

NPP – The Missing Link?

Final report on options for the strategic framework of Northern Periphery Programme for the period 2014-20

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ABOUT THIS REPORT

This report was commissioned by the Royal Norwegian Ministry of Local Government and Regional Development in October 2011 as a strategic paper on European challenges for the Interreg Northern Periphery addressing the 2014-2020 programme period with the task of assessing and analysing strategies and European policies or major trends that could affect the new programme.

The authors met with the principals on four occasions and discussions have taken place in Brussels, Oslo, Copenhagen, Kirkenes, Edinburgh and Paris over a period of 6 months.

This paper now assimilates advice and reactions received from DG Regio, DG Mare, DG Transport, of the European Commission, a spectrum of North Nordic programme participants and the NPP Secretariat.

Options have also been tested in informal discussions with the OECD in the context of their 2011 NORA Region Territorial Review and their parallel interest in the prospect of locally anchored Arctic development

The report is intended to stand alone and can be read in isolation but it has also been drafted to stimulate discussion and contribute to the ongoing preparation of the 2014-2020 programme.

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Foreword

Things have changed since the present NPP was drafted in 2005– this change is continuing and will accelerate.

The programme must change to match the impending challenges and opportunities – but how?

We have to look at the options and decide what to do.

Given the scale and likely reach of the emerging High North challenges, is an update of the focus of the programme, however rigorous, sufficient, or is a radical reorientation and more innovative strategic integration with other funding instruments required?

These are choices that, ultimately, can only be defined and agreed collaboratively by the State partners

Introduction

The intention of this paper is to serve as a background to introductory discussions on a strategic framework for the next Northern Periphery Programme that will adequately respond to the challenges coming out of the Arctic North. As such the paper will not exhaust the topic but rather highlight aspects that we see as valuable for these discussions. In particular we focus on four questions:

- Why integrate an Arctic approach into the next NPP?
- What might be the topics of an NPP with an Arctic dimension?
- Is thematic adjustment sufficient or has the NPP a more strategic potential?
- How can this be organised?

Why integrate an Arctic Approach into the next NPP?

Since the current NPP was drafted an economic and social transformation has emerged from the North and is set to accelerate and consolidate over the foreseeable future. The trigger has been climate change and the impacts will primarily be in navigation related activity, resource exploration and recovery and in energy production (see Appendix 1). Involvement in this process by the wider economies of the NPP State partners is inevitable but this could have more regional impact if it is anticipated and focused.

A particular mission of the NPP can be to ensure that the benefit of that activity accrues as far as is possible to local communities and economies. The objective might be that NPP funding should leverage the coordinated deployment of as much finance as possible from other sources to complement that mission.

The NPP is well placed to fill this role.

Most of the present NPP geography is within the Arctic and the NPP is probably one of the non-scientific programmes that has the biggest geographical coverage of the Arctic region. In spite of this the programme does not incorporate an Arctic approach. This is understandable because it is only in the last 5-6 years that the Arctic region has climbed up national and international agendas. Today all NPP stakeholders have national and/or EU strategies and policies for the Arctic. This observation represents a new and different starting point for developing the next generation of NPP. It means that all partner countries have a defined policy towards the region, expressing strategic approaches, focal areas, domestic and external means.

The developments and activities contemplated within these strategies are of substantial scale and *will* take place.

The current NPP, however, consciously addresses the problems and opportunities of fragile and fragmented northern peripheral areas on a different scale and in a different, Euro-centric, context. The judgement to be made is then, perhaps, whether the NPP, by simply maintaining its well proven focus and distinctive mission, can be relevant in these changed circumstances or, indeed, whether in retaining that focus it compromises its capacity to best serve its territory and communities.

In addition, in the High North there is a currently vacant coordinating role to ensure that actions of all funding instruments and strategies within the NPP territory are integrated and holistic rather than disparate or duplicative. Should the NPP facilitate this coordination mechanism? Can it do so?

What might be the topics?

Assuming then that the argument for integrating a High North dimension is accepted let us consider what changes to content might be appropriate.

As is apparent from what has already been said above, the NPP occupies a space that makes it ideal to perform two services –

firstly, to act as a uniquely located vehicle to facilitate the coordinated transnational response to Arctic generated challenges – such a vehicle does not currently exist at a regional level.

This is a potential role for the NPP but it depends on the existence of an overarching High North strategy and the effectiveness of its links with that strategy (see later) and

secondly, by its funding the NPP can stimulate the capacity and resilience of local communities and businesses to respond to opportunities and to anticipate and weather potential adverse impacts.

This role depends upon the choice of themes for the new programme. Options might include:

- Company and community capacity building
- Planning for change
- ICT applications
- Energy
- Innovation, networks and competitiveness*
- Accessibility*
- Environment as an asset in the periphery*
- Urban-rural development and promotion of heritage*

** feature in the current NPP*

However the NPP is limited in its choice of themes to address these aims - as are all other CSF fund programmes - by the requirement to match the menu of 11 Thematic Objectives (see Appendix 6) and by the Priorities for Cooperation set out under the Common Strategic Framework (see Annex 2 at Part II of *Commission staff working document 'Elements for a Common Strategic Framework 2014 to 2020' Brussels, 14.3.2012 SWD (2012) 61 final*)

Is thematic adjustment sufficient or has the NPP a more strategic potential?

The strategies

The Arctic countries have different starting points and different concerns. However, when it comes to their Arctic strategies the similarities are more striking than the differences.

The different strategies and policies largely address the same issues and aspects. This is not a surprise, after all they are focusing on the same area, more and more commonly regarded as a region with horizontal trends and shared effects of change.

The “typical” Arctic strategy will address:

- **Environmental changes.** Express concerns in this respect and point out that an increase in knowledge, research and cooperation is needed.
- Presence and accessibility of **oil and gas** in the region. The industry is a driving force in the changing of the region and exploitation should be balanced towards sustainability. Non-coastal states address the oil and gas industry indirectly by emphasising expertise and supply.
- Presence of large volumes of valuable **minerals**. Sustainability is an issue here too.
- **Marine resources** – fish etc. - are another of the large resource pools of the Arctic that have strategic importance.
- **New navigation routes** between Asia and Europe/America will be addressed, often in combination with other infrastructure issues.
- **People of the Arctic** are addressed in these strategies. The term will often, but not exclusively, refer to indigenous people.
- **Institutional development, the need to focus on** and utilise existing organisations at all levels is addressed. In particular this goes for the development of the Arctic Council to become the main body of Arctic policy.
- **The security dimension** is dealt with. The situation today is characterised by low tension: increased cooperation is one important instrument to maintain this status.

The starting points of strategies are often concerns related to environmental change. This issue is normally followed by one or more chapters on economic development.

In general the strategies and policies are signalling an optimistic approach with regard to industrial development in the Arctic, both for the region itself and with regard to its function in a larger context.

The different national strategies are presented in Appendix 2.

Cooperation and institutional development is a topic that is addressed by all countries involved. This demonstrates a new and important confluence of political will. All strategies have a strong focus on increased cooperation in order to address challenges and utilise the possibilities of the region – and stress maintenance of low tension. They each identify the Arctic Council as the regional body that covers the entire arctic geography, comprises all arctic states and therefore should be elaborated to fill the role of an arctic policy institution. While its *policy* pre-eminence is self-evident, the Council's effectiveness is founded on respect for, and preservation of, sovereign interests. This preoccupation arguably constrains the Council's capacity to perform a strategic *operational* function extending across several Arctic sovereignties without the assistance of some other transnational mechanism as a vehicle.

Below we give a brief presentation of EU's policy on the Arctic.

EU Policy and the Arctic

The EU does not yet have an Arctic Strategy that could sit alongside the definitive documents produced by the Arctic Council Nations.

There is clear recognition of this omission, however, and over the last four years, in response to environmental and geopolitical changes, four significant documents have emerged emphasising the EU's role in the Arctic and working towards an EU Arctic Policy.

In November 2008, the Commission's Communication — **'The EU and the Arctic Region'**¹, set out proposals for a more structured and coordinated approach to Arctic matters, describing this as *'the first layer of an Arctic policy for the EU'*.

In December 2009, the European Council adopted Council conclusions on Arctic issues², emphasising the need for gradual formulation of a policy on Arctic issues to address EU interests and responsibilities in the region.

The ministers also expressed support for the European Commission's proposed objectives for the policy, which are:

- protecting and preserving the Arctic in unison with its population;
- promoting sustainable use of resources;
- and contributing to enhanced Arctic multilateral governance.

More recently, on 20 January 2011, the European Parliament adopted a report on **'A sustainable EU Policy for the High North'**³ which reviews the issue under the same three objectives but in more practical detail

After stressing *'the need for a united coordinated EU policy on the Arctic region in which both the EU's priorities and the potential challenges and a strategy are clearly defined'* the European Parliament specifically:

- *'Emphasises the contribution of the EU's European Territorial Cooperation objective, as a clear European added value, in particular the cross-border cooperation programmes of Kolarctic and Karelia as well as the CBC Baltic Sea Basin programme, which includes the Barents region;*
- *requests the Commission to explore how a suitably enhanced Northern Periphery Programme could have a similar impact on an Arctic Strategy in the next programming period*

¹Communication from the Commission to the European Parliament and the Council - The European Union and the arctic region/* COM/2008/0763 final */

² Council conclusions on Arctic Issues 2885th FOREIGN AFFAIRS Council meeting Brussels, 8December 2009

³ European Parliament resolution of 20 January 2011 on a sustainable EU policy for the High North (2009/2214(INI))

The Parliament also requested that a permanent inter-services approach be adopted to secure coherence between such policies as environment, energy, transport and fisheries as they relate to the Arctic and that the European External Action Service and DG Mare be delegated the lead in its coordination.

Since then DG Mare has embarked on the preparation of a Sea Basin strategy for the Arctic Ocean. This will offer one policy perspective on the Arctic but, by analogy with the broader approach required for the EU Strategy for the Baltic Sea Region, it may have insufficient scope to provide a definitive framework for the EU's ultimate Arctic Policy.

The Joint Communication of the EC and the EU High Representative on the Arctic, June 2012

Although an Arctic Sea Basin Strategy is yet to be presented, there has been published on 26 June 2012 a separate and distinct joint communication of the European Commission and the EU High Representative for Foreign Affairs and Security Policy, ***'Developing a European Union Policy towards the Arctic Region: progress since 2008 and next steps'***⁴

This is the fourth, most recent and potentially conclusive step on the EU's progress towards an Arctic Strategy

There are two parts. The first and core element looks at the way forward and the second reviews the EU's contribution to Arctic issues since 2008. It is the first part *'Meeting the Challenge: the Way Forward'* that provides insight to future EU posture towards the Arctic.

The June 2012 text, while perhaps falling short of providing a definitive EU Arctic strategy, describes its purpose as to *'propose a set of building blocks for the EU's constructive engagement in the Arctic to tackle the challenge of sustainable development and to promote the effective stewardship of the ecosystem'*

The paper acknowledges that because of the speed of Arctic change it is now necessary to take a broader approach linking the EU's policy towards the Arctic to Europe 2020 Agenda for smart sustainable and inclusive growth while continuing to ensure effective stewardship of the fragile Arctic environment and specific reference is made to the need to take account of the interests of indigenous and local communities.

Although references to environmental challenges and value of cooperative responses predominate, the document gives a prominent role to development. Emphasis is given to the need for a coherent, targeted EU approach towards the Arctic *'promoting responsible development while engaging more extensively in dialogue and cooperation with all Arctic stakeholders.'*

⁴ JOIN(2012) 19 final Brussels, 26.6.2012

Accordingly in furtherance of the three main EU policy objectives set out in 2008:

- protecting and preserving the Arctic in unison with its population
- promoting the sustainable use of resources
- international cooperation

There are now established three parallel approaches based on *knowledge*, *responsibility* and *engagement*. The EU will

- support and channel **knowledge** to address the challenges of environment and climate change in the Arctic;
- act with **responsibility** to contribute to ensuring economic development in the Arctic is based on sustainable use of resources and environmental expertise;
- intensify its constructive **engagement** and dialogue with Arctic States and other partners

In elaborating these fields of action '*Knowledge*' is addressed largely in terms of contribution to cooperative research effort and particular reference is made to increasing cooperation to roll-out research infrastructures at an international scale.

The passages on '*responsibility*' are perhaps the most significant to any consideration of future options for NPP development and indeed here the issue is mentioned directly. In addressing prospects for EU funding for sustainable development the Northern Periphery Programme is bracketed with the Northern Dimension Environmental Partnership as examples for specific positive mention. The recommendation made is that:

The geographic scope and priorities of future external action, regional and cross- border cooperation programmes (e.g. Northern Periphery) could be broadened to allow more circumpolar cooperation and ensure that the EU's contribution to development across the Arctic region is maximised.

