosting organization and requirements specification should be aligned with the Russian legislation and agreed by the Russian National Authority. The level of salaries shall take into account the level of qualification and expertise required by the position/s.

The Branch Offices shall work in cooperation and under the guidance of the Managing Authority. The BOs will report on their activities in the annual report to be submitted for approval of the JMC. The number and final location of the BOs will be decided by the Joint Monitoring Committee after confirmation of the available Technical Assistance (TA) budget. In order to fulfil the tasks covered by the BOs sufficient resources shall be designated in all participating countries.

The Russian Federation has expressed the need for three Branch Offices on its territory: in Murmansk and Arkhangelsk regions and Nenets Autonomous Okrug. In order to comply with the principle of equality, the dissemination of information about the Kolarctic CBC Programme shall be ensured in all Programme regions.

Branch Offices will:

- a) assist the Programme MA in fulfilling its Programme management tasks on the Norwegian, Russian and Swedish side
- b) assist the MA in the project selection procedures and in the follow-up and monitoring of on-going projects
- c) work with communication and information in line with the Programme's communication strategy and annual communication plans
- d) provide information to project partners and give guidance to potential applicants
- e) assist the national and regional authorities in their work with the Programme
- f) assist the MA in its contacts with Norwegian, Russian and Swedish beneficiaries
- g) provide the national and regional authorities with the information they need to carry out their tasks in the Joint Monitoring Committee

h) The Russian BOs shall send reports on Programme implementation to the Russian authorities on a quarterly basis and at their request

i) The Russian BOs will organise events on the Russian side of the Programme area; the events and the participation of Russian authorities in Programme events etc. will be covered from the TA budget within the limits of the approved annual TA budget.

Procurement by branch offices shall be limited to ordinary running costs and costs for communication and visibility activities.

The procurement rules to be used by the Russian BOs are set out in the Russia-EU financing agreement.

4.6 The Audit Authority (AA) and the Members of the Group of Auditors (GoA)

The Audit Authority (AA) is situated in Finland and is functionally independent from the Managing Authority. The participating countries have appointed the Control function of the Ministry of Finance (Finland) to act as the Audit Authority in the Kolarctic CBC Programme. All ENI CBC programmes, which have their Managing Authorities in Finland (Kolarctic CBC Programme, Karelia CBC Programme and South-East Finland-Russia CBC Programme) will appoint the same authority to take the responsibility of the Audit Authority. The Audit Authority ensures that audits are carried out on the management and control systems, on an appropriate sample of projects and on the annual accounts of the Programme. The Audit Authority will be assisted by a Group of Auditors comprising a representative of each participating country in the Programme. The Audit Authority ensures that the audit work complies with internationally accepted auditing standards. A Group of Auditors comprising a representative of each participating country assists the Audit Authority. Where audits are carried out by a body other than the Audit Authority, the Audit Authority will ensure that this body has the necessary functional independence.

Within nine months of the signature of the financing agreement, the Audit Authority submits an audit strategy for performance of audits to the European Commission and the Government of the Russian Federation. The Audit Authority draws up an audit opinion on the annual accounts and an annual report providing a summary of audits carried out, including an analysis of the nature and extent of errors and weaknesses identified, both at the system level and for projects, as well as the corrective actions taken or planned. The European Commission and if it is needed the Government of the Russian Federation cooperates with the Audit Authority to coordinate its audit plans and methods and will share the results of the audit carried out on management and control systems of the Programme.

Relevant audit bodies of the Russian Federation and Finland may conduct documentary and on-the-spot check on the use made of the Programme funding, used in Finland and Russia, and may carry out a full audit in these countries, throughout the duration of the Russia-EU financing agreement and for five years after the date of the last payment according to the principles defined in the financing agreement signed between the EU and the Russian Federation.

Swedish and Norwegian beneficiaries will not benefit from Russian national co-financing within the Kolarctic CBC Programme. As a consequence the Russian Federation will not participate in verifications and checks carried out on activities funded within the Kolarctic CBC Programme on the territory of Sweden and Norway.

The following institutions will be represented in the Group of Auditors:

Finland: Ministry of Finance

Russia: Ministry of Finance of the Russian Federation, Department for International Financial Affairs

Sweden: Swedish national financial management authority, Department for Audit of EU funds under shared management

Norway: The Auditor General of Norway

4.7. Control Contact Points (CCP)

The participating countries will appoint Control Contact Points (CCPs) for supporting the Managing Authority in its control tasks. Tasks of the CCPs may include, for example, providing clarification on national rules, supporting controls conducted by the Managing Authority on the national territory, preselection of independent auditors, quality control of the work of auditors and endorsement of independent auditors selected by beneficiaries, varying in each participating country.

The Participating countries have nominated the following organizations to act as Control Contact Points:

Finland: Ministry of Economic Affairs and Employment, Advisory Staff

Russia: Ministry of Economic Development of the Russian Federation, Separate Deputy Head of Department for Development and Regulation of External Economic Activities

Sweden: Swedish Agency for Economic and Regional Growth, Division of Control

Norway: Ministry of Local Government and Modernisation, Department of Regional Development

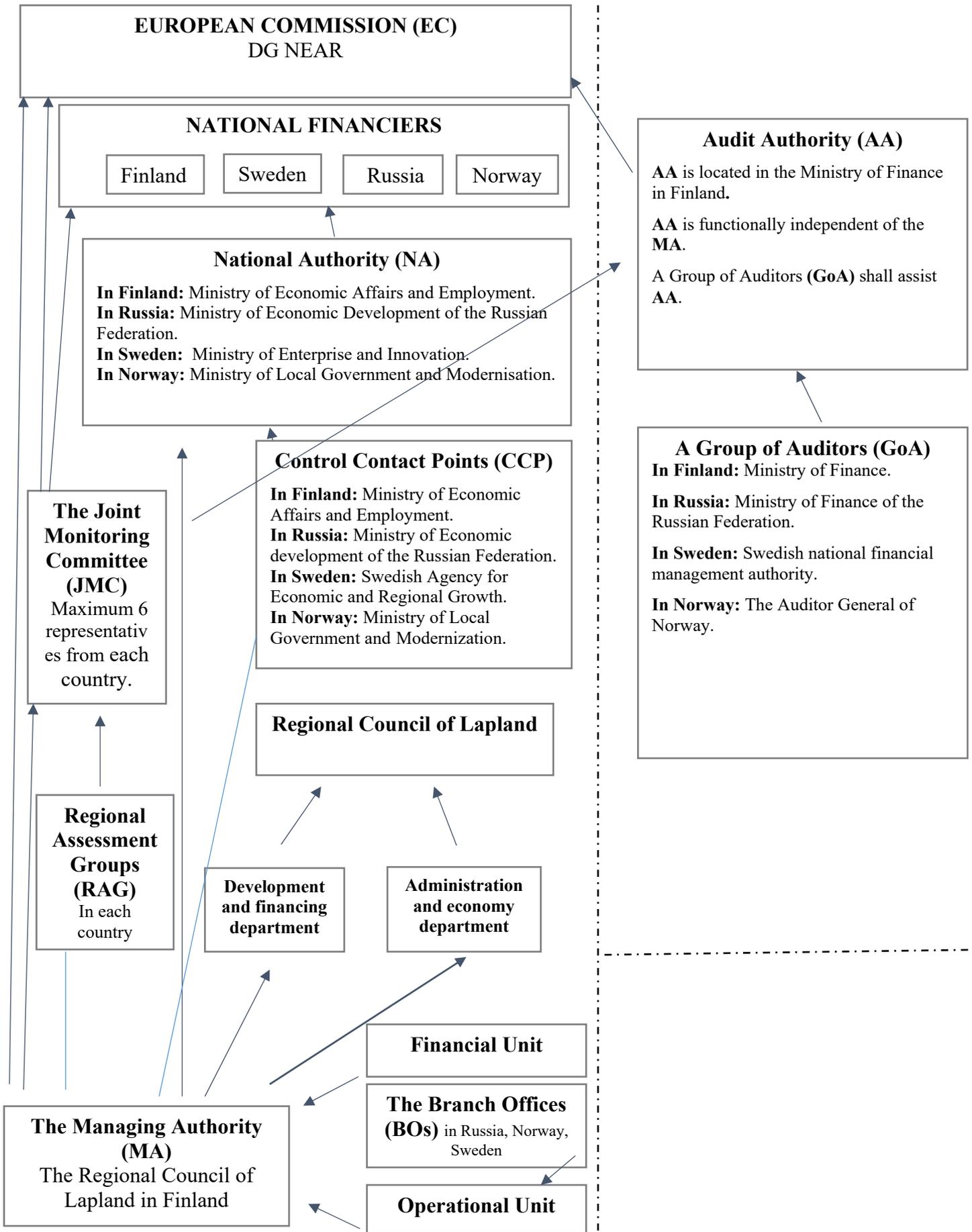


Figure 6. Segregation of duties between the competent authorities and management bodies.

5. PROGRAMME IMPLEMENTATION

5.1 Summary description of the management and control systems

Functions of each body involved in the management and control of the Programme

The Kolarctic CBC Programme is implemented in shared management with a Member State. The general principles of the management and control systems are defined in Article 30 of Commission Implementing Regulation (EU) No 897/2014. The general principles of management and control systems are a functionality of each body involved in management and control, including division of functions within each body, their internal organization in compliance within the principle of separation of functions between and within such bodies. Management and control systems will include procedures for ensuring correctness and regularity of expenditure declared, electronic data systems for accounting, storage, monitoring and reporting. Functionality of the management and control systems, including arrangements for auditing and adequate audit trail, will be ensured by the Managing Authority.

A full description of the Management and Control systems is prepared, in compliance with the requirements laid down in the Commission Implementation Regulation (EC) No 897/2014 of 18 August 2014 and will be submitted to the European Commission. Furthermore, management and control systems will include contract award procedures for technical assistance and project selection procedures, as well as the role of National Authorities and responsibilities of the participating countries in accordance with Article 31.

Responsible authorities and bodies for the Programme management and control are:

- the Joint Monitoring Committee (JMC)
- the Regional Assessment Groups established in each participating country (RAG)
- the Managing Authority (MA) in the Regional Council of Lapland, Finland
- Branch Offices (BOs) in Norway, Russia and Sweden
- the Audit Authority (AA) together with the Group of Auditors (GoA)
- Control Contact Points in each participating country (CCP).

Table 5. Management and control bodies of the Programme.