Hydro Carbon extraction is dealt with in terms of research opportunities and what might be done with regard to safety and security.

The increase in shipping is recognised and joint action on safety and regulation

suggested while regulation is the predominant theme on fisheries developments.

Most specifically the EU commits to exploring further potential for innovative economic activities, including eco-tourism and renewable energy sectors

Under *'Engagement'* – the communication sets out EU undertakings to participate positively through the matrix of Arctic diplomatic mechanisms

The Missing Link

All regional arrangements that are referred to in the strategies have been established before the new strategies were developed. The next NPP has the possibility to become perhaps the first regional response to a relatively new strategic orientation. In this way it can provide the missing regional link that is essential to secure and promote the interests of the scattered and fragile communities across the area. Equally, of course, the accelerating economic and environmental changes in the high North reviewed here could, by default, be addressed at national level within the framework of foreign and industrial policy. Even with the best of intentions, that approach would lack any mechanism articulated to anchor development and facilitate participation locally.

There are several reasons to develop the next NPP within a High North frame. The most obvious is that the Arctic has been given priority and attention by the partner States. Secondly, the NPP covers a significant portion of the Arctic territory and the industrial development that is highlighted in national strategies will take place within the programme area.

A third and perhaps less visible reason is that the Arctic strategies and policies have opened up a regional space that is yet to be filled. The next NPP can help to provide a further missing operational link between the strategies and between the numerous disparate programmes that rub shoulders across the area. In the interest of all partners the NPP can take up the vacant role of developing a regionally based response to some of the challenges and possibilities that are listed in the national macro strategies.

Filling the void would require a more comprehensive strategy than that of an orthodox Territorial Cohesion programme. It follows that drafting would have to be done in a more inclusive way. That strategy might then exist separately from the NPP but be drafted in consonance with an Arctic-conscious NPP strategy, as in the present Baltic model. There the Baltic Sea Interreg Programme exists within and alongside the Baltic Sea Regional Strategy. Alternatively and, by way of both simplification and innovation, the possibility of the overarching strategy being appended to the NPP might be explored.

It can be argued that the central public policy challenge in the future development of the High North – the impending ‘industrialisation’ of the Arctic – will be to ensure that regional economies and communities are not by-passed and to achieve this by the engagement and inclusion of the peripheral authorities, their communities and settlements . Within its current context, this is the NPP’s existing role.

In their efforts to rationalise Territorial Cooperation programmes across Europe and 'to support the implementation of existing and possible macro regional and sea basin strategies' for the 2014-20 period the European Commission have proposed⁵ *inter alia* that the Northern Periphery Programme be merged with certain Nordic Cross Border Programmes in order to cover the Arctic.

There are six Interreg IVA Cross Border Programmes that can be described as Nordic but in order of consonance with an Arctic oriented NPP there are but three candidates for an Arctic 'consortium':

1. Finland, Sweden, Norway - Operational Programme 'North'
 2. Finland, Sweden, Norway - Operational Programme 'Botnia - Atlantica'
 3. Sweden, Norway - Operational Programme 'Sweden - Norway'
-

As might be expected, a brief review suggests a reasonable degree of NPP commonality exists in the 'North' Programme, less in the 'Botnia – Atlantica' Programme and significant differences in the Sweden-Norway' Programme.

All three Programmes are described at Appendix 3.

There are numerous other programmes, institutions and initiatives that cover parts of the NPP region and an inclusive strategy drafting process would prudently accommodate input from the principal of these actors: Barents Euro - Arctic Council, Northern Dimension and Nordic Council of Ministers, for example. [A list of high north related programmes and partnerships is exhibited at Appendix 4]

⁵ Intergovernmental meeting 5 June 2012

Geography

The essential jigsaw pieces

Our starting point must be that all current NPP partner States and the eligible portions of their territory will remain interested in participation although this cannot be prejudged.

Certainly the 'Circumpolar Region' map⁶ [see Appendix 4] such as is relied upon by Canada in Arctic Council debate provides authoritative justification for the potential eligibility of Northern Ireland and parts of the Irish Republic as required.

The fragile rural, sparsely populated and adverse climate criteria - that have guided the evolution of the NPP from its origin as the Nordic Scottish Partnership - have always imposed a natural limit on the regions within partner States that might participate. Limiting a future programme to Circumpolar Regions would not appreciably affect that existing limitation. The possibility of, for example, extending programme boundaries to include localities with specific oil/mineral or maritime transport facilities or expertise might be investigated but achieving this within the established NPP profile could be problematic.

Although the inclusion of some parts of eastern Canada and of north western Russia is vital it might not be thought necessary at this point to identify the precise provinces or the status of their membership [full or ad hoc]. Nevertheless an early approach to both States could be prudent. Late invitations to partnership participation are often resented and experience suggests that this might be particularly true for Russia.

Denmark would be an essential participant because of its strategic Arctic position arising from its relationship with Greenland but Denmark is not currently a partner in the NPP and has no experience of the programme.

In this paper we limit ourselves simply to raising the question on geography. This is one of the central strategic issues that have to be dealt with in the process towards a new programme. How the NPP addresses Denmark, Russia and Canada will reflect the level of ambition as a High North regional programme.

⁶ Also adopted by UNEP in respect of International Polar year 2008/9

Commonality – shared or competitive?

Common challenges and opportunities can be *shared* – where actions and tactics to respond can be shared by the partners and so improved to mutual advantage, or *competitive* where, in effect, responses to challenges can only be pursued to the disadvantage of the other partners. In other words commonality ceases to be strength to a partnership and becomes corrosive when the issue addressed is a ‘zero sum game’. The success of the existing NPP lies in the strength and authenticity of the fragile rural, sparsely populated and climatic commonalities of its constituent parts. Within its current distinctive mission no significant competition has emerged.

This is not necessarily so once the partners are placed in the dynamic, shifting context of the new High North.

The need to adjust the capacity of communities and SMEs to respond to change is a shared commonality but perhaps some of the opportunities and threats associated with logistics infrastructure and location choices are quite adversarial. [See Appendix 1] Once this is recognised however it might be considered that the problem can be effectively addressed by excluding from the programme’s themes and priorities those areas of activity with potential for negative inter-partner tensions. A strategy is about choice of achievable aims and prioritising actions to that end – not about comprehensive coverage of all issues.

Notwithstanding these observations we are convinced that the strong rural peripheral and fragile nature of the NPP binds the interests of the partners naturally, not artificially, and will continue to do so. Although some of the opportunities arising in the North – particularly perhaps in hydrocarbon extraction and processing – have a clear potential to benefit some locations and communities more than others – this is true right across the NPP area. There are as great differences *within* the Northern Nordic zone of the NPP area as *between* those areas and the Scottish and Irish NPP regions. In counterpoint, tourism and renewable energy development has a much more uniform significance throughout the NPP area - *and these are the two fields identified for action in the EU’s Joint Arctic Communication of 26 June 2012 [see above].*

How can this be organised?

NOT a Macro Region

The European Commission describes a macro-region as “an area including territory from a number of different countries or regions associated with one or more common features or challenges”⁷. In relation to these areas, a macro-regional strategy refers to “an integrated framework that allows the European Union and Member States to identify needs and allocate resources” with a view to protecting the environment and enabling sustainable economic and social development⁸.

The proposition we are examining seeks to achieve these results but explicitly does not contemplate a full-blown macro-region structure for the Arctic based on the NPP territory. Equally it does not propose simply a continuation of the present NPP with priorities and measures modified to reflect the continuing climatic and economic transformation that the Arctic is facing.

The orthodox macro- region route is prohibitively complex and too heavy to provide the flexible responses demanded by the dimensions of this uniquely configured and fragmented area. The simple ‘NPP modification’ route is an option but, alone, is probably inadequate to address the scale of the accelerating challenges emerging from the high North. Such an approach certainly neglects the NPP’s unique territorial fit with Arctic generated issues and the leverage it could exert on the extensive spectrum of existing but currently unlinked funding sources serving the area.

The first challenge to be considered now is the initiation of a process with NPP partners to strip the orthodox macro region approach to its irreducible elements and devise a skeletal alternative strategic framework with the NPP at its core.

So what are the elements that an NPP+ proposal might share with an ‘orthodox’ macro-region and what are those that would distinguish it?

We are already familiar with the structure, content and aims of the NPP so logically our point of departure might be an appraisal of the Baltic Macro Region in order to understand the present state of development of the archetypal macro- region structure. The task is to identify what aspects have been effective, what ineffective and then to discard the former and refine the latter in our simplified more user-friendly ‘macro-lite’ model.

⁷ Macro-regional strategies in the EU, Discussion Paper presented by Commissioner Pawel Samecki in Stockholm (16/09/2009) http://ec.europa.eu/regional_policy/cooperation/baltic/pdf/macroregional_strategies_2009.pdf

⁸ Ibid.

Deconstructing the Baltic Model

The first observation is that the direct Baltic equivalent of the NPP – its counterpart Interreg Transnational Programme – is the Baltic Sea Region programme. The Baltic Sea Programme, however, is only one component of the Baltic Sea Macro Region, the distinguishing feature of which is the central role played by an umbrella strategy –the European Strategy for the Baltic Sea Region.

Although the ‘macro-lite’ concept intends to avoid the burden of a full blown regional strategy it must specifically address the need for some central strategic mechanism and so the basic components of the Baltic Sea Strategy ought, perhaps, to be examined. Adaptation of an irreducible minimum strategic framework and methodology will be necessary if the new style NPP is to offer the increased coordination capacity and influence that we can now demonstrate are essential to tackle any impending High North transformation.

Through a detailed Action Plan the Baltic Sea Strategy sets out no less than 15 Priority Areas and 80 concrete Flagship Projects each with a leader across the four pillars ‘Environment’, ‘Prosperity’, ‘Accessibility’ and ‘Safety and Security’. Each Priority Area has at least one administration from the participating Member States acting as Priority Area Coordinator each with a steering Committee

As already discussed above a major ‘Macro-lite’ aim is to avoid this inordinate structure and the scale of partner State commitment it dictates. The States are aware of this Baltic Macro Region complexity and the Macro-lite proposition must demonstrate how adequate strategic cohesion can be achieved across this huge area (both in terms of geography and policy) yet with a significantly lighter approach.

The three NOs... but unrivalled recognition and reach!

Comparing the skeletal 'Macro-lite' concept to the orthodox macro regional strategy might be the equivalent of comparing a life boat to a cruise liner – but the macro-lite would nevertheless attract the same treatment under the regulations as the full version.

Is this a burden or benefit?

Paradoxically, at the same time as promoting the macro-region concept, the Commission have stressed that no extra resources will be allocated to a macro-regional programme. This has become known as 'DG Regio's three NOs' - *No increased funding - No new structures - No new legislation.*

So what is the point?

There are two points - *coordination and leverage.*

A reoriented NPP linked to a High North Strategy would be instrumental in achieving the *coordination* of European and national regional effort and it would have the capacity to *leverage* funding from a whole array of instruments to which it does not currently relate

In respect of both coordination and leverage, the Common Strategic Framework recognises the key role of a strategy that fits the macro-regional definition, and gives it a privileged working status, viz:

The objective of macro-regional strategies is to organise cooperation between countries or territories by mobilising local and regional actors to align policies and funding and to identify common issues, solutions and actions. Similarly, sea-basin strategies are key contributors to the successful implementation of the Integrated Maritime Policy.

Effective macro-regional and sea-basin strategies require the successful mobilisation of EU funding. Programmes co-financed by all the CSF Funds should therefore prioritise operations deriving from the strategies, organise specific calls, or give priority to these operations in the selection process. Transnational programmes can provide the necessary framework to support the range of policies and funds needed to implement macro-regional and sea-basin strategies.⁹

⁹ COMMISSION STAFF WORKING DOCUMENT Elements for a Common Strategic Framework 2014 to 2020 Part II Brussels, 14.3.2012 SWD(2012) 61 final

So, to summarise, the special added value of macro-regional strategies is recognised. They are accorded a special status and all other CSF funded Programmes must give priority and special treatment to operations complying with such strategies. Moreover it is recognised that transnational programmes are the medium through which these strategies must be supported.

'Macro-regional strategy fit' has also been demonstrated to give projects access to EIB and Nordic Investment Bank funds and this has recently been informally confirmed by both. This will have to be verified by enquiry.

We submit that a radical reduction of the Baltic Region Strategy model to its basic components and their further modification to suit the specific requirements of the NPP area is possible. Preliminary indications are that the EC recognise the logic of such an approach and are willing to engage.

What can only be established by dialogue between the partner States and with the EC is how that essential strategy can be developed in concert with the redesign of the Northern Periphery successor programme and what innovative linkage between the two might be feasible. Closely associated with these conceptual issues are the practical considerations of governance and delivery and the options for how this might be simplified to integrate strategy structure with NPP structure. Can a secretariat/ management structure be devised to embrace and simplify both functions?

The Baltic Sea Strategy approach to governance is examined in outline at Appendix 7

Summary and recommendations

As described in this paper, there are substantial changes taking place and accelerating in the territory of the Northern Periphery Programme.

The Programme has to adapt to these changes or risk becoming irrelevant.

Whether it is more prudent to limit this adaptation to content or whether the opportunity should be taken to explore in addition a more innovative format and a more strategic role, is the key issue.

These are different paths and it must be conceded that the first is the simpler in the short term, but perhaps the more self-limiting, while the second demands more initial investment of time and ingenuity but in the longer term could be substantially more generative and more widely relevant.

Confronted by the area's seemingly static physical and market constraints, the NPP has successfully provided a transnational platform for partners jointly to deal with shared trends of declining population, centralisation, aging and accessibility. Now faced with the increasing certainty of improving but possibly problematic economic opportunity in the North - and even a lessening of some physical limitations - the programme, we would submit, must grow to meet these challenges. It must accept a heavier more strategic role that this implies.

Ultimately, the choice of programme architecture can be made only by the Partner States and will demand close liaison with the Commission. In contrast, the Programme's content and priorities will owe much more to consultation with the stakeholders and respect for the budgetary parameters and legitimate strategic preferences within which they work

This suggests a two stage decision process starting with a rigorous policy level debate on architecture followed by a wider exposition to, and consultation with, the key stakeholders.

Our recommendation is that, without prejudice to any enhanced macro solution that might emerge from deeper consideration of the factors set out above and the outcome of the Commission's Transnational Programme review consultation, any new Northern Periphery text should explicitly recognise the High North changes and contain specific provision to monitor, assess and identify appropriate responses.

The central mission of the Programme as a tried and tested vehicle for the economic and social development of peripheral fragmented rural areas should naturally provide the foundation of the new NPP, incorporating those existing elements that are endorsed by the current review of programme relevance, but within a more dynamic structure.

As a stimulus to discussion we propose a structure along the following lines:

1. The introduction

The programme should have one or several chapters that clearly link it to the High North development and establish this as the geographical and thematic frame of the programme. A NPP High North understanding should be developed and links to EU/national policies made visible.

2. Priorities

2.1 Meeting expanding industries

The intention of this priority would be to establish a clear link to the focal point/prioritised industries in the national strategies. The priority would not be divided into sectors, but rather focused on how to maximise regional effects and minimise potential tension following large-scale industrial development in limited areas or demographic flux.

There are many towns and communities that have this experience today, in all NPP partner states.

Some key components:

- Capacity building – for what and how?
- Organising relations to major, international companies – how and for what purpose?
- Social planning
- Dealing with conflicting interests
- Experiences and (best) practice

2.2 High North monitoring and assessment

To establish monitoring and assessment as a priority. The High North is more dynamic than ever thus it is important to have updated regional understanding. In addition this can be a vehicle for making other parts of the programme “smarter”.

This priority would be centred round a “**High North/Arctic think tank**”. The panel would comprise well informed people that can be drawn from the University of the Arctic, companies operating in the region, public positions or

simply chosen because of their personal capacity. The function of the think tank could be to bring updated knowledge and understanding of the regional aspects of the High North. This could be used for policy development or creating targeted projects. This could materialise either in projects directly linked to the assessment made by the think tank or as guidance for projects under the other priorities.

It is evident that the regional role in a High North context is vague and as yet little developed. This could be taken, as a point of departure. It could be one of the aims of the next NPP to clarify this role. The think tank will serve as one of the instruments. At the same time this development would make the programme relevant for existing strategies on a strategic level and add a value to them.

2.3 Regional joint effort

The starting point for this priority is the observation that there are a number of modern political strategies and abundance of “old” implementing tools. These are programmes; permanent bodies, financial institutions etc. (as illustrated in Appendices 4&5). Obviously one could get more, larger and better projects out of coordination and sometimes pooling resources. Sharing of information, contacts and perspectives will sometimes be of greater value than pooling of funds.

To facilitate this, a **High North financial meeting point** could be established. The meeting point would be a regular meeting place for leaders (or others) from the most relevant programmes, funds etc., all working in the same region with partly overlapping mandates.

There would be a connection between Priorities 2.2 and 2.3.

2.4 The most valuable elements from the existing programme

As stated above, the challenges that were identified 6 years ago still exist. The most effective NPP measures remain relevant and provide the essential continuity for existing programme networks.

This model could equally offer a robust framework to accommodate and operationalize integration with Nordic Cross Border Programmes emerging from on-going consideration of the Commission’s rationalisation proposals [See Appendix 4]

Some Questions

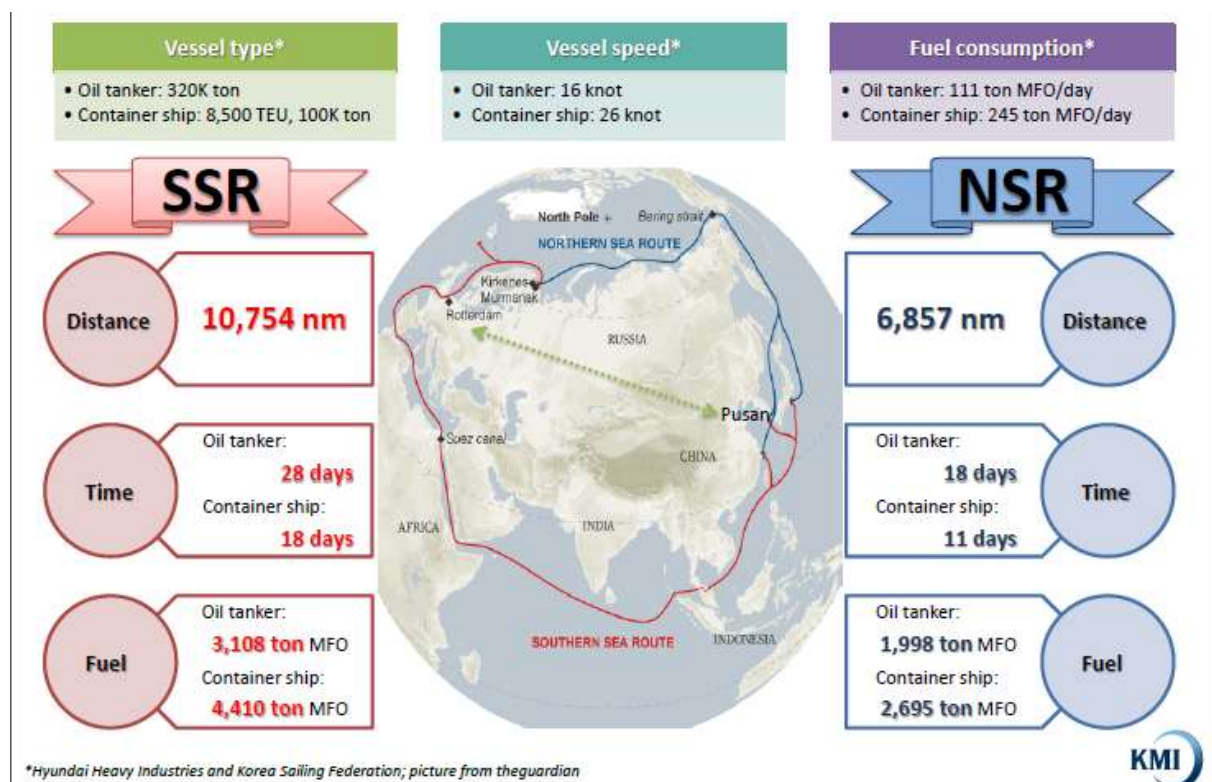
- There is an obvious first order ‘So what?’ question –i.e. even if all the Arctic developments can be demonstrated to be even more dramatic than they are currently perceived – what can we seriously expect the NPP to contribute to such major and geopolitical developments? This paper has speculated positively about this – is the evidence coherent?
- Can a ‘macro-lite’ approach defeat complexity? Is the goal of a radically simplified ‘macro-lite’ strategic approach fanciful or feasible? Are the strategic coordination demands of an integrated regional strategy achievable without the panoply of governance arrangement that has evolved from the Baltic strategy exercise?
- What might be the irreducible minimum structure required to manage a coherent EU regional development response to the accelerating activity coming out of the High North?
- The present NPP consciously addresses the problems and opportunities of fragile and fragmented northern peripheral areas on a different scale and in a different, Euro-centric, context. The judgement to be made is then, perhaps, whether the NPP, by simply maintaining its focus and distinctive mission, can remain relevant in these changed circumstances or, indeed, whether in retaining that focus it compromises its capacity to best serve its territory?
- Can these accelerating High North developments be effectively managed to the benefit of our local communities, economies and environments *without* a coordinating strategy and NPP’s involvement in it?
- How could the necessarily wide and inclusive process of developing the essential regional strategy be conducted in tandem with the drafting of an augmented and consonant NPP?
- How can the link between strategy and programme be most simply and efficiently operationalized? Can a joint Secretariat be envisaged?
- There are numerous funding initiatives and programmes serving the NPP area, how can recognition of the NPP’s role in leading the development of a strategic coordination vehicle be established?
- If after thorough reflection and consultation at State level the ‘macro-lite’ logic is accepted what immediate next steps are required to refine and operationalise the concept?

The High North Reality

An accurate appraisal of the increased activity and economic opportunity in the high North – all linked directly or indirectly with climate change - would require the application of expertise in mineral, hydrocarbon and energy market analysis, and access to intelligence on marine logistics much of which is commercially confidential.

However for our purpose - the seeking of assurance that widespread positive reports of strategic Arctic developments are not simply speculation - we have the comfort that each of the Arctic Council States have produced distinctly operational Arctic Strategies [see Appendix 2] and so are clearly convinced. We also have the following headline facts for each of which extensive and authoritative evidence can be presented. It appears that this is an unusual sphere in which reality constantly runs ahead of ‘hype’ ...the first example – marine navigation - provides the most compelling evidence of this:

Increased Navigation Season for Arctic Routes



Comparison of Northern Sea Route with Southern Sea Route

North East Passage

- In 2010 the navigation season was assessed to last 49 ± 18 days
- The 2010 Finnish Arctic Strategy predicted a 134 ± 38 day (say **5 months**) season by the end of the century.]
- Predicted that that this would comprise mostly destination traffic not Trans Arctic before 2020 -

BUT May 2011

- UCLA Report predicts **8 months** per annum by 2045 -2059

NOW 2012

- 2011 Navigation season reports confirm **5 months** (29 June - 28 Nov) of navigation [longest ever sailing season] and 34 bulk carriers (total cargo 820k tons) completing the full transpolar journey c.f. 4 completed journeys in 2010 (total cargo 111 k tons). One laden tanker completing the journey from Murmansk to Thailand in 8 days at 14 knots¹⁰. 21 June 2012 earliest ever opening of the Arctic navigation season.¹¹
- Average journey time **22 days** c.f. via Suez **40 days**, savings per journey \$300k

This reality was acknowledged by the European Commission in their staff working document accompanying the White Paper - *Roadmap to a Single European Transport Area: Towards a competitive and resource efficient transport system*¹² issued 28 March 2011 which states:

By 2050, the entry points into European markets will multiply. Certain ports will develop or become major intercontinental hubs along the northern and southern coastlines, avoiding at the same time unnecessary traffic crossing Europe. A possible melting of the sea-ice in parts of the Arctic Sea may open new and shorter shipping routes to the Pacific. As a consequence, Arctic ports in Norway and possibly Russia may become new gateways into continental Europe.

As a consequence of EU's increasing focus on the significance of new transport corridors being developed in Arctic, the union created the *Northern Dimension Partnership on Transport and Logistics (NDPTL)* in 2009 under the 2006 Northern Dimension (ND) partnership with Russia, Norway and Iceland. The goal is to improve the major transport connections and logistics in the Northern Dimension region to stimulate sustainable economic growth at the local, regional and global levels by focusing on a limited number of priorities that reflects both regional and national priorities. NDPTL became operational with an office in Helsinki from March 2011¹³.

¹⁰ Barents Observer 17 Aug 2011

¹¹ Barents Observer 28 June 2012

¹² SEC (2011)391 final

¹³ Development of marine Russia-Norwegian trade facilities in Northern Norway – prefeasibility study

An Ice-free Summer Arctic by 2100? 2040? 2030? Or...?

The Intergovernmental Panel on Climate Change report (published in 2007) stated that the likely date for an ice-free Arctic in the summer was 2100,

After the extreme 2007 Arctic Ice retreat that date was brought forward to 2030-2040

In August 2012, following their analysis of the initial images of Arctic ice thickness deterioration from the European Space Agency Cryo-Sat 2 satellite in August 2012 the Centre for Polar Observation and Modelling at University College London raised the possibility that the Arctic might be briefly ice free in the summer by 2020.¹⁴

But what will it mean for local economies and settlements?