Structure / authorities / body *)	Name of the Authority	Other information	Tasks	Number of participants /staff	Contact information/ Country
The Joint Monitoring Committee (JMC)		Four (4) regional and two (2) representatives from the central government level from the participating countries.	JMC will follow the programme implementation and progress and give recommendations to the Managing Authority for the programme implementation and evaluation. The Joint Monitoring Committee will make a final decision on approval or rejection of project applications. The Functions of the Joint Monitoring Committee are defined in Article 24.	Finland (6), Russia (6), Sweden (6), Norway (6) total 24.	Finland, Russia, Sweden and Norway
The Managing Authority (MA)	The Regional Council of Lapland	The participating countries have decided the model of the management system of the Managing Authority as follows: Head of the MA and staff for the operational and financial management.	MA will be responsible for implementation of the Joint Operational Programme (JOP) in accordance with the principle of sound financial management and for ensuring the decision of the JMC comply with the applicable laws and provisions. The Functions of the Managing Authority are defined in Article 26.		Rovaniemi, Finland
Branch Office(s) (BO)	Murmansk, Arkhangelsk, Nenets (tbc by the JMC)		Will include communication, information, assistance to the Managing Authority in the project evaluation and implementation follow-up.	Programme coordinators	Murmansk and Arkhangelsk, Russia
Branch Office (BO)	County Administrative Board of Norrbotten		Will include communication, information, assistance to the Managing Authority in the project evaluation and implementation follow-up.	Programme coordinator (1)	Luleå, Sweden
Branch Office (BO)	Finnmark County Authority		Will include communication, information, assistance to the Managing Authority in the project evaluation and implementation follow-up. BO in Norway has responsibility for handling the Norwegian equivalent funding.	Programme coordinator and Programme auditor	Vadsø, Norway
National Authority (NA)	Ministry of Economic Affairs and Employment, Regions and Growth Services, Cohesion Policy and Structural Funds		NA will be responsible for the set up and effective functioning of management and control systems at national level. NA will ensure the overall coordination of the institutions involved at the national level in the programme implementation. Represents its country in the Joint Monitoring Committee.		Finland
National Authority (NA)	Ministry of Economic Development, Department for Regional and Cross-Border Cooperation Development, Unit for Regional and Cross Border Cooperation Development, Department for Development and Regulation of External Economic Activities Mineconomy Russia		NA will be responsible for the set up and effective functioning of management and control systems at national level. NA will ensure the overall coordination of the institutions involved at the national level in the programme implementation. Represents its country in the Joint Monitoring Committee.		Russia
National Authority (NA)	Ministry of Enterprise and Innovation, Department for Sustainable Growth, Division for Regional Growth and Cohesion Policy		NA will be responsible for the set up and effective functioning of management and control systems at national level. NA will ensure the overall coordination of the institutions involved at the national level in the programme implementation. Represents its country in the Joint Monitoring Committee.		Sweden
National Authority (NA)	The Ministry of Local Government and Modernization, Department of Regional Development, Europe and the North		NA will be responsible for the set up and effective functioning of management and control systems at national level. NA will ensure the overall coordination of the institutions involved at the national level in the programme implementation. Represents its country in the Joint Monitoring Committee.		Norway

* The Joint Monitoring Committee, the Managing Authority, the Branch Offices and the National Authorities.

Table 6. Management and control bodies of the Programme.

Structure / authorities / body *)	Name of the Authority	Other information	Tasks	Number of participants /staff	Contact information/ Country
Audit Authority (AA)	The Ministry of Finance	AA is situated in the Member State in Finland.	AA is functionally independent of the Managing Authority.		Finland
Group of Auditors (GoA)	Ministry of Economic Affairs and Employment, Enterprises and Regional Development department, the Coordination –group	The participating countries will appoint a representative to the group of auditors.	The Group of Auditors will assist the Audit Authority.		Finland
Group of Auditors (GoA)	The Ministry of Finance of the Russian Federation, Department for International Financial Affairs	The participating countries will appoint a representative to the group of auditors.	The Group of Auditors will assist the Audit Authority.		Russia
Group of Auditors (GoA)	Swedish national financial management authority, Department for Audit of EU funds under shared management	The participating countries will appoint a representative to the group of auditors.	The Group of Auditors will assist the Audit Authority.		Sweden
Group of Auditors (GoA)	The Office of the Auditor General of Norway	The participating countries will appoint a representative to the group of auditors.	The Group of Auditors will assist the Audit Authority.		Norway
Control Contact Points (CCP)	Ministry of Economic Affairs and Employment, Enterprises and Regional Development department, the Coordination –group		CCP will support the Managing Authority in its control tasks. National Authorities (NA) will be responsible for functions of the Control Contact Points.		Finland
Control Contact Points (CCP)	Ministry of Economic development, Separate Deputy Head of Department for Regional and Cross Border Cooperation		CCP will support the Managing Authority in its control tasks. National Authorities (NA) will be responsible for functions of the Control Contact Points.		Russia
Control Contact Points (CCP)	Swedish agency for economic and regional growth, Department for Regions, Division for Interreg and Regional		CCP will support the Managing Authority in its control tasks. National Authorities (NA) will be responsible for functions of the Control Contact Points.		Sweden
Control Contact Points (CCP)	Ministry of Local Government and Modernisation, Department of Regional Development,		CCP will support the Managing Authority in its control tasks. National Authorities (NA) will be responsible for functions of the Control Contact Points.		Norway
Regional Assessment Group (RAG)		The participating countries have approved the project selection procedure.	A regional assessment group in each participating country will evaluate applications' quality and relevance. External experts might be involved in the evaluation procedure if necessary.		Finland, Russia, Sweden and Norway

The Audit Authority, the Group of Auditors, the Control Contact Points and Regional Assessment Group.

The Joint Monitoring Committee is the main decision-making body of the Programme comprising representatives from all participating countries. It follows the implementation of the Programme on the overall level and gives recommendations to the Managing Authority for the Programme implementation and evaluation. Further, the Joint Monitoring Committee is responsible for the evaluation and project selection procedure and makes the final decision on project selection. The Joint Monitoring Committee approves the Managing Authority's work programme, financial plan, Technical Assistance budget, as well as monitors the implementation of the work programme and financial plan. The Joint Monitoring Committee will be set up within three months after the Joint Operational Programme has been approved by the European Commission following its approval by related National Authorities of the participating countries. Tasks of the Joint Monitoring Committee are described in Chapter 4.1.

The Managing Authority will carry out the majority of the tasks related to the overall Programme implementation and works according to the annual work programme approved by the Joint

Monitoring Committee. Segregation of operational and financial tasks will be ensured within the Managing Authority. Segregation of duties will be described in the description of the management and control systems. Tasks of the Managing Authority are described in Chapter 4.3.

National Authorities represent the country in the Joint Monitoring Committee. National authorities support the Managing Authority in the management of the Programme in accordance with sound financial management. National Authorities will ensure the coordination of the institutions involved at the national level in the Programme implementation. Tasks of the National Authorities are described in Chapter 4.4.

The Managing Authority shall be assisted by the Branch Offices in Norway, Russia and Sweden. Branch Offices will work under the supervision of the Managing Authority. Tasks of the Branch Offices are described in Chapter 4.5.

The Audit Authority will ensure that audits are carried out on the management and control systems, on an appropriate sample of projects and on the annual accounts of the Programme. The Audit Authority is assisted by the Group of Auditors. Functions of the Audit Authority and the Group of Auditors are described in Chapter 4.6.

Control Contact Points support the Managing Authority to fulfil its project level control and verification tasks. Control Contact Points will provide information and clarifications on the national rules. The tasks of the Control Contact Points are described in Chapter 4.7.

Procedures for ensuring the correctness and regularity of declared expenditure

Expenditures declared by the beneficiary shall be examined by independent auditors, selected by the project beneficiaries in each country. The auditors will examine whether the costs declared by the beneficiary and the revenue of the project are real, accurately recorded and eligible in accordance with the grant contract.

The examination will be performed on the basis of an agreed-upon procedure in accordance with the ISRS 4400 (International Standard on Related Services) and Code of ethics of the IFAC (International Federation of Accountants). The auditor has to meet at least one of the following requirements:

- (a) be a member of a national accounting or auditing body or institution which in turn is member of the IFAC;
- (b) be a member of a national accounting or auditing body or institution. Where this body is not a member of the IFAC, the auditor shall commit to undertaking the work in accordance with IFAC standards and ethics;
- (c) be registered as a statutory auditor in the public register of a public oversight body in a EU Member State in accordance with the principles of public oversight set out in Directive 2006/43/EC
- (d) be registered as a statutory auditor in the public register of a public oversight body in a CBC partner country, provided this register is subject to principles of public oversight as set out in the legislation of the country concerned.

The auditors meeting the above-mentioned criteria are selected by the project beneficiaries. In addition to the verification performed by the independent auditors, the Managing Authority may perform its own verifications on the financial management and control of the Programme and on the spot verifications on projects. The Managing Authority's verification tasks are described in Chapter 4.3. National Authorities and Control Contact Points will support the Managing Authority in its control tasks.

The Audit Authority ensures that audits are carried out on an appropriate sample of projects to ensure the functionality and reliability of the control and verification system.

Electronic data systems for accounting, storage, monitoring and reporting

The Kolarctic CBC Programme has a programme management system, PROMAS, which is used for programme and project management and monitoring. At the project level the Managing Authority uses the electronic system both for operational and for financial follow up. Payments to the applicants are recorded on a separate electronic accounting system, ProEconomica. The information within these two systems will be compared on a regular basis.

The programme management system (PROMAS) is prepared in cooperation between the three CBC Programmes having their Managing Authorities situated in Finland. All Programmes use the same electronic system but have separate data. The system and database are secured and only a restricted number of people have access to the system. The database shall respect the security standards and confidentiality demands and follow the relevant legislation.

Project beneficiaries shall use the programme management system PROMAS for the narrative and financial reporting. All the reporting material produced by projects shall be stored in the database. The Managing Authority uses PROMAS to collect and summarize the information about projects to be used for the drafting of the annual reports and other possible reports and evaluations.

The electronic system provides also a platform for the internal monitoring of projects conducted by the Managing Authority that is performed with the internal project qualitative monitoring (IPQM) tool. The internal monitoring is performed using the Internal Project Qualitative Monitoring (IPQM), which is based on principles of the Results-Oriented-Monitoring (ROM) and Project Cycle Management (PCM) approaches and will be integrated in the programme management system PROMAS. Reports, findings and recommendations of the internal project qualitative monitoring are stored in the database and are available under the files of each project in question.

Arrangements for auditing the functions of the management and control systems

The Audit Authority will carry out the audit on management and control systems. Management and control systems are checked and audited by the Audit Authority during the designation process of the Managing Authority, and on annual basis during the Programme implementation period.

In the annual report the Managing Authority will send a management declaration confirming that the information in the annual report is properly presented, complete and accurate; the expenditure was used for its intended purpose and the control systems put in place gave the necessary guarantees concerning the legality of the underlying transactions. The annual report also includes information about the controls carried out by the Managing Authority including an analysis of the nature and extent of errors and weaknesses identified in systems as well as the planned corrective actions.

The Audit Authority's opinion on the Programme's annual accounts will be included into the Programme's annual report which will be sent to the European Commission and to the Governments of participating countries, if requested. The audit opinion on the annual accounts given by the Audit Authority shall ensure that the accounts give a true and fair view, the related transactions are legal and regular and the control systems put in place function properly. The Audit Authority provides, on an annual basis, a summary of the audits carried out including an analysis of the nature and extent of errors and weaknesses identified, both at a system level and for projects.

The organization hosting the Managing Authority has an internal auditor. The internal auditor ensures that the Programme is administrated according to the relevant legislation and procedures that are agreed-upon between the participating countries.

Systems and procedures to ensure an adequate audit trail

The procedures for contracting, reporting and payments are developed to ensure adequate audit trails. The grant contract will be based on the application with a clear activity plan and related budget. Reporting by the beneficiaries will be based on the signed grant contract and activities implemented accordingly. The expenditure declared has to originate from the approved project plan. The bookkeeping by the beneficiaries shall be organized according to sound financial management principles. All the costs reported and declared by the beneficiaries have to be recorded in the beneficiaries' accounting files and the original invoices have to be available.

Both the Managing Authority and the beneficiaries will keep all documents related to the Programme or a project for five years from the date of payment of the balance for the Programme. They shall keep reports, supporting documents, as well as accounts, accounting documents and any other document relating to the financing of the Programme and projects.

Procedures for prevention, detection and correction of irregularities including fraud and the recovery of amounts unduly paid together with any interest

The Managing Authority is responsible for preventing and investigating irregularities and for making the financial corrections required and pursuing recoveries. In the case of a systemic irregularity, the Managing Authority will extend its investigation to cover all operations potentially affected. Key tools to prevent the irregularities are the regular reports by the projects – including audit reports and expenditure verification reports, additional verifications and on the spot checks by the Managing Authority and the Branch Offices, regular monitoring of the progress of operations and sample checks organized by the Audit Authority.

Procedures for prevention, detection and correction of irregularities, including fraud and the recovery of amounts unduly paid, plus any interest, will be included in the management and control systems.

The Managing Authority will make financial corrections required in connection with individual or systemic irregularities detected in projects, technical assistance or in the Programme. Financial corrections will consist of cancelling all or part of the Programme contribution to a project or to technical assistance. The Managing Authority takes into account the nature and gravity of the irregularities and the financial loss and applies a proportionate financial correction. Financial corrections will be recorded in the annual accounts by the Managing Authority for the accounting year in which the cancellation is decided.

The Managing Authority is responsible for pursuing the recovery of amounts unduly paid. Managing Authority will recover the amounts unduly paid, plus any interest on late payment, from the lead beneficiary. The concerned beneficiaries will repay the lead beneficiary the amounts unduly paid in accordance with the partnership agreement signed between them. If the lead beneficiary does not succeed in securing repayment from the concerned beneficiary, the Managing Authority will formally notify the latter to repay to the lead beneficiary. If the concerned beneficiary does not repay, the Managing Authority requests the participating country in which the concerned beneficiary is established, to reimburse the amounts unduly paid.

If the concerned beneficiary who does not repay is located in Finland, Sweden or Norway, the Managing Authority will request the EU Member state (Finland or Sweden) or Norway to reimburse

the amounts unduly paid. The State in question pays the due amount to the Managing Authority and claims it back from the beneficiary.

Liabilities of the Russian Federation in prevention, detection and correction of irregularities, including fraud and recovery procedures are stated in the financing agreement.

Contract award procedures for technical assistance and project selection procedures

Technical Assistance

For the Technical Assistance procurements the Finnish National procurement rules shall be applied in cases where the Managing Authority is responsible for procurements. Branch Offices may conduct procurements connected to an office's ordinary running costs and visibility actions of the Programme. If procurement procedures are conducted in the Russian Federation, the procurement rules are as stated in the financing agreement. For Norway, national procurement rules apply.

Project selection procedures

The projects for the Kolarctic CBC Programme are selected either through call for proposals or as direct awards without a call for proposals. Project selection procedure via Calls for Proposals is described in Chapter 5.3. Proposals via direct award are described in Chapter 5.4.

The role of National Authorities and the responsibilities of the participating countries

National Authorities are responsible for the set up and effective functioning of management and control systems at the national level. National Authorities ensure the overall coordination of the institutions involved at national level in Programme implementation, including the institutions acting as Control Contact Points and as members of the Group of Auditors. National Authorities also represent their country in the Joint Monitoring Committee. The National Authority of the Russian Federation is the ultimate responsible body for implementing the provisions set out in the financing agreement signed between the Russian Federation, the European Union and Finland.

Participating countries will support the Managing Authority to ensure that management and control systems set up for the Programme function effectively.

Participating countries will prevent, detect and correct irregularities, including fraud and the recovery of amounts unduly paid, plus any interest in their territories. They will notify these irregularities without delay to the Managing Authority and the European Commission and the Government of the Russian Federation and keep them informed of the progress of related administrative and legal proceedings.

5.2 Timeframe for Programme implementation

The period of implementation of the Programme starts on the date of the adoption of the Kolarctic CBC Programme by the European Commission and ends on 31st of December 2024 at the latest. The preparatory actions to set up the management and control systems can be started after the submission of the Joint Operational Programme to the European Commission and Government of the Russian Federation. The full launching of Programme activities is pending on the entry into force of the respective financing agreement.

The Joint Monitoring Committee decides about the launch of the Calls for Proposals on an annual basis (annual work programme). More than one Call for Proposals per year may be organized if necessary.

Contracts for large infrastructure projects have to be signed before 30 June 2019. All other contracts have to be signed before 31 December 2021. All project activities shall end on 31 December 2022 at the latest. Activities linked to the closure of the Programme may continue until 30 September 2024.

5.3 Project selection procedures

Projects selected for financing under the Kolarctic CBC Programme are selected either via Calls for Proposals or as direct awards without call for proposals. Equal treatment and transparency, non-discrimination, objectivity and fair competition will be complied with at all levels of the project selection procedure and the same rules and conditions will be applied to all applicants. In order to secure the above mentioned principles the eligibility and evaluation criteria will be specified in the Guidelines for the Call for Proposals and published on the Programme website on the date when the Call for Proposals is opened. The eligibility and evaluation criteria will be applied as they have been published and will not change in the course of the Call for Proposal in question.

Calls for Proposals will be organized, as a rule, as Open calls for Proposals applying the one-step application procedure (Full application). The Joint Monitoring Committee has a possibility to decide to use the two-step application procedure (Concept Note and Full Application) when necessary.

Calls will be non-thematic as a rule. The Joint Monitoring Committee has a possibility to decide to organize Thematic Calls when necessary.

Calls can be opened both for standard and micro-scale project proposals. The Joint Monitoring Committee decides the type of proposals for each Call. The selection procedure for standard and micro project applications is the same, but the Application Pack and its documents can be simplified for Calls for micro scale projects.

Concerning standard projects, integrated and symmetrical projects are recommended. Large Infrastructure Projects (LIP) are mainly symmetrical or single-country projects.

Each project shall have at least one partner from the participating Member State (Finland or Sweden) and one from the participating partner country (Russia).

The Joint Monitoring Committee approves the annual plan for the Call for Proposals. Selection and award criteria will be defined in the evaluation grid and pre-announced in the Guidelines for Calls for Proposals, approved by the Joint Monitoring Committee.

Project applications are submitted to the Managing Authority via the electronic management system PROMAS, as well as a hard copy.

The Managing Authority, with the assistance of the Branch Offices conducts an eligibility check of the received applications. The eligibility check consists of an administrative check and the checking of the financial aspects of the application:

- Application's accordance with the Joint Operational Programme (JOP)
- Eligibility of the planned activities, partners and costs
- Cost-effectiveness of the planned activities (Is the ratio between the estimated costs and the expected results satisfactory?)

The Managing Authority may request applicants to submit missing information or/and clarification by a set deadline if essential information is missing. If the applicant did not submit additional information or/and clarification to the Managing Authority by the set deadline, the application will not pass the eligibility evaluation (administrative check).

The Managing Authority will send applications, which are eligibility checked and approved by the MA or BOs, to the Regional Assessment Groups in each country for an evaluation of the quality and the relevance of the application. Each application will be screened and scored by all RAGs using the criteria defined in the evaluation grid. The MA will set a deadline for RAGs for reporting back on the quality evaluation.

Evaluation of the application's quality includes assessment of the quality of the project plan according to the Project Cycle Management (PCM) principles; quality of the logical framework (LF); quality of the partnerships (for example number of partners from participating countries, added value of the partnership, role of partners in project implementation etc.)

Evaluation of the application's relevance includes assessment of the cross-border cooperation impact; relevance of the content in relation to regional/national/joint strategies; relevance of the timing of the implementation; relevance of the implementation and likelihood of achievement of the set goals; assessment of the expected results towards the Programme-specific indicators.

The RAGs send their evaluations back to the MA who will aggregate these results and establish a ranking list based on the average of the total scores of all RAGs. In case a RAG can not be established, external experts will do the assessment. In case of a significant difference in the total scores of RAGs the JMC may reassess the application using the same evaluation grid as RAGs.

The JMC makes the final decision on approval or rejection of the project application according to the ranking of projects based on the total average scores given by the RAGs. The JMC creates the final list of projects to be financed and may also create a reserve list consisting of projects fulfilling the selection criteria but rejected because of the lack of funds. Decisions of the JMC will be made unanimously. Each participating country will have one vote, regardless of the number of representatives it has appointed. The meeting and decision-making procedure will be stated in the Rules of Procedure of the JMC. The decision-making procedure is based on full equality and partnership between the participating countries, which is reflected in the composition and designation of members and the selection of consensual decision-making.

All applicants will be informed about the results of the selection process. If the grant requested is not awarded, the Managing Authority provides a justification for the rejection of the application with reference to the selection and award criteria that are not met. A list of awarded contracts will be published by the Managing Authority on the Programme website and updated on a regular basis. The Managing Authority prepares Grant Contracts for the approved projects. The Grant Contract will be signed by the Managing Authority and the Lead Partner.

Indicative timeline for the project selection procedure:

- within max. two months after the Call is closed: eligibility check of the applications conducted by the MA and BOs and the quality and relevance assessment by the RAGs or external experts;
- within max. two months after the RAGs' assessment: meeting of the JMC for the approval of the applications;
- within max. six months after the Call is closed: signature of contracts between the Lead Partner and the MA.