Commentators consistently acknowledge that existing logistics infrastructure available for the safe and effective development of the Arctic routes is inadequate. Significant capital investment is required to fill the gaps and provide the currently lacking cargo trans-shipment facilities. According to Katarzyna Zysk of the Norwegian Institute for Defence Studies¹⁵, Russia is determined to invest and intends by 2015 to have established and developed the NSR infrastructure and a system of management of communications for the Russian waters sector. State commitment to the development of the NSR has recently been confirmed by President Vladimir Putin¹⁶. This year the Russian Federation has announced investment in 5 new icebreakers¹⁷ to replace existing vessels each to be stationed at different ports along the Russian Arctic coast¹⁸.

The routes will require ice-strengthened ships which are more costly to operate (they are heavier and less hydrodynamic), and so using them in warmer waters is financially inefficient.¹⁹ This suggests the need for key 'hub and spoke' ports and, since - unlike orthodox ports - these will not be dependent on the existence of a hinterland, the prospect of their peripheral location with substantial local development opportunities arises.²⁰ The requirement for such major nodes however is limited and even now there are many candidate high north locations but there can be only one or two winners. By contrast the need for safety, servicing and refuge facilities will be wide spread and offer more local opportunities

Planning theory tells us that the intensity of transportation has a decisive impact on where settlements and economies can prosper and it has been suggested that the first step in visualizing where areas will gain a stimulus to develop in the Arctic is to put the sea routes on a map. The sea routes are coming but their potential to provide improved access and economic and social impact, rather than simply by-pass peripheral settlements, presents a challenge to high north stakeholders.

¹⁴ Reported Roger Harrabin, BBC News 13 August 2012

¹⁵ Reported in the European Voice 24 May 2012

¹⁶ Second International Arctic Forum, Arkhangelsk, 22 September 2012

¹⁷ Reported Bellona Foundation journal 12 April 2012

¹⁸ Mikhail Belkin Rosatomflot, Arctic Shipping Forum, Helsinki, 24-26 April 2012

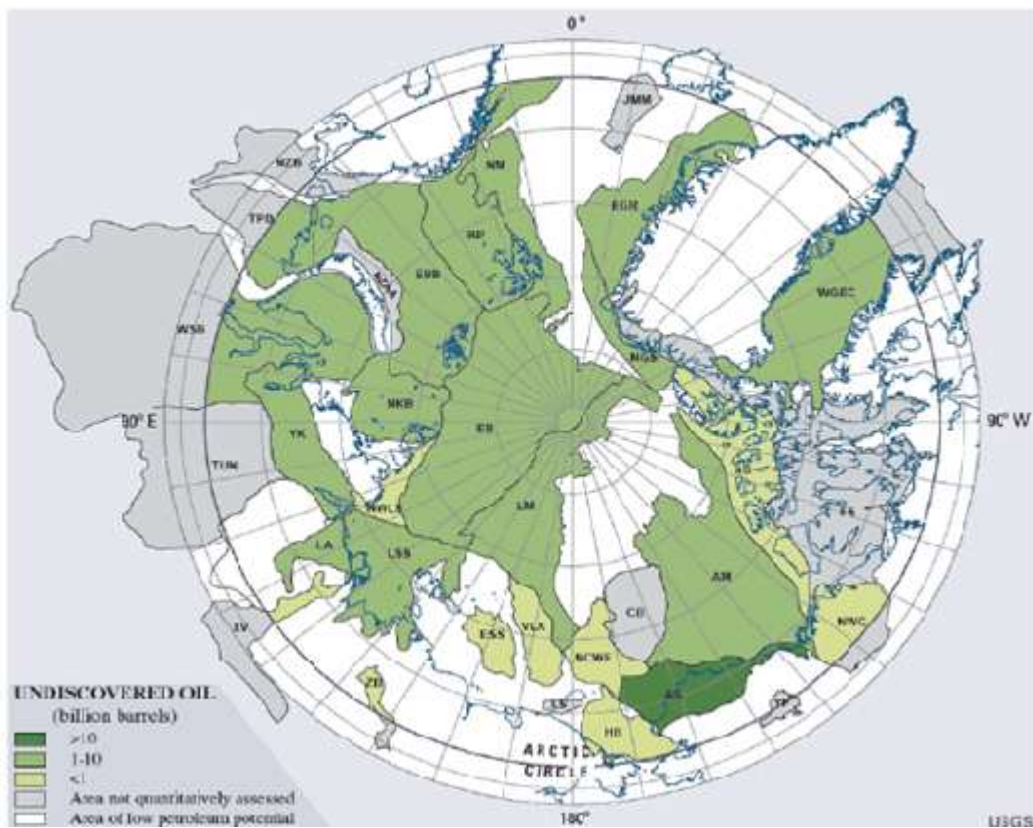
¹⁹ Arctic shipping – Frédéric Lasserre – 30.11.2011 – Baltic Rim Economies

²⁰ Alfred Baird, TRI Maritime Research Group, Napier University - Akureyri, Iceland March 27 – 28, 2007

Hydrocarbons

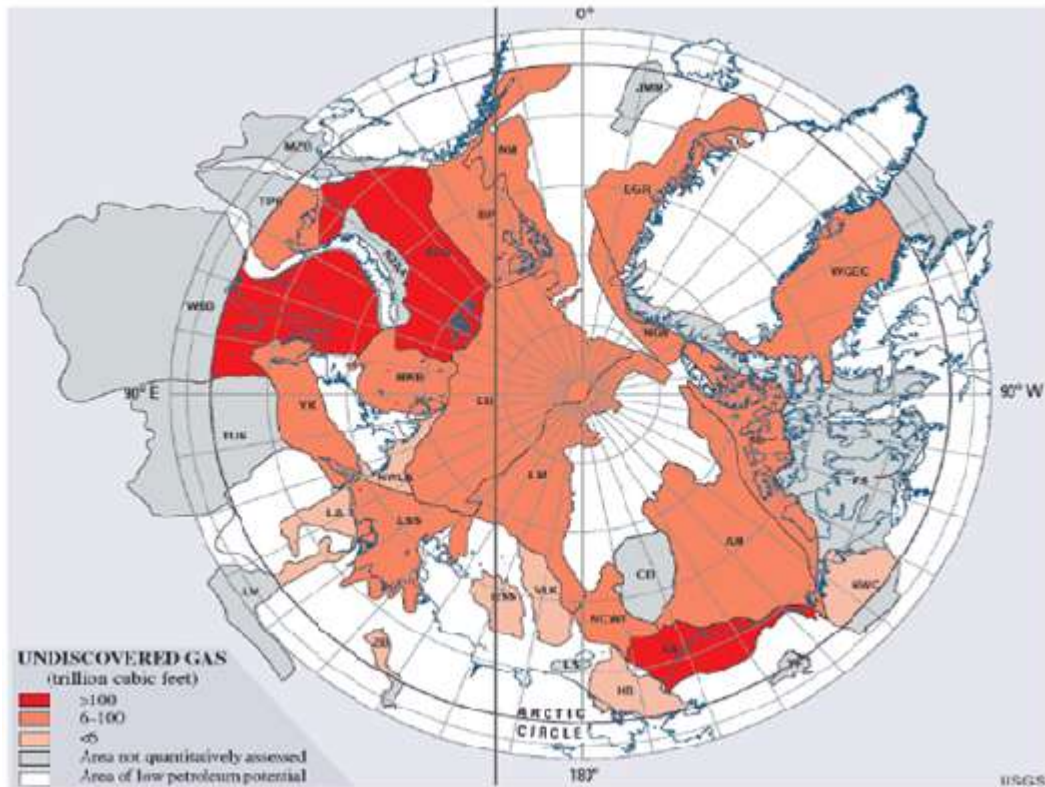
- Norway-Russia delimitation agreement was initialled in 2010 and ratified in 2011 – 3 major finds in Barents have been made since then
- 5% to 13% of world's untapped oil reserves and 20-30% of gas reserves estimated to be located in Arctic²¹
- Inevitable extraction as Russia's inland resources deplete and world demand increases.

Oil Reserves in the Arctic



²¹US Geological Survey Report - Circum-Arctic Resource Appraisal: Estimates of Undiscovered Oil and Gas North of the Arctic Circle 2008

Natural Gas Reserves in the Arctic



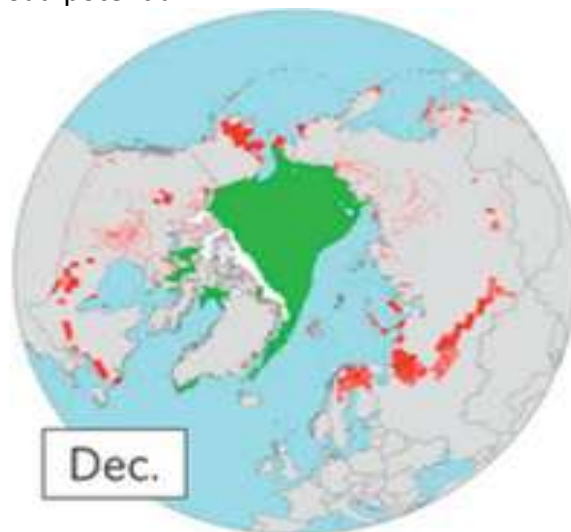
A surge in exploration for hydro carbons has been encouraged by recent world market conditions and, in the Nordic part of the Arctic, was further stimulated by the resolution in 2010 of a 40 year long Barents Sea territorial delimitation dispute between Norway and Russia. The good news is that there have been Arctic gas and oil field discoveries, the gas finds being particularly valuable because of the significantly lower CO₂ production from gas combustion. The bad news is that none has yet been developed properly. The delays may be attributable to the advent of the so-called ‘unconventional’ sources such as shale gas, tight natural gas and coal-bed methane²². It is inevitable, however, that these substantial Arctic discoveries will be exploited especially as the progress of climate change improves the conditions for extraction but market conditions and ice flow resistant engineering will in the short term be the deciding factor.²³

²² Maugeri Leonard. ‘Oil: The Next Revolution’ Discussion Paper 2012-10, Belfer Center for Science and International Affairs, Harvard Kennedy School, June 2012. but see also Commentary by Steve Sorrell Sussex Energy Group & Christophe McGlade, UCL Energy Institute July 2012

²³ Harsem, Ø., Eide, A. & Heen, K. (2011). Factors influencing future oil and gas prospects in the Arctic. *Energy Policy*. 39: 8037-8045

Minerals

The recent report by the insurance specialists Lloyds – ‘*Arctic opening – opportunity and risk in the High North*’ 2012 – points out that mining projects often offer better long-term potential for economic development than oil and gas, with a larger permanent and local workforce and a project lifetime of several decades, from prospecting and production to closure and rehabilitation. Although in the Arctic maritime transport to mines may become easier, mining activity away from the coastline may become more difficult. This is because the same pattern of climate warming that is freeing routes of sea ice is melting permafrost and rendering less accessible inland mining exploitation that relies on ice roads and the strength of their permafrost foundations. By way of illustration of the extent of this challenge the map²⁴ below shows the Arctic temperature conditions projected for 2045-2059. Green indicates newly formed maritime access to light icebreaker vessels. Red indicates lost winter road potential.



The EU is concerned about security of supply of strategic minerals especially rare earths, vital in sensitive fields of high technology development and, on 2 Feb 2011, the EC issued a Strategy on Raw Material Supply²⁵. The ERECON project has now been established to look at the management of rare earth supply to Europe²⁶

Rare earths are essential for high performance permanent magnets in wind turbines or electric vehicles, catalytic converters for cars, printed circuit boards, optical fibres and high temperature conductors.

The EU is completely dependent on imports, with China accounting for 97% of world production in 2009. At the same time, no recycling or substitution processes for rare earths are currently commercially viable.²⁷

²⁴ Stephenson Smith Agnew, UCLA May 2011

²⁵ ‘Tackling the Challenges in Commodity Markets and on Raw Materials’ COM(2011) 25 final Brussels, 2.2.2011

²⁶ 12 June 2012 agreement with Greenland signed by EC agreeing partnership in financing mineral development for strategic purposes

²⁷ Ibid.