Application selection procedure in the Kolarctic CBC 2014–2020 Programme

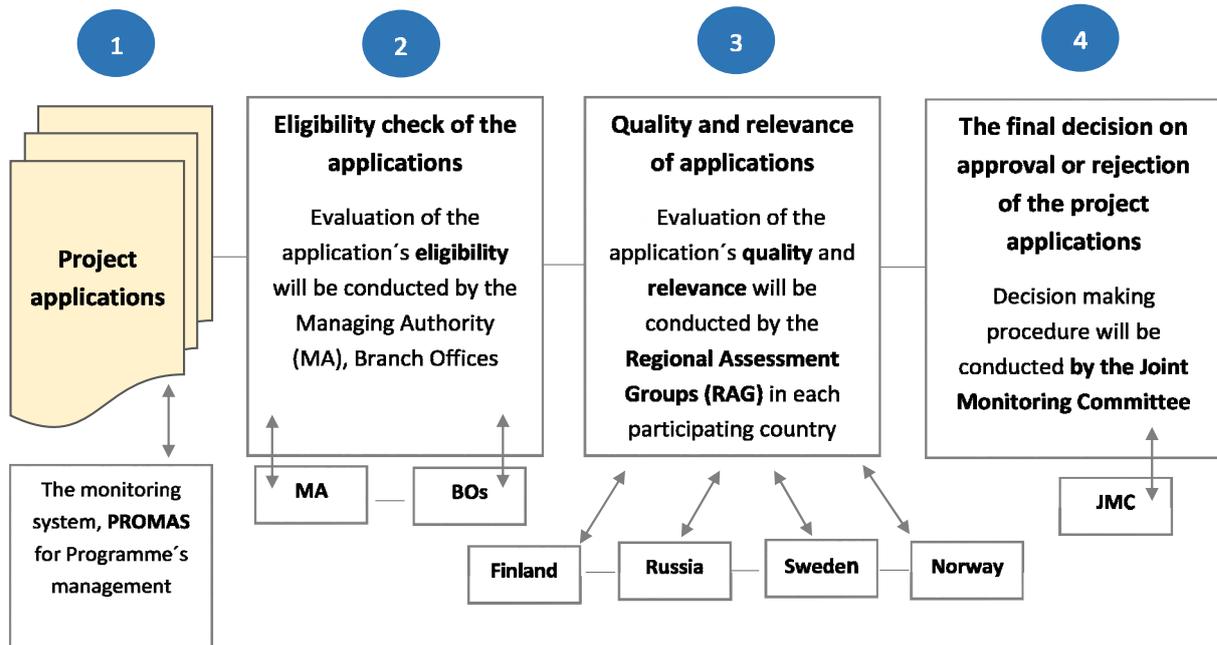


Figure 7. Application selection procedure in the Kolarctic CBC Programme 2014–2020.

5.4 Direct award / Large infrastructure projects

Projects may be awarded without a call for proposals only in the following cases and provided this is duly substantiated in the award decision:

- (e) the body to which a project is awarded enjoys a de jure or de facto monopoly;
- (f) the project relates to actions with specific characteristics that require a particular type of body based on its technical competence, high degree of specialization or administrative power.

Large infrastructure projects are approved by the Joint Monitoring Committee and then by the European Commission based on a two-step procedure, consisting of the submission of a project summary followed by a full application. Large infrastructure project (LIP) applications must be evaluated based on criteria that ensure environmental sustainability of the LIP. The LIPs need to respect applicable national environmental legislation of the countries participating to the Programme and of the EU regarding the country where it is going to be implemented.

Full project applications of large infrastructure projects shall be sent to the European Commission on 31 December 2017 at the latest and contracted by 30 June 2019.

Of the share of the EU contribution allocated to the Kolarctic CBC Programme, a maximum amount of 30% may be used for large infrastructure projects. In the case that not all available financing has been committed to the LIPs by 30 June 2019, the financing can be allocated to standard projects.

The Programming Committee has identified the following large infrastructure projects without call for proposals as potential direct awards.

Table 7. Large infrastructure projects 1–8.

1.Furnishing and Surface Infrastructure Development of the Kola – Verhnetulomsky – BCP Lotta Road	
Thematic objective / Programme priority:	T07 – Improvement of accessibility to the regions, development of sustainable and climate-proof transport and communication networks and systems; Priority axis 2 - Fluent mobility of people, goods and knowledge.
Project beneficiary (lead partner):	Public regional enterprise «Murmanskavtodor» (Russia)
Project beneficiaries (potential partners):	Project Management Center Murmansk (Russia), Inari Municipality (Finland), Lapland ELY Centre (Finland); Ministry of Transport and Road Management of Murmansk Region (Russia), Ministry of Economic Development of Murmansk Region (Russia)
Project justification /challenge to be addressed and cross-border impact:	The Kola – Verhnetulomsky – BCP Lotta Road will be refurbished to eliminate the ‘edge effect’ preventing smooth traffic movement between the EU and the Murmansk Region.
Justification for direct award:	The Lead Partner has a de jure and de facto monopoly status in planning and constructing of public roads.
Project objective:	To contribute to the development of road infrastructure of the Barents Region and create equally comfortable and safe conditions for road traffic on different sides of the Russian-Finnish border through investments into road infrastructure (guarding rails, information signs, parking places, etc.).
Estimated project budget (total, EUR):	4,500,000
Estimated project infrastructure component (total, EUR):	4,350,000
Duration of the project (months):	36
Readiness to submit project for approval and to start project implementation:	Installation of guarding rails, equipping the road with information and warning signs, as well as reconstruction of worn out road surface does not require specific permits or approvals. Local budgets for reconstruction of the road’s dangerous parts are already elaborated.

2. General Furnishing and Surface Infrastructure Development of the Kandalaksha – Alakurtti – BCP Salla Road	
Thematic objective / Programme priority:	TO7 – Improvement of accessibility to the regions, development of sustainable and climate-proof transport and communication networks and systems; Priority axis 2 – Fluent mobility of people, goods and knowledge.
Project beneficiary (lead partner):	Public regional enterprise «Murmanskavtodor» (Russia)
Project beneficiaries (potential partners):	Project Management Centre Murmansk (Russia), Salla Municipality (Finland), Lapland ELY Centre (Finland); Ministry of Transport and Road Management of Murmansk Region (Russia), Ministry of Economic Development of Murmansk Region (Russia)
Project justification /challenge to be addressed and cross-border impact:	The Salla road is part of the BarentsWay transport corridor: its development will therefore provide attractiveness of the corridor. BarentsWay is the shortest route connecting territories of four neighbouring countries: from Bodo (Norway) through Haparanda (Sweden), Salla (Finland) to Kandalaksha (Russia).
Justification for direct award:	The Lead Partner has a de jure and de facto monopoly status in planning and constructing public roads.
Project objective:	To contribute to the development of road infrastructure of the Barents Region and create equally comfortable and safe conditions for road traffic on different sides of the Russian-Finnish borders through investments into road infrastructure (guarding rails, information signs, parking places, etc.).
Estimated project budget (total, EUR):	5,500,000
Estimated project infrastructure component (total, EUR):	5,300,000
Duration of the project (months):	36
Readiness to submit project for approval and to start project implementation:	Installation of guarding rails, equipping the road with information and warning signs, as well as road reconstruction do not require specific permits. Creating roadside infrastructure will require special permits only for objects outside the easement area. The project implies infrastructure development only within the borders of the easement area.

3. Improvement of road 82 between Salla center and the Russian border	
Thematic objective / Programme priority:	TO7 – Improvement of accessibility to the regions, development of sustainable and climate-proof transport and communication networks and systems; Priority axis 2 – Fluent mobility of people, goods and knowledge.
Project beneficiary (lead partner):	Lapland Centre for Economic Development, Transport and the Environment (Lapland ELY Centre, Finland)
Project beneficiaries (potential partners):	Salla Municipality (Finland), Murmanskavtodor (Russia), Project Management Centre Murmansk (Russia)
Project justification /challenge to be addressed and cross-border impact:	Sharing of knowledge of road planning and construction. The road section is the main connection to Salla BCP on the EU side of the border. Improvement of the road enhances cross-border travelling and transportation.
Justification for direct award:	The Lead Partner has a de jure and de facto monopoly status in planning and constructing of public roads.
Project objective:	To improve the road 82 between the Salla centre (Finland) and the Russian border, including geometry improvements and lengthening of the sight distances in the view of improving road safety.
Estimated project budget (total, EUR):	4,500,000
Estimated project infrastructure component (total, EUR):	4,270,000
Duration of the project (months):	36
Readiness to submit project for approval and to start project implementation:	The project is ready to be implemented right after the grant contract is signed.

4. Reconstruction of the road Kaamanen – Kirkenes	
Thematic objective / Programme priority:	TO7 – Improvement of accessibility to the regions, development of sustainable and climate – proof transport and communication networks and systems; Priority axis 2 – Fluent mobility of people, goods and knowledge.
Project beneficiary (lead partner):	Northern Norwegian Public Roads Administration (Statens vegvesen)
Project beneficiaries (potential partners):	Lapland ELY Centre (Finland), Murmanskavtodor (Russia), Region of Northern Lapland (Finland), Project Management Centre Murmansk (Russia)
Project justification /challenge to be addressed and cross-border impact:	Sharing of knowledge of road planning and construction; improving an essential part of the road connection between the northern part of Murmansk region, Norway and Lapland. Improvement of the road enhances cross-border travelling and transportation. All construction work will be done in Finland and Norway.
Justification for direct award:	The Lead Partner has a de jure and de facto monopoly status in planning and constructing of public roads.
Project objective:	To improve the road from Kaamanen, Finland, to Kirkenes, Norway in order to enhance traffic safety on the road.
Estimated project budget (total, EUR):	5,000,000
Estimated project infrastructure component (total, EUR):	4,750,000
Duration of the project (months):	36
Readiness to submit project for approval and to start project implementation:	The project is ready to be implemented right after the grant contract is signed.