Its virtual monopoly position enables China to attract product manufacturers to operate there as a condition of doing business, ration exports to maximize prices, and punish nations that do not comply with its policy interests through supply embargoes. Beijing reduced rare earth shipments by 9% in 2010 over 2009, and has recently announced plans to reduce exports by another 35%

Greenland

- Dec 2010 Greenland approves rare earth oxides exploitation at Kvanefield
- Kvanefield **can provide 25% of world demand**²⁸
- now 2nd field at Kringlerne
- Iron Ore and Uranium also shortly in production

Finland, Sweden and Norway

- rich in various minerals – development accelerating
- major European gold mine now at Kittila 2008

Large infrastructure choices to be made – already e.g. Finland is committed to drive a freight rail route through to the Kola Peninsula and possibly to Kirkenes

Renewable Energy

Although their sources of renewable energy vary considerably, the territories of the High North area, and perhaps particularly of the NPP, share common challenges of how to best utilise renewable energy systems to support small fragmented populations and how to store and sell out of the area the renewable energy they produce.

The constant summer sunlight and dependable winds in the snow covered territory above the Arctic Circle provide excellent conditions for photovoltaic and wind generation while Boreal areas have the opportunity to generate with biomass. Many areas are hydro power generators but Greenland and Iceland which have perhaps the greatest hydro power potential - and Iceland, certainly the greatest in geo thermal – are so far from their prospective markets as to make the current cost of power transmission virtually prohibitive. This has already encouraged Iceland and Greenland to explore developing manufacturing activity close to their energy sources. The on-going development and improving economy of

²⁸ According to the operators Greenland Minerals and Energy Ltd, 28April 2011

High Voltage Direct Current [HVDC] transmission technology may also provide increased market access.

Many high north areas have excellent wind, wave and tidal power regimes.

There seems to be a clear opportunity for High North cooperation for locally focused innovation in these fields.

Fisheries

The major fisheries in the Arctic lie in the Barents Sea off the coasts of Norway and Russia, and in the Norwegian Sea. Significant fisheries effort is also conducted off the coast of Greenland.

One third of fish caught in the Arctic is sold in the European Market. Studies show that this figure could increase as fish stocks move north as a result of warming seas. The indications are already positive. In some places, fishing activity has boomed in recent years. There were 30 fishing ship voyages in the Canadian Arctic in 2005, and 221 in 2010, by far the largest component of all ship voyages in the Canadian Arctic. The Greenlandic shrimp catch has grown by half again over the last decade.

Nor are fears that the incoming species will drive out the indigenous stock necessarily justified. Despite Atlantic cod and haddock extending further into Arctic waters, a new study reveals there is little competition for food between the invaders and native polar cod.²⁹

Moreover there is encouraging news about the direct impact of climate change on native stock. Research suggests that the projected effects of climate change in the Arctic Ocean, including earlier ice break-up, more frequent winter open water and freshwater-induced temperature changes caused by increased river discharge, could *enhance* the growth and survival of polar cod by promoting conditions that favour winter hatching³⁰

There are nevertheless barriers to local settlements' participation in this expansion of activity. Where increased stocks can support new fisheries, these would likely be far from settlements with any tradition of fishing, accessible mostly to long distance capital intensive vessels. Northern deep-water ports such as those of northwest Russia, northern Norway or Iceland would have the most direct access to new Arctic fisheries. Growing global competition combined with the over-exploitation of natural resources, mainly due to overcapacity has created a structural (economic) crisis in many Arctic/northern communities based on fisheries. Even though many communities e.g. the Faroes, have learned to diversify their economies, resource exploitation remains at the core of their economic survival.³¹

²⁹ [Renaud, P.E. Berge, J., Varpe, Ø. *et al.* (2012). Is the poleward expansion by Atlantic cod and haddock threatening native polar cod, *Boreogadus saida*? *Polar Biology*. 35: 401-412.]

³⁰ [Bouchard, C., Fortier, L. (2011) Circum-arctic comparison of the hatching season of polar cod *Boreogadus saida*: A test of the freshwater winter refuge hypothesis. *Progress in Oceanography*. 90: 105-116.]

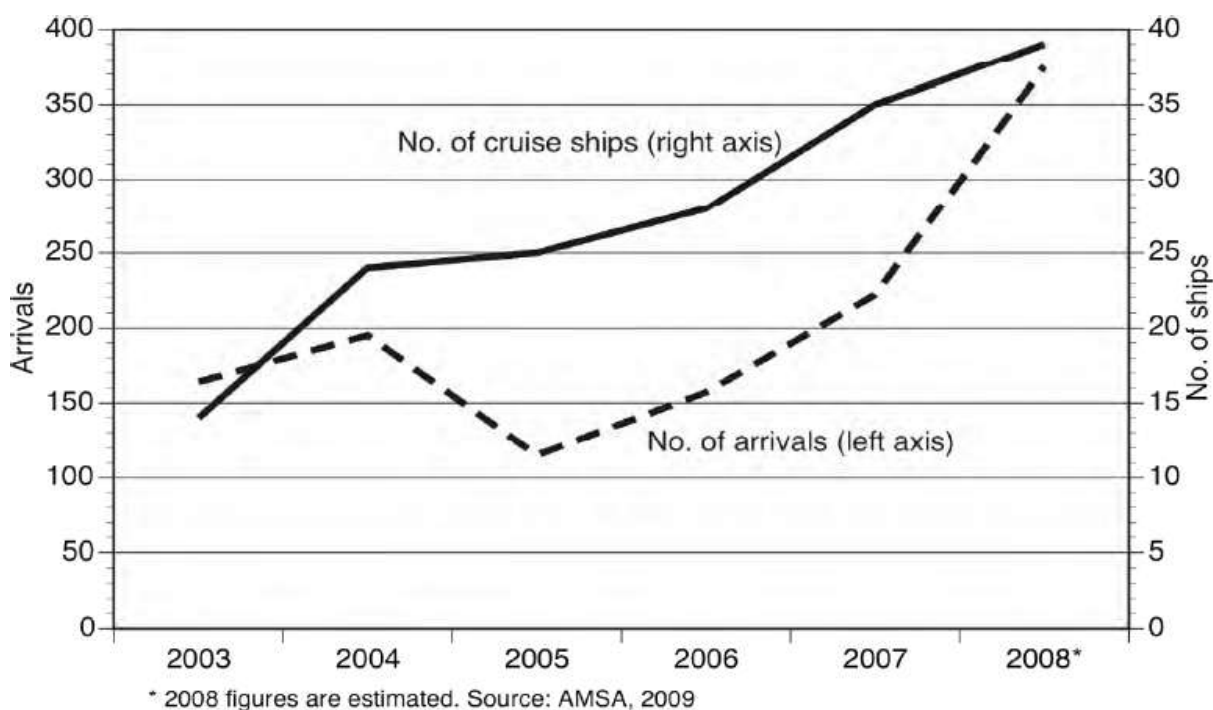
³¹ 'Arctic Megatrends' 2011, prepared for the Nordic Council of Ministers by Nordregio.

Tourism

There is an impressive precision about records of recent increases in commercial shipping journeys in the Arctic which contrasts starkly with the paucity of data on cruise ship traffic. This is because cruise ships simply visit the Arctic and their journeys are not regulated. The data deficiency is especially remarkable when it is commonly acknowledged that whatever the recent increase in commercial Arctic traffic this expansion has been exceeded by the increase in cruise ship presence. This is borne out by a reference in the Arctic Marine Shipping Assessment [AMSA] Report of 2009 to an independent survey indicating that in 2004, 1.2 mill passengers went on an Arctic cruise and that this number more than doubled in 2007.³²

A more precise picture is offered by the record of cruise ship arrivals in Greenland ports between 2003-8. Associated analysis based on a single port revealed that from 2001 to 2008 the average growth rate of passenger arrivals was 14% per year.. It should be noted that the main Arctic cruise areas are elsewhere – Iceland and Svalbard. The OECD reports³³ that in 2009 a further 20 new cruise ships were added to North Atlantic routes, and continues: *‘When a big cruise ship arrives in one of the small North Atlantic ports, the call can – if carefully planned for – provide new revenue opportunities for the local community. However the arrival of such a cruise ship also raises a number of issues in terms of infrastructure, safety and rescue equipment, as well as the impact on the environment. Cooperative efforts by these destinations to address these challenges would be beneficial’.*

Cruise ship arrivals in Greenland ports and harbours 2003-08



³² AMSA, 2009, p 79. No source is given for the mentioned independent survey

³³ NORA Region Territorial Review 2011 quoting NORA (2009) *Climate Change and the North Atlantic*

Arctic strategies

Russia

The Russian Arctic policy was published in March 2009. The document outlines Russia's interests and priorities in the Arctic region.

The basic national interests of the Russian Federation in the Arctic are:

- a) the use of the Arctic as a strategic resource basis for the socio-economic development;
- b) the conservation of the Arctic as a zone of peace and cooperation;
- c) the preservation of the Arctic's unique ecosystems;
- d) the use of the Northern Sea Route as the Russian Federation's unified national transport link in the Arctic.

The Russian Federation's main objectives in the Arctic are:

- a) expanding the resource basis of the Arctic zone that can largely satisfy Russia's need in hydrocarbon resources, water bio-resources and other types of strategic raw materials;
- b) defence and protection of Russia's state boundary lying in the Arctic Zone of the Russian Federation
- c) preserving and protecting the natural environment of the Arctic, eliminating ecological consequences of economic activities in the context of an increasing economic development and global climate change;
- d) in the field of information technologies and communications - creating a unified information space of the Russian Federation in its Arctic zone, taking into account the natural features;
- e) ensuring an adequate level of fundamental and applied research aimed at accumulating knowledge and at creating modern scientific and geo-informational bases for managing Arctic territories, including the development of tools for solving problems of defence, security and a reliable functioning of life support systems and production activities in the climatic conditions of the Arctic;
- f) ensuring a regime of a mutually beneficial bilateral and multilateral cooperation between the Russian Federation and the Arctic countries on the

basis of international treaties and agreements to which the Russian Federation is a party.

The strategic priorities of state policy of Russian Federation in the Arctic are as follows:

- a) active interaction between the Russian Federation and the Arctic countries in defining maritime borders on the basis of the international law and mutual agreements.
- b) enhancement of the Arctic countries' efforts to create a unified regional system of search and rescue, in preventing disasters and in mitigating their impacts, including the coordination of rescue forces' operations;
- c) strengthening the bilateral and regional organizations, including the Arctic Council and the Barents Euro-Arctic Council.
- d) facilitating the organization and efficient use of transit and cross-polar air routes in the Arctic, as well as the use of Northern Sea Route for international navigation under the jurisdiction of the Russian Federation and in accordance with the Russian Federation's international treaties;
- e) intensification of the participation of Russian government institutions and non-governmental organizations in international forums dealing with Arctic issues, including inter-parliamentary cooperation within the framework of the Russia - European Union partnership;
- f) delimitation of maritime spaces in the Arctic Ocean
- g) improving the government's management of the socio-economic development in the RF Arctic Zone, including through the expansion of fundamental and applied scientific research in the Arctic;
- h) improving the quality of life of the indigenous population and the social conditions for economic activities in the Arctic;
- i) development of the resource basis of the RF Arctic Zone through the use of advanced technologies;
- j) modernization and development of the infrastructure for the Arctic transportation system and for the fisheries complex in the Arctic Zone of the Russian Federation.

The strategy has a long list of tasks that have to be carried out in order to implement the strategy. Implementation is set out in three stages with the final goal to *transform the Arctic Zone of the into a leading strategic resource base of the Russian Federation.*

Finland

Finland's Arctic strategy was adopted in 2010. It starts by describing the global significance of the Arctic and stating Finland's position as on the Arctic countries with political, economic and security interests in the region. The strategy is structured in 8 chapters, covering the following topics:

- Fragile Arctic nature
- Economic activities and Know-How
- Transport and infrastructure
- Indigenous people
- Arctic policy tools
- The EU and the Arctic region

The concluding chapter summarizes Finnish objectives and proposed actions, as follows below.

OBJECTIVES AND PROPOSALS FOR ACTION

- Cooperation based on international treaties lays the foundation for Finland's activities in the Arctic Region.
- Finland strives to increase international cooperation in Arctic issues at global and regional levels and in bilateral relations.
- Finland considers it important that the EU develop its Arctic policy.

Finland's strategy for the Arctic Region lays down sector-specific objectives and concrete proposals for action. The principal objectives are:

Environmental protection in the Arctic Region

- To draw attention to the special features of the Arctic Region and to Arctic environmental issues and risks in international cooperation.
- To give stronger support for Arctic research, the development of regional climate models and long-term monitoring.
- To promote nuclear safety, especially in the Kola Peninsula.

Economic activities in Arctic areas

- To strengthen Finland's role as an international expert in Arctic know-how by investing in education, research, testing, technology and product development

Transport networks

- To improve business opportunities in the Arctic by developing transport, communications and logistics networks and border crossings.
- To develop transport routes in the Barents Region by striving towards a joint strategic view with the neighbouring countries.
- To harmonise international regulations concerning the safety of shipping and environmental protection in the Arctic.