5. Reconstruction of automobile border crossing point Lotta	
Thematic objective / Programme priority:	TO10 – Promotion of border management and border security, mobility and migration management; TO7 – Improvement of accessibility to the regions; Priority axis 2 – Fluent mobility of people, goods and knowledge.
Project beneficiary (lead partner):	Federal Agency for the Development of the State Border Facilities of the Russian Federation (Rosgranitsa)
Project beneficiaries (potential partners):	FGKU Rosgranstroy, Murmansk Regional Administration (Russia), Finnish Border Guard Service, Finnish Customs, Lapland ELY Centre (Finland)
Project justification /challenge to be addressed and cross-border impact:	ABCP Lotta was put into operation in 1993. Nowadays a portion of its equipment is outdated and also some new equipment is needed. Existing facilities are not sufficient and do not meet needs of representatives of state control authorities working in the ABCP.
Justification for direct award:	The Lead Partner has a de jure and de facto monopoly status in carrying out activities of this project.
Project objective:	Creating conditions for effective border control implementation, ensuring comfortable movement for inhabitants of border regions.
Estimated project budget (total, EUR):	10,500,000
Estimated project infrastructure component (total, EUR):	10,500,000
Duration of the project (months):	36
Readiness to submit project for approval and to start project implementation:	Indicative start date December 2016 Indicative end date December 2019

6. Raja-Jooseppi BCP development and reconstruction; traffic arrangements, buildings and technology	
Thematic objective / Programme priority:	TO10 - Promotion of border management and border security, mobility and migration management; TO7 - Improvement of accessibility to the regions; Priority axis 2 - Fluent mobility of people, goods and knowledge.
Project beneficiary (lead partner):	Finnish Transport Agency (Liikennevirasto)
Project beneficiaries (potential partners):	The Finnish Border Guard (Rajavartiolaitos), Senate Properties (Finland), Finnish Customs, Lapland ELY Centre (Finland); The Rosgranitsa Agency (Russia), Regional Road Agency Murmansk (Russia)
Project justification /challenge to be addressed and cross-border impact:	Current BCP building and traffic areas do not meet Finnish Customs or Border Guards requirements for customer services and controls. Existing premises cause health problems for the personnel and are out of use. The personnel works in temporary facilities.
Justification for direct award:	The Lead Partner has a de jure and de facto monopoly status in carrying out activities of this project.
Project objective:	To develop the Raja-Jooseppi border crossing point (Finland): new customs/border control building; new traffic management arrangements including lane check area with roof structure, lane check facilities (booths) and facilities for further measures (second line) as well as all border control technology for border checks and customs control.
Estimated project budget (total, EUR):	11,450,000
Estimated project infrastructure component (total, EUR):	11,450,000
Duration of the project (months):	36
Readiness to submit project for approval and to start project implementation:	Indicative start date: 2016 Indicative end date: 2018 Design and planning of the project is on-going. Reconstruction work can start in the beginning of 2017, if the Grant Contract has been signed by the end of 2016.

7. Infrastructure development for cross-border maritime cruise products in the Barents Euro-Arctic Region	
Thematic objective / Programme priority:	TO1 – Business and SME development; TO7 - Improvement of accessibility to the regions; TO10 – Promotion of border management and border security, mobility and migration management; Priority axis 2 – Fluent mobility of people, goods and knowledge.
Project beneficiary (lead partner):	The Government of Arkhangelsk Region Agency for Tourism and International Cooperation of the Arkhangelsk Region
Project beneficiaries (potential partners):	Hurtigruten ASA (Norway), Multidimensional Tourism Institute (Finland), Eskort-centre CJSC (Russia, Moscow), Intourist-Arkhangelsk CJSC (tour operator, Arkhangelsk Region), Belomortrans CJSC (ship agent company, Arkhangelsk Region), Troms County Council (Norway), Finnmark County Council (Norway), Northern Norway Tourist Board (Norway), Cruises Northern Norway and Svalbard (Norway)
Project justification /challenge to be addressed and cross-border impact:	The project has cross-border impacts on cross-border cruise tourism development in the Barents Region based on the recommendation of the Action Plan for Tourism Development in the Barents Region adopted by the BEAC Joint Working Group for Tourism.
Justification for direct award:	The Lead Partner has a de jure and de facto monopoly status in carrying out activities of this project.
Project objective:	To make the Barents Region visible on the international tourism market with its own cross-border maritime tourist product connecting Northern Norway, Murmansk, the Solovetsky Archipelago and Arkhangelsk. Construction of the border-crossing point at the Krasnaya Pristan' quay (Arkhangelsk) for incoming and outgoing foreign tourists, including arrival and departure lounges, border control and customs services, luggage sections; Construction of the BCP on Tamarin berth (the Solovetsky Archipelago) for incoming and outgoing foreign tourists; Infrastructural development of the Northern Norway ports (Lakselv); Dredging work in the Northern Dvina river (Arkhangelsk sea port) in order to provide seasonal calls of large cruise ships at the very center of Arkhangelsk at the Krasnaya Pristan' quay.
Estimated project budget (total, EUR):	7,000,000
Estimated project infrastructure component (total, EUR):	5,500,000
Duration of the project (months):	36
Readiness to submit project for approval and to start project implementation:	Indicative start date: 2016 Indicative end date: 2018

In addition to the large infrastructure projects mentioned above, The Programming Committee decided to include the LIP proposal “Construction of innovative off-grid power supply system adopted for the arctic conditions” to the list. It was underlined that this project is not to be prioritized ahead of other large infrastructure applications by the Joint Monitoring Committee.

8. Construction of innovative off-grid power supply system adopted for the arctic conditions using combined fossil – renewable energy generation in the settlements of Nes', Karataika, Amderma and Indiga of the Nenets Autonomous Okrug, Russia, as a tool for climate change mitigation in arctic cross-border territories	
Thematic objective / Programme priority:	TO1 – Business and SME development; TO6 – Environmental protection, climate change mitigation and adaption; Priority axis 1: Viability of arctic economy, nature and environment.
Project beneficiary (lead partner):	NP United North-West Power Generating Company (Russia)
Project beneficiaries (potential partners):	Construction, Housing and Communal Services department of the Nenets Autonomous Okrug, (Russia, Associated Partner); NP North – West Funding Service Centre (Russia); Finnish Meteorological Institute (FMI) (Finland); Lappeenranta University of Technology(Finland)
Project justification /challenge to be addressed and cross-border impact:	The cross-border impact is expected to have several aspects: technological, economic, environmental.
Justification for direct award:	NW UPGC is de facto a local monopolist in the technical decisions for off-grid combined power supply for arctic conditions as it has unique experience in planning, design, procurements and construction and launching of integrated wind-diesel energy generating systems under arctic conditions (Amderma settlement in particular) as well as energy auditing, wind monitoring and 3D modelling of air flows in NAO.
Project objective:	To develop and construct the reliable complex off-grid (decentralized) power supply system for isolated distance arctic settlements in the territory of the Nenets Autonomous Okrug based on wind-diesel-photovoltaic generation on the basis of settlements of Nes', Indiga, Amderma and Karataika as starting-points.
Estimated project budget (total, EUR):	12,420,000
Estimated project infrastructure component (total, EUR):	11,520,800
Duration of the project (months):	36
Readiness to submit project for approval and to start project implementation:	The project is ready to be implemented immediately after the grant contract is signed. Feasibility studies and design and estimate documentation are ready.

5.5 Planned use of technical assistance and contract award procedures

A total of 10% of the European Union'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 10 on page 81 of this document.

Technical Assistance will be used to finance activities that are necessary for the effective and smooth implementation and management of the Programme. This concerns the preparation, management, monitoring, evaluation, information, communication, networking, complaint resolution, control and audit activities related to the implementation of the Programme and activities to reinforce the administrative capacity for implementing the Programme. Technical Assistance should be used for the needs of both Programme structures and beneficiaries. Subject to the adoption of the modifying decision, costs related to preparatory actions are covered by the TA of the Kolarctic ENPI CBC 2007-2013 Programme from the date of submission of the Kolarctic CBC Joint Operational Programme to the European Commission until the receipt of the first pre-financing for the new Programme. Technical Assistance can also be used for the programming of the new period 2021-2027.

Programme management activities in Norway, including the personnel of the Norwegian Branch Office and the possible reimbursements of costs incurred by Norwegian Committee members will 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 PROMAS will be partly covered from the Norwegian TA with a contribution to be agreed between the Norwegian Branch Office and the MA.

5.6 Monitoring and evaluation systems

Monitoring and evaluation performed by the Programme is a process of continued gathering of information and its analysis, in order to determine whether progress is being made towards specific objectives and expected results. Programme monitoring and evaluation aims at improving the quality of the design and implementation, as well as at assessing and improving its consistency, effectiveness, efficiency and impact.

Monitoring and evaluation are meant to fulfil several purposes. Planning for monitoring and evaluation starts at the initial stage of the Programme and continues during its implementation. The findings of monitoring and evaluation will be taken into account in the programming and implementation cycle.

Monitoring provides relevant information about the day-to-day management and progress of the projects and of the Programme and makes it available to the Programme bodies. Monitoring along with evaluation provides opportunities on a regular basis to deliver information to the Programme management bodies, such as the Joint Monitoring Committee, the Managing Authority and Branch Offices, as well as to both project stakeholders and other relevant Programme stakeholders.

The monitoring process provides added value by making available on a regular basis lessons learnt and data collected that can be used as part of the capitalization process.

It is useful to indicate the difference between internal monitoring, external monitoring and evaluation in terms of its focus level:

- **Internal monitoring:** Day-to-day monitoring organized by the Programme. Managing Authority will carry out result-oriented Programme and project monitoring in addition to day-to-day management. The IPQM tool not only meets the needs of projects implementers but also allows the Managing Authority to gain better understanding of the progress of the projects in relation to what was originally planned.

- **External Monitoring:** Results-Oriented-Monitoring organized by the European Commission. ROM is a part of the overall quality assurance cycle of the European Commission to ensure that all projects implemented with the use of EU resources are relevant to the needs of the beneficiaries and are performing well.

- **Evaluation:** Provides broader information about the strategic choices made in the Programme. Evaluations are conducted by external/independent experts mainly during the completion phase or ex post. It includes also the mid-term evaluation conducted by the EC and governments of the participating countries.

The Joint Monitoring Committee can benefit from Internal monitoring by taking into account the lessons learned, which will support well-informed decision-making and issue recommendation to the Managing Authority on Programme implementation and evaluation. The Managing Authority will gain information about the general level of management in the Programme and will be able to use this information to develop reporting procedures and provide appropriate guidance to projects. Through assessment of project management and project-internal decision-making and follow-up procedures, internal monitoring will also directly benefit project management.

Good planning and design alone do not ensure results. Progress towards achieving results needs to be monitored. Evaluation and monitoring is seen as a necessary and vital tool for Programme management. Internal monitoring, external monitoring and evaluation will be planned, developed and implemented to a certain extent in correlation between each other in order to ensure the quality of information and data collected.

Evaluation complements monitoring by providing an in-depth assessment of what worked and what did not work, and why this was the case. In its turn, information from systematic monitoring also provides critical input to evaluation. The scope of evaluation is broader than in monitoring. Evaluation provides information about the strategic choices and their relevance, such as selection of thematic objectives and Programme priorities. It assesses whether the right choices were made. Evaluation is conducted by external/independent experts. The Joint Monitoring Committee makes decisions about the realization of evaluations and if they will be carried out at completion phase or ex-post.

Implementation of monitoring and evaluation process functions, roles and responsibilities

The Managing Authority is responsible for the organization and implementation of the internal monitoring system for projects and at Programme level. The Monitoring and Evaluation Plan drawn up by the Managing Authority will reflect detailed specification on the monitoring and evaluation process. The Monitoring and Evaluation plan will be updated by the Managing Authority, approved by the Joint Monitoring Committee and submitted to the EC by the 15th of February on an annual basis.

Internal monitoring will be done by a designated team comprised of representatives of the Managing Authority and its Branch Offices. They carry out this task by reference to indicators and targets specified in the Programme and with the use of a monitoring system where data on implementation necessary for monitoring is collected.

Data gathered from internal monitoring, including Programme-level indicators in terms of progress made towards the set indicator target values, will be aggregated in the Annual Monitoring and

Evaluation Plan and delivered on a regular basis to the Joint Monitoring Committee as well as to the EC and the Government of the Russian Federation to be examined and approved.

External monitoring may be conducted by the European Commission. External monitoring will yield a twofold benefit: in cases where the projects selected for external monitoring have not undergone internal monitoring, it will increase the total number of monitored projects and will thus provide further assurance about the standard of project management and efficiency. In cases where projects undergo both internal and external monitoring, external monitoring missions provide a second view into the project and will support both the project management and the internal monitoring processes of the Managing Authority.

The Programme will perform ex-post evaluations on both the Programme priorities as well as on thematic objectives and the Programme as a whole. These evaluations will be carried out by external experts and will focus on relevance, effectiveness, impact and sustainability of benefits. The evaluation of the entire Programme will produce information that can be used both for the preparation of the future Programme and the improvement of the existing one.

The Programme will be subject to a mid-term review, in 2017 at the latest. The results of this review may lead to adjustments of this programming document for the period 2018–2020. The mid-term review will take into account any changes in the cooperation priorities, socio-economic developments, the results observed from implementation of the measures 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 can take place at an earlier stage, if this is necessary to address specific issues affecting the implementation of a programme. Any changes and adjustments will be reflected in Programme-Specific Indicators (SI) and Programme Result Indicators (RI) in order to ensure their relevance towards expected results.

A separate mid-term evaluation may be carried out if seen necessary for the adjustments on the Programme scope, for example, in a case where the additional funding for the Programme will be directed.

The Managing Authority 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.

The European Commission and the Russian Federation can at any moment launch evaluation or monitoring of the Programme or of a part thereof. The results of these exercises, which will be communicated to the Joint Monitoring Committee and the Managing Authority of the Programme, may lead to adjustments in the Programme.

Indicative Monitoring and Evaluation Plan

Table 8. Indicative Monitoring and Evaluation Plan.

Years	Internal Monitoring	Responsible body	Monitoring	Responsible body	Evaluation	Responsible body
Year 2016	Monitoring of the projects starting the application procedure (in PROMAS system).	The Managing Authority and Branch Offices	No monitoring.		No evaluation.	
Year 2017	Monitoring of the ongoing projects (based on data stored in the PROMAS system). Monitoring visits are conducted within the due time after the first projects implementation has started.	The Managing Authority and Branch Offices	No monitoring.		No evaluation.	
Year 2018	Monitoring of the ongoing projects (based on data stored in the PROMAS system). Monitoring visits are conducted within the due time after the first projects implementation has started.	The Managing Authority and Branch Offices	Monitoring of new projects and follow-up of recommendations for earlier monitored projects.	European Commission (ROM)	No evaluation.	
Year 2019	Monitoring of the ongoing projects (based on data stored in the PROMAS system). Monitoring visits are conducted within the due time after the first projects implementation has started.	The Managing Authority and Branch Offices	Monitoring of new projects and follow-up of recommendations for earlier monitored projects.	European Commission (ROM)	No evaluation.	
Year 2020	Monitoring of the ongoing projects (based on data stored in the PROMAS system). Monitoring visits are conducted within the due time after the first projects implementation has started.	The Managing Authority and Branch Offices	Monitoring of new projects and follow-up of recommendations for earlier monitored projects.	European Commission (ROM)	Mid-term evaluation of the Programme and EC	MA (External experts), EC
Year 2021	Monitoring of the ongoing projects (based on data stored in the PROMAS system). Monitoring visits are conducted within the due time after the first projects implementation has started.	The Managing Authority and Branch Offices	Monitoring of new projects and follow-up of recommendations for earlier monitored projects.	European Commission (ROM)	No evaluation.	
Year 2022	Monitoring of the ongoing projects (based on data stored in the PROMAS system). Monitoring visits are conducted within the due time after the first projects implementation has started.	The Managing Authority and Branch Offices	Monitoring of new projects and follow-up of recommendations for earlier monitored projects.	European Commission (ROM)	No evaluation.	
Year 2024			No monitoring.		Ex-post evaluation of the Programme and administration.	MA (External experts), EC

The indicative Monitoring and Evaluation Plan gives an overview to the planned monitoring activities and evaluations.

5.7 Communication strategy

The Managing Authority and the beneficiaries ensure adequate visibility for the European Union, Russia, Finland, Norway and Sweden contributions to the Programme and projects in order to strengthen public awareness of the action. Participating countries will duly reflect EU, Norwegian and Russian support to the Programme. All references to financed projects will reflect the united financing from the Programme's budget. The target groups of communication are in the region, in the participating countries and in the member states. The meaning of communication is to enhance the optimal implementation of the Programme and to legitimize the cross-border cooperation in the Programme area.

The participation of Norway, Russia, Sweden and Finland must be included in the messages together with the participation of the EU: an essential part of the Programme area is located in non-member states. The corporate design shall be also based on the principle of equal visibility of all the co-financing parties. The logo of the Programme includes flags of participating countries and the sentence "Co-financed by the EU, Finland, Norway, the Russian Federation and Sweden" should be added to all visibility material financed by the Programme.

Objectives

One general objective of the communication and visibility actions of Kolarctic CBC is that Kolarctic CBC is a recognized tool for development throughout the wide Programme area. The Programme will have a positive image among the stakeholders, potential beneficiaries, administrative bodies and citizens of the Programme area. A second general objective of the communication of the Kolarctic CBC is that the Programme must not only be visible as a financing instrument, but also participate in highlighting the potential, possibilities and strengths of the Programme area.

Target groups and central messages

The communication is targeted towards the EU citizens and the participating countries and to the organizations in the Programme area who are potential applicants and beneficiaries. The main idea is to provide information about the possibilities and results of the Programme and this way to positively influence the image of the Programme and of cross-border cooperation.

Information and visibility tools and channels

- “live” information actions: information seminars and other events, presentations, consultation events, etc.
- traditional journalistic media
- social media
- Internet in general
- printed products
- promotional items

General requirements concerning the communication and visibility actions of the contracted projects

Within the CBC programmes, certain requirements are imposed to the beneficiaries, etc. concerning communication and visibility actions.

The Kolarctic CBC Programme will produce communication and visibility guidelines for the projects. The guidelines will provide requirements and recommendations about e.g.

- producing texts for varying target groups
- photography and use of photos

Communication and visibility guidelines will be produced for the projects and included in each Grant Contract. Some information and visibility training (e.g. about writing to the media, taking

photos, purchasing visibility material) may be necessary and in that case will be arranged by the MA for the projects.

Annual communication and visibility plans

Annual communication and visibility plans will be drawn up for the Programme each year. These plans include:

- communication and visibility actions for the year in question
- messages for each target group during the year
- division of tasks and responsibilities in communication and visibility actions
- an update of the communication and visibility budget

Activities during the first year

Website and social media

Kolarctic CBC has a website www.kolarctic.fi. It will serve the needs of all target groups from citizens to potential applicants and Programme bodies.

Press release campaign

When the Programme is approved and ready to be launched, a press release campaign will be carried out in all four countries by the MA in cooperation with the Branch Offices. The content of the messages will be a combination of the Programme description and some experiences from the Kolarctic ENPI CBC period, including project examples. A small survey will be done before this, mapping the central media in all the participating regions.

Advertising

Advertising used to be routine in the previous programmes. This probably will still be the case during the first year of Programme implementation. At least the website will be promoted and the information events advertised. Here, again, it is necessary to pay attention to choosing the most appropriate media for publishing Programme advertisements in each participating region.

General information events

According to the feedback from the regions, information events on the regions have an important role. At least one information event will be arranged in each participating region, when launching the Calls for Proposals. Further, information events may be organized upon request, for example when there is updated information to spread about the application procedure and the requirements set for selected projects.

To carry out the actions described above, the following details require special attention:

- clear writing in all languages of the participating regions
- selecting project examples granted in the framework of Kolarctic ENPI CBC 2007-2013
- collecting material (texts, photos, videos) of project examples.

5.8 Summary of the Strategic Environmental Assessment

During the preparation phase of the Kolarctic CBC 2014–2020 Programme, a full Strategic Environmental Assessment (SEA) was prepared (Annex 7). During the public consultation, the full SEA report was made available via the Internet to the public and authorities in each participating country. In Finland the Ministry of the Environment, the Ministry of Social Affairs and Health and the Lapland Centre for Economic Development, Transport and the Environment were consulted and they provided official statements on the environmental considerations of the Programme. The non-technical summary of the SEA report, described below, is a part of the full SEA.

The purpose of Strategic Environmental Assessments (SEA) is to ensure that environmental impacts are assessed and duly considered during the preparation and approval of plans and programmes. It focuses on the improvement of information availability, and provides more opportunities for public participation in planning in order to further promote sustainable development. The aim is to ensure that the environmental consequences of specific plans and programmes are identified and assessed during their preparation, and especially before their adoption. The loss of unique nature and culture, major accidents and cumulative and indirect effects on the environment and human society, are the risks that can potentially be avoided through effective SEA and environmental impact assessment (EIA). The idea underlying the SEA was to compile an environmental report that reviews the facts related to the environment in the region, and improves the environmental dimension of the Kolarctic CBC 2014–2020 Programme.

The area targeted by the Kolarctic CBC 2014–2020 Programme covers the Region of Lapland in Finland, the Province of Norrbotten in Sweden, the Counties of Nordland, Troms and Finnmark in Norway, and the Murmansk, Arkhangelsk Oblasts and Nenets Autonomous Okrug in Russia. Regions adjoining the core Programme region are Northern Ostrobothnia in Finland, Västerbotten in Sweden and the Republic of Karelia and the Republic of Komi in Russia. This vast area contains outstanding biodiversity and biological resources, as well as an enormous variation in economic and social conditions. It is enormously rich in natural resources, like forests, fish stocks, minerals, oil and natural gas.

The report draws attention to environmental concerns and existing disasters in order to avoid the provision of environmentally hazardous economic incentives through the Programme, and to promote environmentally positive or indirectly positive incentives. The most urgent environmental threats in the Kolarctic CBC Programme area are climate change, fragmentation and habitat loss, acidification, radioactive pollution and risk of accidents, oil and hydrocarbon pollution and risk of spills, unsustainable use of natural resources, loss of biodiversity, increasing amounts of waste and pollution of drinking water.