Indigenous peoples

- To ensure the participation of indigenous peoples in the handling of affairs affecting their status as indigenous people.
- To safeguard the funding needed for the efficient participation of indigenous peoples.
- To raise the subject of improving the status of indigenous peoples in the Barents Region within the work done by the Arctic Council and the Barents Euro-Arctic Council.

International organisations

- To emphasise the Arctic Council as the primary cooperation forum on Arctic matters.
- To strengthen the Barents Euro-Arctic Council also towards the European Union as the voice of regional actors and further enhance the link between the Barents cooperation, the Northern Dimension partnerships and the EU's cross-border cooperation programmes.
- To strengthen Finland's representation in Russia's northern regions.

The European Union

Finland works, for instance, to achieve the following goals:

- The EU considers the special features of the Arctic Region in the Union's various policy sectors and increases its input in the area
- The EU is approved as an observer member of the Arctic Council, and the EU establishes an Arctic Information Centre in conjunction with the Arctic Centre of the University of Lapland.
- The Northern Dimension becomes a central tool for the EU's Arctic policy in terms of external relations

Sweden

The Swedish arctic strategy was published in 2011. It comprises three chapters.

- ***Sweden and the Arctic*** places the country in the arctic context with regard to history, security policy, economic ties, climate, research and culture.
- ***Objectives and implementation in Arctic Cooperation*** puts a strong focus on the need for enhanced cooperation in the Arctic. The Arctic Council, The European Union, Nordic Cooperation, Barents Cooperation and the United Nations are addressed.
- ***Swedish priorities*** is concentrated on three topics.
 - a) Climate and the environment

This section list a number of initiatives on climate change and environmental protection. International cooperation for preventing pollution, research and eco based management are the central keywords.

b) Economic development

- a. Extraction of natural resources and the use of renewable resources (forest) should be conducted in a sustainable manner.
- b. Free trade and combating technical barriers to trade for economic growth in the Arctic
- c. Sustainable development of the tourist sector.
- d. Improvement of infrastructure is crucial.
- e. Increased cooperation within research in order to contribute to the regions sustainable management and development.
- f. Contribute to international efforts in the IMO to reduce emissions of greenhouse gases from ships and the entering of IMO Polar Code into force.

c) The human dimension.

This section lists a number of initiatives related to climate, environmental change and how this affects the culture and traditional ways of living for indigenous people.

Norway

The Norwegian strategy was delivered in 2006 and is the oldest of its kind. Additional document has been presented, including a white paper in 2011. It is stated that the High North is “Norway’s number one foreign policy priority.” However, it should be noted that the strategy also have a function in domestic politics and a substantial part of the funds for implementing the strategy are to be found, not in the Ministry of Foreign Affairs but on other ministries budgets. The basic strategy, which still is in operation states three overarching principles for Norway in the High North. These are:

- presence
- activity
- knowledge

The main priorities are:

1. To exercise authority in a credible, consistent and predictable manner.
2. To be at the international forefront in developing knowledge in and about the High North.
3. To be the best steward of the environment and natural resources in the High North.
4. To provide a framework for further development of the petroleum industry in the Barents Sea and national and regional effects of this.
5. To safeguard indigenous peoples livelihood, history and culture.
6. Further development of people to people relations in the north.
7. To strengthening the cooperation with Russia.

The Norwegian strategy have been active for six years and a lot of initiatives, sub-themes etc. have been added. However, the main strategy is still in place. Cooperation is a vital part of the Norwegian strategy and is traceable on international, national and regional level. NATO, UN bodies and Arctic Council on one hand Barents cooperation, Nordic council of Ministers and Arctic Dimension on the other. Cooperation with Russia holds a special position.

Canada

The foreign policy part of the Canadian arctic strategy was published 2010. It is based on four pillars:

1. *Exercising sovereignty*

This is the number one priority. Focal points are:

- Resolve boundary issues
- International recognition for the extended continental shelf
- Arctic governance and public safety.

2. *Promoting economic and social development*

- Create international conditions for sustainable development in the Arctic region.
- Trade and investments opportunities that benefit Northerners.
- Encouraging greater understanding of the human dimension of the Arctic.

3. *Protecting the Arctic environment*

- Stewardship
- Promoting eco-based management together with arctic neighbours.
- International efforts to address climate change.
- Promoting international standards.
- Strengthening Arctic science.

4. *Improving and developing governance.*

- Promote opportunities for Northerners to actively participate in shaping Canadian foreign policy on Arctic issues.
- Support the participation of indigenous groups in Arctic council.
- Providing Canadian youth with opportunities to participate in the circumpolar dialogue.

ICELAND

(presentation based on Lassi Heininen, Northern Research Forum 2011)

The “Iceland in the High North” report starts by emphasizing that Iceland is “the only country located entirely within the Arctic region and its prosperity relies heavily on sustainable utilization of the region’s nature resources”.

The Report consists of six substantial chapters, the titles of which are its highlights. The principal elements are as follows:

1. ***International cooperation with an emphasis on multilaterality:***

International cooperation with neighbouring countries within the Arctic region is of utmost importance for Iceland based on its immediate and long-term interests. The Arctic Council is the most important venue for cooperation of all the Arctic states with the participation of indigenous organizations, and focusing on sustainable development in the region. The Barents Euro-Arctic Council (BEAC) is also a priority as an important venue for cooperation in the Barents region covering the most densely populated areas of the Arctic region in northern parts of Scandinavia, Finland and Northwest Russia. Finally, increasing bilateral cooperation with Iceland’s neighbours within West Norden is mentioned;

2. ***Security through international cooperation, particularly environmental security:***

Interactions among the Arctic States have been characterized by peaceful cooperation since the end of the Cold War. There is a consensus that, in general, security in the Arctic is best served through close cooperation of all the states in the region based on international law. In addition there should be a focus on emergency response and environmental protection due to increasing sea traffic.

Transportation of oil and gas through Icelandic waters must be closely monitored and provisions made to protect the marine environment and spawning grounds of fish stocks. Cooperation with other countries on preparedness and response measures against accidents and environmental emergencies must be strengthened. The feasibility of establishing international monitoring and response centers in Iceland, in connection with resource development in the Arctic, and increased shipping traffic in the North-Atlantic should be explored;

3. ***The environment and resources, emphasising both sustainable development and Iceland’s interests, particularly those of Iceland’s fishing industry:***

The utmost caution must be practiced in resource development in the Arctic region to protect its fragile environment and ecosystems. Resource development in the Arctic should not undermine sustainable development in the region. It

must serve the interests of its inhabitants and communities contributing to long-term economic development, providing lasting benefits and improved living conditions. Care must be taken to protect Iceland's interests in a rapidly changing situation where previously inaccessible resources are being developed on the ocean floor; new shipping routes are opening in the Arctic and fresh fishing grounds are emerging following the retreating ice.

Iceland's location on the periphery of the Arctic in the center of the North Atlantic Ocean is ideally suited for servicing resource development and shipping in the High North. There are indications of oil and gas in the Dreki field on the Jan Mayen Ridge and Iceland could play a role in the development of oil, gas and other minerals in East Greenland and further in the north. The utilization of renewable energy resources should be emphasised as long-term value is greater than that of fossil fuel resources, in spite of their high revenues;

4 *Transportation;*

New shipping routes are expected to open between the Pacific and North Atlantic Oceans over the Central Arctic Ocean as a result of decreasing sea-ice and the introduction of a new generation of double-acting Arctic ships capable of year round operations in both ice covered and ice free waters. There are good conditions in Iceland for establishing a trans-shipment hub that could serve transportation between the continents of Europe and North America and Asia across the Central Arctic Ocean through trans- arctic sea routes. The Icelandic Government is monitoring these developments and will be introducing Iceland's potential in this regard.

5 *People and cultures with unique cultural heritages:*

Arctic communities possess unique cultural heritages which should be preserved. Their cultural identity can be strengthened through increased cooperation, making use of modern technologies in a globalized world community.

6 *International cooperation on research and monitoring:*

The strengthening of international cooperation on research and monitoring in the Arctic can turn science into an important tool for policy making in response to changing environmental and social conditions in the region.

THE UNITED STATES

The US strategy was realised in January 2009, by President G.W. Bush. The strategy has been prolonged by the Obama administration. The US Arctic region policy is concentrated in six points. The policy of the United States is to:

1. Meet the national security and homeland security needs relevant to the Arctic region;
2. Protect the arctic environment and conserve its biological resources;
3. Ensure that natural resources management and economic development in the region are environmentally sustainable;
4. Strengthening institutions for cooperation among the eight Arctic nations;
5. Involve the Arctic's indigenous communities in decisions that affect them;
6. Enhance scientific monitoring and research into local, regional and global environmental issues.

A number of issues are addressed in the document:

National security and Homeland security interests in the Arctic

It is underlined that the US have broad and fundamental security interests in the region and is prepared to take necessary steps to safeguard these interests. The following statement attracted some international attentions:

“Freedom of the seas is a top national priority. The Northwest Passage is a strait used for international navigation, and the Northern Sea Route includes straits used for international navigation; the regime of transit passage applies to passage through those straits. Preserving the right and duties related to navigation and over-flight in the Arctic region supports our ability to exercise these rights throughout the world, including through strategic straits.”

International governance

This section points at a number of international bodies such as Arctic Council and International Maritime Organisation that are of importance for governance in the Arctic. The senate is also recommended to favour a US accession to the U.N. convention on the Law of the Sea. This has not happened.

Extended Continental shelf and boundary issues

The USA, like most other Arctic states have not finalised the process of delimiting continental shelves and sea boundaries. The US will take necessary steps to do so, including settling border issues with Canada and Russia.

Promoting international scientific cooperation

This section emphasises the need for research on climate and environmental issues. International cooperation and sharing of findings are of importance.

Maritime transport in the arctic region

The US priorities are:

- To facilitate safe, secure and reliable navigation; and
- To protect maritime commerce; and
- To protect the environment.

Economic issues, including energy

It is pointed out that energy development in the Arctic region will an important role in meeting growing global demands. Energy development should be environmentally sound and take into consideration the interests of local and indigenous communities.

Environmental protection and conservation of natural resources

Despite growing knowledge the Arctic is still poorly understood. This calls for further research. Protection of the environment should be based risked based and on the basis of best available information. Fisheries should be managed in accordance with UN regulations.

DENMARK

The Arctic strategy for The Kingdom of Denmark was published in 2011 and includes the mainland, Faroe Island and Greenland. There are four substantial chapters in the strategy that outlines the Danish objectives and priorities.

1. *A Peaceful, secure and safe Arctic*

- International law and established forums of cooperation provides a sound basis for conflict resolution and constructive cooperation in the development of the Arctic.
- Maritime safety is a fundamental priority. The extreme Arctic conditions require preventive measures including training and ship safety, as well as regional cooperation on search and rescue.

2. *Self-sustaining growth and development*

- Mineral resources shall be exploited under the highest international standards of safety.
- The use of renewable energy sources must be increased significantly.
- Living resources, including fish, shellfish and marine mammals shall be harvested in a sustainable manner based on sound science.
- New opportunities in the Arctic must be exploited in close cooperation with industry, and the optimal regulatory framework will be created for exports and investments.
- The Kingdom's Arctic research will be at the global forefront, and research and training efforts must support the development of industry and society in the Arctic.
- The Kingdom will promote Arctic cooperation on health and social sustainability, including research and best practices of shared challenges.