The core and adjoining regions are presented in the report. The main land uses of the areas are described as well as the state of nature and nature conservation are included. The major regional sources of pollutants and emissions, and possible environmental risks related to different actions and practices have been addressed. The evaluation and environmental impact assessment have been carried out by reflecting on the consequences of the programme overall objectives and possible actions on the Programme area environment given its special characteristics including the vulnerability of arctic and northern nature. The most important international environmental policies, strategies and programmes have been taken into account in the report. The Lisbon Strategy, the Sustainable Development Strategy, the 7th Environment Action Programme, the Nordic Strategy for Sustainable Development, the Northern Dimension Policy, the Convention on Biodiversity, the Ramsar Convention, the Barents Cooperation as well as the Helsinki Convention on protection of the Baltic Sea are acknowledged. The most important international regulations in Russia have also been considered when assessing the impacts of the Programme. These regulations are; the Convention on Biological Diversity, the Vienna Convention for the Protection of the Ozone Layer, the Montreal Protocol on Substances Depleting the Ozone Layer, the Convention on the Control of

Transboundary Movements of Hazardous Wastes and Their Disposal, the Convention on the Transboundary Effects of Industrial Accidents and the Kyoto Protocol.

The overall objective of the Programme is to promote a viable economy and attractiveness of the region, where inhabitants and visitors are able to enjoy the Arctic nature and where the natural resources are used in a sustainable way.

The Programme area is extremely multicultural, including indigenous Sámi and Nenets, and has a wide range 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 necessary as well as very complicated. Legal shortcomings may hinder the regulation and adaptation of economic activities to traditional livelihoods. The need for EIA and SIA have to be assessed in more detail when the project applications are evaluated. EIA and SIA have to be carried out in any case for projects where there are imposed by law.

The practices and actions implemented through projects financed by the Kolarctic CBC Programme should aim at long lasting, sustainable results. The criteria for financing should always include sufficient consideration of the environmental threats and risks for the Programme area with respect to treaties and related policies. The thematic objectives thus aim at avoiding any negative environmental impacts and promoting sustainable regional development, environmental protection and cross-border cooperation. It is impossible to assess all the impacts of the Programme before concrete actions and projects are implemented, even if theoretical descriptions and examples giving an indication of the possible effects of the Programme's implementation on the environment and society have been given in the Programme document. In all the cases, the environmental impacts are clearly dependent on the strength of the activities and different practices to be used. The impacts are also highly dependent on the areas toward which they are targeted. The Programme and project activities shall result in positive characteristics and sustainable development. All the projects proposed should be evaluated individually and carefully to prevent potential negative impacts on the environment.

The Programme priorities and thematic objectives support the idea and aims to having a good and healthy environment. Even though the programme period is from 2014 until 2020 the overall picture of the projects should be in their long-term impacts when it comes to nature and the environment. Six years is a short period in the context of nature and the environmental impacts of a particular project should be considered on a longer-term perspective. Some impacts are of course impossible to predict, and in these cases where the impacts might be negative, the precautionary principles should be complied with.

In order to achieve successful results during the programme period, it is environmentally and socially important that the unique areas with special cultural values retain their own character and are able to highlight their own identity. The progress of the Programme will be reviewed annually by the Joint Monitoring Committee. It is also recommended to evaluate the ecological and social sustainability on a yearly basis. This would ensure that possible harmful actions that could impact the environment could be avoided before larger-scale catastrophes.

5.9 Indicative financial plan

Table 9. Indicative financial table

Indicative financing plan 2014-2020						
Thematic objectives	Community funding (a)	National co-financing EU Member States (b)	Russia State co-financing (c)	Norway equivalent financing (d)	Norway National co-financing €	Total Programme fundign (a+b+c+d+e)
TO 1 (28,2%)	6 587 900	2 858 140	3 520 390	2 886 180	2 863 683	18 716 293
TO 6 (25,7%)	6 457 081	3 209 610	2 851 600	2 261 220	2 272 467	17 051 978
TO 7 (21,0%) (incl. LIPs)	4 617 200	2 223 400	4 751 150	1 152 600	1 163 850	13 908 200
TO 10 (15,5%) (incl. LIPs)	4 584 100	5 720 990	0	0	0	10 305 090
TOTAL	22 246 281	14 012 140	11 123 140	6 300 000	6 300 000	59 981 561
Technical Assistance (TA) 9,6 %	2 471 809	1 235 905	1 235 905	700 000	700 000	6 343 619
Total financing	24 718 090	15 248 045	12 359 045	7 000 000	7 000 000	66 325 180

Financing of LIPs incl. TO 7 and TO 10: Community funding and Norwegian equivalent financing max 7 173 884 €. Finnish and Russian State co-financing and Norwegian national co-financing max 8 656 970 €, total 15 830 854 €.

In addition to that, Finnish state co-financing on maximum 2 889 000 € targeted to the LIP project "Raja-Jooseppi BCP development and reconstruction; traffic arrangements, buildings and technology (TO10).

Table 10. Indicative financial table describing the provisional yearly allocation of the Programme's commitments and payments.

Financial table describing the provisional yearly allocations of Programme's commitments and payments					
Years	Indicative commitment by the EU	Co-financing EU Member States and Russia	Co-financing rate %	Norway equivalent and national co-financing	Programme's indicative payments EC funding
2015	3 583 340	3 583 340	50 %	2 029 556	0
2016	4 335 749	4 335 749	50 %	2 455 711	3 548 282
2017	7 445 195	7 445 195	50 %	4 216 860	4 093 810
2018	2 891 580	5 780 580	67 %	1 637 753	4 510 063
2019	3 207 065	3 207 065	50 %	1 816 439	4 062 912
2020	3 255 161	3 255 161	50 %	1 843 681	3 904 964
2021	0	0		0	2 227 100
2022	0	0		0	1 412 886
2023–2024	0	0		0	958 073
Total financing 2015–2023	24 718 090	27 607 090	53 %	14 000 000	24 718 090

Table 11. Indicative financial table describing the provisional yearly allocation of Programme's Technical Assistance budget, commitments and payments to projects.

Projects and technical assistance (TA)	A	B	C	D
	INDICATIVE PROVISIONAL COMMITMENTS BY THE EC	CO-FINANCING	PROGRAMME'S INDICATIVE PROVISIONAL COMMITMENTS - EC funding -	PROGRAMME'S INDICATIVE PROVISIONAL PAYMENTS - EC funding -
Projects	3 583 340	3 225 006	3 225 711	0
Technical assistance (TA)		358 334	197 745	0
TOTAL 2015	3 583 340	3 583 340	3 423 456	0
Projects	4 335 749	3 902 174	3 893 099	3 103 356
TA		433 575	247 181	444 926
TOTAL 2016	4 335 749	4 335 749	4 140 280	3 548 282
Projects	7 445 195	6 700 676	6 696 131	3 821 911
TA		744 519	271 899	271 899
TOTAL 2017	7 445 195	7 445 195	6 968 030	4 093 810
Projects	2 891 580	5 491 422	2 602 815	4 213 446
TA		289 158	296 617	296 617
TOTAL 2018	2 891 580	5 780 580	2 899 432	4 510 063
Projects	3 207 065	2 886 358	2 892 017	3 766 295
TA		320 707	296 617	296 617
TOTAL 2019	3 207 065	3 207 065	3 188 634	4 062 912
Projects	3 255 161	2 929 645	2 936 509	3 608 347
TA		325 516	296 617	296 617
TOTAL 2020	3 255 161	3 255 161	3 233 126	3 904 964
Projects	0		0	1 979 919
TA			247 181	247 181
TOTAL 2021			247 181	2 227 100
Projects	0		0	1 165 705
TA			247 181	247 181
TOTAL 2022			247 181	1 412 886
Projects	0		0	587 303
TA			247 181	247 181
TOTAL 2023			247 181	834 484
Projects	0		0	0
TA			123 589	123 589
TOTAL 2024			123 589	123 589
TOTAL 2015-2024	24 718 090	27 607 090	24 718 090	24 718 090
TOTAL CO-FINANCING RATE		53 %		

Table 12. Indicative financial table describing the provisional yearly allocation of Programme's Technical Assistance budget.

Technical assistance (TA)	Indicative financing 2014–2020			
	Years	EU-funding (a)	National financing Finland and Sweden total (b)	Russia State co-financing (c)
2015	358 334	179 166	179 167	716 667
2016	433 575	216 788	216 788	867 151
2017	744 520	372 260	372 260	1 489 040
2018	289 158	144 579	144 579	578 316
2019	320 707	160 353	160 353	641 413
2020	325 515	162 758	162 758	651 031
2021	0	0	0	0
2022	0	0	0	0
2023	0	0	0	0
Total	2 471 809	1 235 904	1 235 905	4 943 618

Table 13. Yearly financial commitments by the EC.

Financial table for the Kolarctic CBC Programme JOP			
	ENI	ERDF	TOTAL
2015	1 938 284	1 645 056	3 583 340
2016	1 986 506	2 349 243	4 335 749
2017	2 049 986	5 395 209	7 445 195
2018	1 921 270	970 310	2 891 580
2019	2 217 348	989 717	3 207 065
2020	2 245 651	1 009 510	3 255 161
2014-2020 without additional ERDF	12 359 045	12 359 045	24 718 090
Additional ERDF 2018-2020		40 355 241	

Additional ERDF will not be available.

5.10 Rules on eligibility of expenditure

The following provisions form the basis for the rules on eligibility of expenditure in the Kolarctic CBC Programme. Eligibility rules are specified in each call's guidelines and basic rules concerning eligibility may be limited as necessary. The principles defined in each call's guidelines are applied in the projects selected under it. Pursuant to the EU Implementing Rules (Art. 48), a programme may also establish additional eligibility rules for the programme as a whole, when it comes to the eligibility of project preparatory costs.

According to the Article 12 (3) of Implementing Regulation (EU) No 897/2014, aid granted under the programme shall comply with applicable Union rules on State aid within the meaning of Article 107 of the Treaty on the Functioning of the European Union. In the Russian Federation appropriate Russian legislation is applied.

Eligibility of costs

Grants shall not exceed an overall ceiling expressed as a percentage and an absolute value which is to be established on the basis of estimated eligible costs. Grants shall not exceed the eligible costs.