3. *Development with respect for the Arctic's vulnerable climate, environment and nature.*

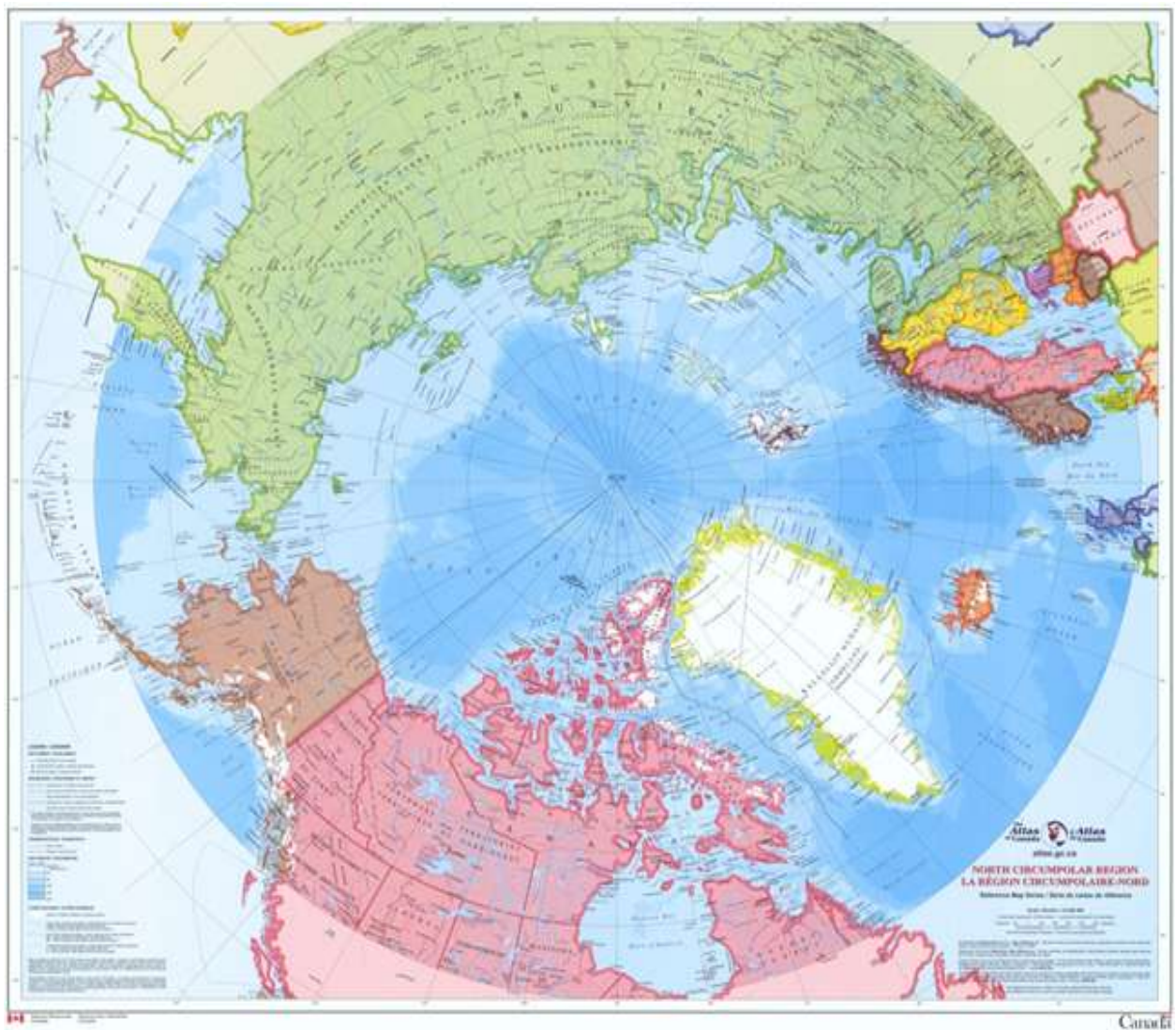
- The Kingdom will pursue a vigorous and ambitious knowledge building on climate change in the Arctic and its consequences in order to foster global and local adaption to far reaching changes.
- The Arctic nature and environment must be managed based on best possible scientific knowledge and standards for protection, and international cooperation in this endeavour must be promoted.

4. *Close cooperation with international partners*

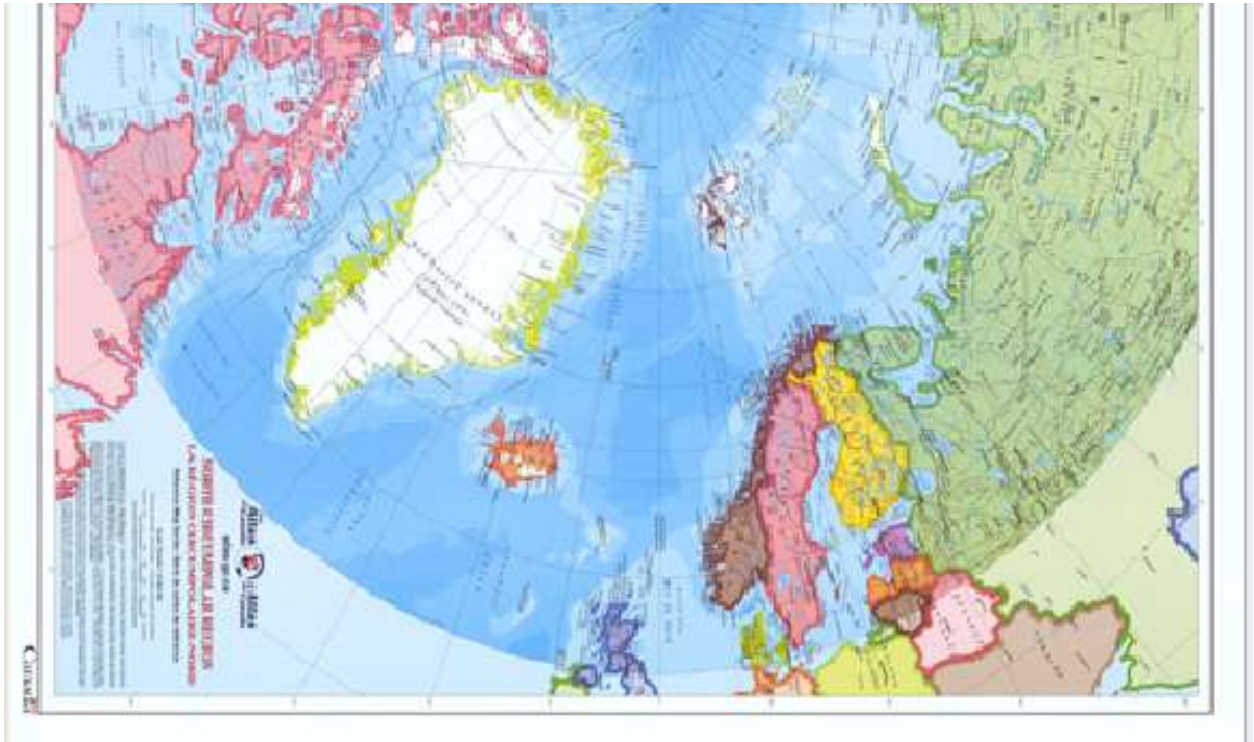
- The Kingdom will prioritize global cooperation relevant to the Arctic (climate change, protection of nature and environment, maritime rules, indigenous peoples' rights).
- Enhancement of cooperation in the Arctic Council. Cooperation with EU is to be promoted and the Arctic to be given more weight in the Nordic context. "Arctic 5" is an essential complementary regional forum for the coastal states of the Arctic Ocean.
- Upgrading of bilateral cooperation and dialogue regarding the Arctic with established and new partners.

Geography

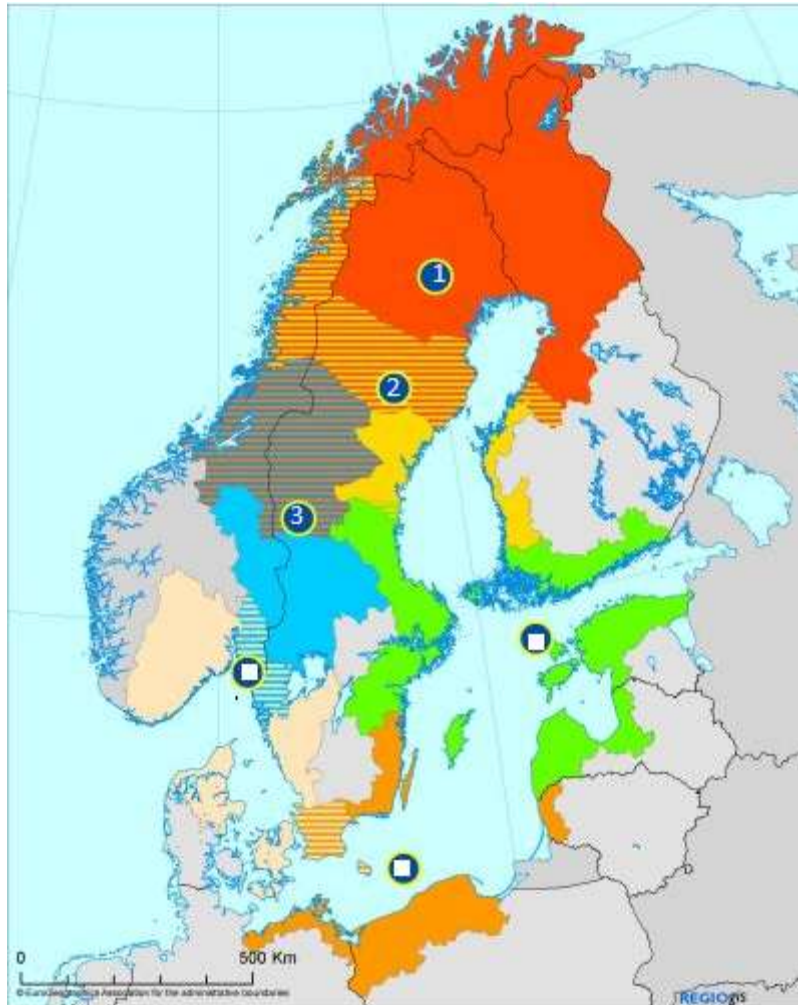
Circumpolar Regions per Canada & International Polar Year



Circumpolar NPP



Possible Partner Nordic Cross Border Programmes



1. Finland, Sweden, Norway - Operational Programme 'North'

2. Finland, Sweden, Norway - Operational Programme 'Botnia - Atlantica'

3. Sweden, Norway - Operational Programme 'Sweden - Norway'

1. Finland, Sweden, Norway - Operational Programme 'North'



Cross-border Cooperation Operational Programme between Finland, Sweden and Norway for the period 2007-2013. The **total budget of the Programme is approximately €57 million** and includes Community funding through the European Regional Development Fund (ERDF) of some €34 million.

In addition to the ERDF allocation and the national contributions from Sweden and Finland, Norway provides its own, parallel funding to the Programme. The Programme covers the regions of Lappi, Pohjois-Pohjanmaa and Keski-Pohjanmaa in Finland and Norrbottens län and parts of Västerbottens län in Sweden. Participating regions in Norway are Finnmarks fylke, Troms fylke and Nordlands fylke. The remaining part of the region of Västerbottens län in Sweden can participate in the projects as an adjacent area, receiving a maximum 20% of the ERDF funding.

One of the Programme's priority axes, Sápmi, covers additional regions in Sweden and Norway (Västerbottens län and a small part of Dalarnas län in Sweden, and Nord-Trøndelag fylke, Sør-Trøndelag fylke and a part of Hedmark fylke in Norway).

The Programme area is characterised by its sparsely populated regions, aging population and average population density of 3.5 inhabitants per km². The geographical location, cold climate and long distances make heavy demands on infrastructure and communications, while the vast labour market regions result in additional costs in terms of maintaining a good level of service.

The overall objective of the Programme is to strengthen the competitiveness and cohesion of the region. For the Sápmi sub-Programme, the aim is to develop Sami cultural life and industry by making use of their resources in an ecological and sustainable way. The Programme strategy addresses the needs and common challenges identified in the cross-border region by developing methods and structures that facilitate cooperation between the regions.

2. Finland, Sweden, Norway – Operational Programme 'Botnia - Atlantica'



Cross-border Cooperation Operational Programme between Finland, Sweden and Norway for the period 2007-13. The **total budget of the Programme is approximately €61 million** and includes Community assistance through the European Regional Development Fund (ERDF) of some €30.5 million.

The Programme covers the regions of Keski-Pohjanmaa, Pohjanmaa and Satakunta in Finland, and Västerbottens län, Västernorrlands län and a small part of Gävleborgs län in Sweden. The participating region in Norway is Nordland fylke.

In addition to the ERDF allocation and the national contributions from Sweden and Finland, Norway provides its own, parallel funding to the Programme. The region of Etelä-Pohjanmaa in Finland and the remaining parts of Gävleborgs län in Sweden can participate in the projects as adjacent areas receiving a maximum 20% of the ERDF funding allocated to the Programme

The programme area, with its maritime border between Sweden and Finland and its mountainous border between Norway and Sweden, is characterised by disparities in terms of infrastructure quality, differing population patterns and a predominately negative population development. The overall objective of the Programme is to strengthen the east-west dimension and contribute to increased integration and cooperation for stronger economic growth and sustainable development

3. Sweden, Norway - Operational Programme 'Sweden - Norway'



Cross-border Cooperation Operational Programme between Sweden and Norway for the period 2007-2013.

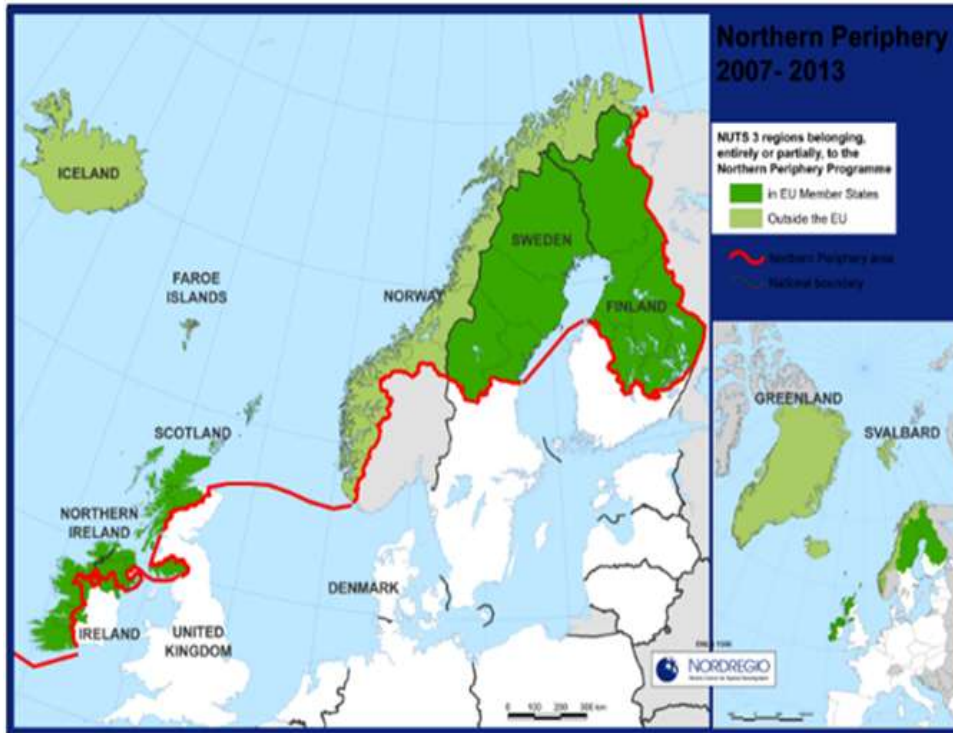
The Programme involves Community support for Swedish regions of Jämtlands län, Värmlands län, Dalarnas län and parts of Västra Götalands län and the Norwegian regions of Nord-Trøndelags fylke, Sør-Trøndelags fylke, Hedmarks fylke, Østfold fylke and Akershus fylke. The areas of Västernorrlands län, Gävleborgs län and Örebro län in Sweden, and Oppland fylke and Oslo kommun in Norway may take part in projects as an adjacent area, i.e. receiving a maximum 20% of the ERDF funding allocated to the Programme. The Programme area is divided into three sub-areas called, starting from the north, "Nordens Gröna Bälte", "Inre Skandinavien" and "Gränslöst samarbete".

The Operational Programme has a **total budget of around €68 million**. Community assistance through the European Regional Development Fund (ERDF) amounts to some €37 million, which represents approximately 0.4% of the total EU investment earmarked for the European Territorial Cooperation Objective under the Cohesion Policy 2007-2013

The overall objective of the Programme is to strengthen the attractiveness and competitiveness of the region through cross-border cooperation for the benefit of the local people and communities.

The Programme area is characterised by imbalances in infrastructure quality and population patterns and by a predominately negative population growth. Large parts of the area have a lower level of education than the national average and the entrepreneurial spirit needs to be developed. The Programme therefore addresses these and other issues and also endeavours to promote better coordination of public resources.

The Current 'Northern Periphery' Transnational Cooperation Programme



Transnational Cooperation Programme between Ireland, Finland, Sweden and the United Kingdom, with the participation of the Faeroe Islands, Greenland, Iceland and Norway for the 2007-2013 period.

The "Northern Periphery 2007-2013" Programme involves Community support for the following regions within the European Territorial Co-operation Objective framework:
Ireland: "Border, Midland and Western" (only the regions Donegal, Leitrim, Sligo, Galway and Mayo), "Southern and Eastern" (only the regions Clare, Limerick, Cork and Kerry);
Finland: "Itä-Suomi", "Pohjois-Suomi" and "Länsi-Suomi" (only the region Keski-Suomi);
Sweden: Mellersta Norrland and Övre Norrland;

United Kingdom: "North Eastern Scotland" (only the region "North East Moray"), "South Western Scotland" (only the region "Dumfries & Galloway"), "Highlands and Islands" and "Northern Ireland" (with the exception of the regions "Belfast" and "Outer Belfast").

The total budget of the programme is around €59 million. Community investment through the European Regional Development Fund (ERDF) amounts to some €35 million. The four non-Member States finance their own participation and provide another €10 million to the Programme in "ERDF equivalent funding"

The Programme aims to help peripheral and remote communities in the northern margins of Europe to develop their economic, social and environmental potential. This will be achieved through transnational collaboration in the fields of innovation, business competitiveness, accessibility, sustainable development, natural resources and cultural heritage.

Arctic Commitology & Funding

The Baltic Euro- Arctic Council [BEAC]

The Council

The Barents Euro-Arctic Council (BEAC) is the forum for intergovernmental cooperation on issues concerning the Barents Region. The BEAC meets at Foreign Ministers level in the chairmanship country at the end of term of office. The chairmanship rotates every second year, between Norway, Finland, Russia and Sweden.

Norway took over the BEAC Chairmanship at the XIII BEAC Ministerial Session, Kiruna, Sweden, on October 12, 2011.

The Committee of Senior Officials

Between the BEAC meetings at Foreign Minister level every second year, work is organised by the Committee of Senior Officials (CSO). The CSO consists of civil servants representing the governments of the six member countries and the European Commission. Representatives of the nine observer states are also often given the possibility to participate. The CSO meets on a regular basis 4-5 times per year and most often in the country holding the Chair of the BEAC.

The activities of the Barents Euro-Arctic Council (BEAC) have expanded over time. A number of working groups have been established to assist the CSO. The working groups report to the CSO each year and the CSO gives guidance to the groups. The CSO has the mandate to establish new Working Groups or terminate groups that have completed their task.

Barents Euro-Arctic Council working groups

- Working Group on Economic Cooperation (WGEC)
Barents Forest Sector Task Force (BFSTF)
- Working Group on Customs Cooperation
- Working Group on Environment (WGE)
- Working Group on Youth Policy (WGYP)
- Steering Committee for the Barents Euro-Arctic Transport Area (BEATA)
- Joint Committee on Rescue Cooperation

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

- Joint Working Group on Health and Related Social Issues (JWGHS)
Steering Committee on Children and Youth at Risk (CYAR)
The Barents Tuberculosis Programme
- Joint Working Group on Education and Research (JWGER)
- Joint Working Group on Energy (JEWG)
- Joint Working Group on Culture (JWGC)
- Joint Working Group on Tourism (JWGT)

Barents Regional Council working groups

- Working Group on Environment
- Working Group on Transport and Logistics
- Working Group on Youth Issues
- Working Group on Investments and Economic Cooperation

Indigenous People

- Working Group of Indigenous Peoples

EU Funding Programmes

Interreg

Interreg IV A [cross border programme]

- NORD Programme [formerly the NORD KALOTTEN Programme]

The Interreg IV A "Nord" programme is divided into three subprogrammes: North Calotte, Kolarctic and Sápmi. Comprises the area of North Calotte, i.e. the region of Lapland in Finland, the province of Norrbotten in Sweden, the provinces of Nordland, Tromsø and Finnmark in Norway as well as the areas of Murmansk, Arkangel and Nenetsia in Russia. In addition, the region of North Ostrobothnia in Finland and the province of Västerbotten in Sweden are included in the programme as so-called bordering areas.

Interreg IVB [transnational programme]

- Northern Periphery Programme
- Baltic Sea Region Programme

Interreg IVC [inter-regional programme]

- URBACT
- INTERACT

European External Territorial Cooperation

[European Neighbourhood and Partnership Instrument]

Kolarctic ENPI CBC Programme

Karelia ENPI CBC Programme

Nordic Council of Ministers

NGO programme for the Baltic Sea Region

Exchange programme for Programme for Nordic and Russian NGOs and young active members of society

Nordic Organisations and Institutions under the NORDEN umbrella

[i.e. 'NORDEN' relates to the area covered by the Nordic Council of Ministers]

Nordic Energy Research

Nordic Innovation Centre [NIC]

Nordic Culture Fund

Nordic Culture Point

Nordic Project Fund [NOPEF]

NordForsk [cooperation on research and researcher training in the Nordic Region]

Nordic Environmental Finance [NEFCO]

NEFCO Investment Fund

Nordic Environmental Development Fund [NMF]

Barents Hot Spots Facility

BSAP [Baltic Sea Action Plan]Trust Fund

Arctic Council Project Support Instrument [PSI] – NEFCO is Fund Manager for the Arctic Council which approves the projects

Project Specific Funds managed by NEFCO for e.g. Nordic Countries, European Commission and Swedish Energy Agency

Carbon Finance and Funds

Norwegian Barents Secretariat Main funds-

Norwegian Ministries of - Min of Health and Care Services – Foreign Affairs – Culture and Church Affairs :

Barents Secretariat's Projects Fund [for Norway and Russia]

Barents Region Youth Programme [for Norway, Sweden, Finland and Russia]

Health Fund [Norway, Russia –youth and indigenous people]

BarentsKult [Border crossing culture and arts – Norway and Russia]

Sports Programme [Norway and Russia]

Media Travel Support Programme [Norway and Russia]

European Union Delegation to the Russian Federation

Development in Russia of non-State actors [Russia and EU countries]

Northern Dimension - *Policy Framework of – EU, Iceland, Norway, Russia, the Barents Euro-Arctic Council [BEAC], the Council of the Baltic, Nordic Council of Ministers, the Arctic Council and others*

Northern Dimension Environmental Partnership [NDEP]

Northern Dimension Partnership in Public Health and Social Wellbeing [NDPHS]

Northern Dimension Partnership on Culture [NDPC]

Northern Dimension Partnership on Transport and Logistics [NDPTL] (*specifically includes infrastructure*)

FG 21 Jan 2012

The Common Provisions Regulation (The General Regulation)

Thematic objectives for the CSF Funds and Common Strategic Framework

The Common Provisions Regulation identifies a closed list of 11 Thematic Objectives for all Common Strategic Fund (ERDF, ESF, CF, EAFRD, and EMFF) Programmes to address:

Article 9

Thematic objectives

Each CSF Fund shall support the following thematic objectives in accordance with its mission in order to contribute to the Union strategy for smart, sustainable and inclusive growth:

- (1) strengthening research, technological development and innovation;
- (2) enhancing access to, and use and quality of, information and communication technologies;
- (3) enhancing the competitiveness of small and medium-sized enterprises, the agricultural sector (for the EAFRD) and the fisheries and aquaculture sector (for the EMFF);
- (4) supporting the shift towards a low-carbon economy in all sectors;
- (5) promoting climate change adaptation, risk prevention and management;
- (6) protecting the environment and promoting resource efficiency;
- (7) promoting sustainable transport and removing bottlenecks in key network infrastructures;
- (8) promoting employment and supporting labour mobility;
- (9) promoting social inclusion and combating poverty;
- (10) investing in education, skills and lifelong learning;
- (11) enhancing institutional capacity and an efficient public administration.

Thematic objectives shall be translated into priorities specific to each CSF Fund and set out in the Fund-specific rules.

As a Transnational Programme, the ambit of the NPP is restricted even further to addressing a maximum of only 4 Thematic objectives [*see proposal for ERDF support for Territorial Cooperation Reg. Arts 5 & 6 COM(2011) 611 final 2011/0273 (COD) Brussels, 6.10.2011*]. If the programme is to cover the development and implementation of macro-regional and sea basin strategies one of the 4 Thematic Objectives should be ‘Enhancing institutional capacity and an efficient public administration’.

In theory, this requirement would prevent the NPP from replicating even its present themes, as currently worded. In practice with careful redrafting these could comply. By the same strict reasoning the restriction to 4 Themes is a constraint to the range of priorities appropriate to an NPP addressing High North issues but the pragmatic solution, again, lies in exploiting the potential wide interpretation of thematic Objectives (8)–*promoting employment and supporting labour mobility* – or (9) *promoting social inclusion and combating poverty*, while Thematic Objective (3) *enhancing competitiveness of SMEs etc.* - is open to almost as flexible interpretation as these two.

Simplifying Governance and Operational requirements

Governance Model

The most established pattern for macro regional strategy management is provided by the European Baltic Sea Regional Strategy. The organisation for the delivery of the Baltic Sea Strategy is represented by the following schematic. Its relative complexity is a product of the strategy’s evolution as an initiative of the Council of Ministers and its scale reflects the combined aspirations of its multiple membership.

Neither of these factors need drive the delivery of an NPP Arctic strategy.

It should be for NPP Partner States to decide what elements from the Baltic Sea template ought to be retained.



Development and monitoring of the Strategy

The Baltic Sea Strategy has been developed and is monitored at operational level by the Baltic Sea Strategy Laboratory Group set up by the INTERACT Programme. A similar INTERACT based approach has been adopted in respect of the Danube Macro-regional Strategy. However we would propose a different less complex route to achieve the dynamic engagement of representatives of all the major partners and principal stakeholders