Eligible costs are costs actually incurred by the beneficiary which meet all of the following criteria:

- (a) They are incurred during the implementation period of the project. In particular:
 - costs relating to services and work shall relate to activities performed during the implementation period. Costs relating to supplies shall relate to delivery and installation of items during the implementation period. Signature of a contract, placing of an order, or entering into any commitment for expenditure within the implementation period for future delivery of services, work or supplies after expiry of the implementation period do not meet this requirement; cash transfers between the lead beneficiary and the other beneficiaries may not be considered as costs incurred;
 - costs incurred should be paid before the submission of the final reports. They may be paid afterwards, provided they are listed in the final report together with the estimated date of payment;
 - an exception is made for costs relating to final reports, including expenditure verification, audit and final evaluation of the project, which may be incurred after the implementation period of the project;
 - procedures to award contracts, as referred to in Article 52 and following, may have been initiated and contracts may be concluded by the beneficiary(ies) before the start of the implementation period of the project, provided the provisions of Article 52 and following have been respected; 19.8.2014 L 244/36 Official Journal of the European Union EN
- (b) they are indicated in the project's estimated overall budget;
- (c) they are necessary for the project implementation;
- (d) they are identifiable and verifiable, in particular being recorded in the accounting records of the beneficiary and determined according to the accounting standards and usual cost accounting practices applicable to the beneficiary;

- (e) they comply with the requirements of applicable tax and social legislation;
- (f) they are reasonable, justified, and comply with the requirements of sound financial management, in particular regarding economy and efficiency;
- (g) they are supported by invoices or documents of equivalent probative value;

The following direct costs of the beneficiary shall be eligible:

- (a) The costs of staff assigned to the project under the following cumulative conditions:
 - they relate to the costs of activities which the beneficiary would not carry out if the project was not undertaken;
 - they must not exceed those normally borne by the beneficiary unless it is demonstrated that this is essential to carry out the project;
 - they relate to actual gross salaries including social security charges and other remuneration-related costs;
- (b) travel and subsistence costs of staff and other persons taking part in the project, provided they exceed neither the costs normally paid by the beneficiary according to its rules and regulations nor the rates published by the Commission at the time of the mission if reimbursed on the basis of lump sums, unit costs or flat rate financing;
- (c) purchase or rental costs for equipment(new or used) and supplies specifically for the purpose of the project, provided they correspond to market prices;
- (d) the cost of consumables specifically purchased for the project;
- (e) costs entailed by contracts awarded by the beneficiaries for the purposes of the project;
- (f) costs deriving directly from requirements imposed by this Regulation and the project (such as information and visibility operations, evaluations, external audits, translations) including financial service costs (such as costs of bank transfers and financial guarantees).

Indirect costs

Indirect costs may be calculated on a flat-rate of up to 7 % of eligible direct costs, excluding costs incurred in relation to the provision of infrastructure, provided that the rate is calculated on the basis of a fair, equitable and verifiable calculation method.

As indirect costs for a project shall be considered those eligible costs, which may not be identified as specific costs directly linked to the implementation of the project and may not be booked to it directly. They may not include ineligible costs or costs already declared under another cost item or heading of the budget of the project.

Non-eligible costs

The following costs relating to the implementation of the project shall not be considered eligible:

- (a) debts and debt service charges (interest);
- (b) provisions for losses or liabilities;

- (c) costs declared by the beneficiary and already financed by the Union budget;
- (d) purchases of land or buildings for an amount exceeding 10 % of the eligible expenditure of the project concerned;
- (e) exchange-rate losses;
- (f) duties, taxes and charges, including Value-Added Tax (VAT), except where non-recoverable under the relevant national tax legislation, unless otherwise provided in appropriate provisions negotiated with CBC partner countries;
- (g) loans to third parties;
- (h) fines, financial penalties and expenses of litigation;
- (i) contributions in kind as defined in Article 14(1) of the Commission Implementing Rules (EU).

Expenditure incurred in a currency other than the euro will be converted into euros by the Managing Authority and according to the monthly accounting exchange rate of the Commission of the month during which the expenditure was incurred.

5.11 Apportionment of liabilities among the participating countries

The Managing Authority will in the first instance be responsible for preventing and investigating irregularities and for making the financial corrections required and pursuing recoveries. The Managing Authority will be responsible for pursuing the recovery of amounts unduly paid.

Where the recovery relates to a breach of legal obligations on the part of the Managing Authority the Managing Authority is responsible for reimbursing the amounts concerned to the Commission and the participating countries.

Where the recovery relates to systemic deficiencies in the Programme management and control systems, the Managing Authority is responsible for reimbursing the EU amounts concerned to the Commission. If the systemic errors or the deficiencies in the use of TA expenditure are based on a joint decision by the participating countries, the participating countries will bear joint liability proportionally to their respective share in the overall technical assistance budget and will reimburse the EU amount unduly paid to the Managing Authority.

The criteria for apportionment shall be the following:

- If the systemic deficiency concerns one specific country, this country will bear the financial consequences and shall be responsible for reimbursing to the Programme accounts the amount identified as a result of the financial correction;
- If the systemic deficiency concerns the whole system, each country shall be responsible for reimbursing to the Programme accounts the amount representing the percentage of the financial correction applied to the expenditure incurred by the beneficiaries of the respective country and declared by the MA to the European Commission.

If the MA, Finland, Norway, the Russian Federation or Sweden becomes aware of systemic deficiencies, it shall without any delay inform the MA. The latter will transmit the information to the Audit Authority and Group of Auditors.

Where the recovery relates to a claim against a beneficiary established in Finland and the Managing Authority is unable to recover the debt, the state of Finland will pay the due amount to the Managing Authority and claim it back from the beneficiary.

Where the recovery relates to a claim against a beneficiary established in Sweden and the Managing Authority is unable to recover the debt, the Kingdom of Sweden will pay the due amount to the Managing Authority and claim it back from the beneficiary.

Where the recovery relates to a claim against a beneficiary established in the Russian Federation and the Managing Authority is unable to recover the debt, the level of responsibility of the Russian Federation will be such as it is laid down in the financing agreement.

5.12 Rules of transfer, use and monitoring of co-financing

National co-financing

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

Modalities concerning the national co-financing may be regulated in the financing agreement or separate agreements. National co-financing will also be used to co-finance the Programme's technical assistance.

Financial flows of the National co-financing

Finnish national co-financing is allocated annually from the state budget and transferred to the Managing Authority (MA). 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 ENI financing and the financing decision is included in the Grant Contract. Finnish co-financing is pooled with EU and Russian national co-financing.

The role of the MA as a body responsible for the use of national co-financing in the Kolarctic CBC Programme is defined in the national legislation on the management of ENI CBC Programmes in Finland. Finnish national co-financing will be used to fund ENI CBC Projects and Technical Assistance.

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

Russian national co-financing is transferred to the MA in accordance with the provisions of the financing agreement. Russian co-financing is pooled with EU and Finnish co-financing.

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 organizations. The type of project generally determines the co-financing organizations.

Norwegian project applicants are responsible for acquiring regional co-financing, and they can then apply for Norwegian ENI equivalent funding to match this amount (50–50 %). Depending on the type of project, this regional co-financing can come from various sources. Funding from private organizations can be a part of the budget, but cannot be matched by Norwegian ENI equivalent funding. This co-financing regime is based on a tradition of management of EU programmes since 1996.

Payments of the Norwegian national co-financing will be made on the basis of payment requests for expenses already paid by the Lead Partner/Partner. Advance payments from the EU financing can also be requested at the beginning of the projects, however the Norwegian payment is based on realized costs. The actual execution of the payment to the Lead Partner/Partner will be made by the national co-financer.

EU Financing

The EU funding for the Kolarctic CBC Programme comes from the European Neighbourhood Instrument (ENI) and the European Regional Development Fund (ERDF). The EU funds allocated to the Programme may be used on either side of the EU external border for the benefit of the eligible regions. The Implementing Rules apply to the funds within the whole Programme area.

The indicative allocation of Union funding in the ENI CBC Strategy Paper 2014–2020 to the Kolarctic CBC Programme is 24 718 090 € for the years 2014–2020 and additional ERDF allocations for the years 2018–2020 is 10 355 241 € which are available subject to the mid-term review of CBC and availability of matching ENI funds.

Norwegian equivalent financing

Norwegian equivalent financing constitutes 50 % of Norway's total public allocation to the Programme, the other portion coming through regional organizations. The Norwegian equivalent funding is in total 7 000 00 € for the programme period. It can cover eligible costs of the Norwegian partners in projects as well as certain common administrative costs. The same principles will be applied to the Norwegian funds as to the EU funds within the framework of Norwegian national legislation on financing procedures and rules.

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

5.13 IT systems for the reporting between the Managing Authority and the Commission

The Kolarctic CBC Programme will use the programme management system PROMAS developed in cooperation with the Karelia and the South-East Finland - Russia CBC Programmes.

PROMAS provides tools for applicants to apply for funding from the Kolarctic CBC Programme and to report on project implementation. At project level PROMAS includes modules for

- Electronic application form filling in and submission to MA
- Evaluation and selection of projects to be financed
- Grant Contract preparation
- Reporting and monitoring of the project implementation
- Financial reporting and payments

At programme level PROMAS is developed to facilitate the administration of the financial flows within the Programme. Commitments, payments and savings of the funds are recorded in the system and can be followed at project level, as well as at priority and thematic objective level.

Reporting requirements from the European Commission and national financiers will be taken into account in the PROMAS system. MA can collect data from the system using different searching criteria and create reports on Programme progress. PROMAS is not connected directly to any other IT systems, but facilitates electronic data exchange between the project Beneficiaries and the

Programme managing bodies, and thus complies largely with the European Commission e-Cohesion initiative for 2014–2020 programming period²⁵.

The PROMAS system will make reporting and follow-up procedures accurate and reliable. Each project has its own user code and password to access the system. The main user(s) with full administrator rights will be located in the MA of the Kolarctic CBC Programme. The Programme's auditors, project evaluators, Joint Monitoring Committee members, Branch Offices and MA staff will have different level of user rights to access the system. PROMAS can be used via Internet through a connection with common browsers (Internet Explorer, Firefox, Safari, Chrome). Monitoring system uses HTTPS protocol to secure the communication.

The internal project qualitative monitoring tool (IPQM), for project beneficiaries and the MA which is based on the principles of the Results-Oriented-Monitoring and of the Project Cycle Management (PCM) approaches, will be integrated in the PROMAS system.

In addition to the PROMAS system, the Programme will also feed the KEEP database with information on all projects to be selected under the Programme.

5.14 Languages

The official language used in the Programme is English. All Programme and meeting documents will be prepared and presented in the English language. Unofficial translations of the key documents to the national languages (Finnish, Norwegian, Russian and Swedish) shall be made, if requested. Such key documents are the Joint Operational Programme, the Guidelines for applicants and the Programme manuals. In all cases the official version which prevails is the English version.

Project applications must be submitted in English.

All costs related to interpretation in meetings and to translation of documents into English and the national languages of the Programme area will be covered by the Technical Assistance budget.

²⁵ The Common Provision Regulation (Article 112(3))