

Chapter 3

Governance and co-operation in the NORA region

Chapter 3 focuses on the potential of transnational co-operation in the NORA region. The similarities in framework conditions and challenges shared by the NORA regions, the small size of markets and the limited resources within each of the NORA territories argue for collaborative efforts, exchange of know-how and best practices, and transnational co-operation to confront some of the main challenges of the region. The chapter starts with a description of the wide and complex web of territorial co-operation already present in the NORA region. The second section explores both the range of potential benefits of transnational co-operation, and the main barriers that regional co-operation faces. The third section describes the main areas in which there is potential for transnational co-operation. Finally, the fourth section provides a series of recommendations to overcome the barriers to co-operation and to maximise the contribution of transnational co-operation in the NORA region.

Introduction

Coastal Norway, Iceland, the Faroe Islands and Greenland are unique and distinct territories. They certainly cannot be described as a “functional” region in the usual sense of the term, as this implies, in particular, highly integrated labour and product markets. Nevertheless, they share deep historical ties, a strong network of international links and long traditions of co-operation. Regional co-operation can offer a way to confront common challenges more effectively and to take advantage of shared potentialities. While it can offer various benefits, it also implies challenges and limitations.

Co-operation needs to be seen as a way to obtain both direct benefits and indirect advantages. As the preceding chapters of this report have highlighted, the NORA territories share a range of common development opportunities and challenges, most notably those linked to: improving accessibility; the sustainable development of resource-based sectors; economic diversification; and adapting to climate change. Their shared demographic, economic and environmental characteristics point to the possibility of mutually beneficial co-operation. Regional co-operation can increase the profile and “voice” of NORA territories; help them to reach “critical mass” in key areas of economic activity, such as R&D or shared branding; and create a framework for a better response to transnational issues such as environmental degradation, management of marine resources and climate change. However, territorial co-operation is not an easy option. As well as offering a basis for co-operative work, regional commonalities imply that NORA territories compete in many sectors, *e.g.* fisheries. Moreover, notwithstanding their shared characteristics, the region’s territories differ and they are separated by large distances, so that determining the focus of co-operation and achieving commitment can be complex.

This chapter considers the evolving role of territorial co-operation in the NORA territories. Section 3.1 considers the wide range of co-operative arrangements in the NORA region. Section 3.2 analyses the potential benefits and challenges of NORA-based co-operation. Section 3.3 builds on the conclusions of preceding chapters to explore the potential for co-operation in specific fields. The multidisciplinary nature of territorial co-operation in the NORA region requires a strong rationale and motivation for co-operation. Section 3.4 focuses on a series of recommendations to strengthen and maximise the contribution of territorial co-operation in the NORA region.

The analysis is subject to two important qualifications, which should be made explicit at the outset. First, this review focuses on the value of co-operation for addressing the challenges facing the region's economies. It does not offer specific policy recommendations to the authorities in *individual* NORA territories. Second, the scope for co-operation is far greater in some fields than in others. In areas such as fisheries, the NORA economies confront *shared* problems – the policy responses of each can have implications for the others. This points to the need for co-operative solutions. In other fields, such as dealing with public service delivery in sparsely settled areas at a time of population ageing, they are dealing with problems that are *common* but not shared. The policy responses of each NORA member may have little impact on the others, but the similarity of problems and circumstances suggests considerable scope for policy learning from one another. In these policy domains, co-operation is likely to focus largely on the sharing of information and experience. Other fields of policy, of course, lie between these extremes. This distinction between shared and common problems should be borne in mind when assessing the potential for joint action in different spheres.

3.1. Territorial co-operation: an ongoing reality in the NORA region

Since the 1990s, there has been a surge of interest in territorial co-operation. Territorial co-operation goes beyond exclusive trade concerns and deals with a number of common challenges and joint interests, such as climate change or economic growth. In this regard and in the context of increasing internationalisation, globalisation and integration, interconnections and co-operation between countries and regions have intensified and expanded.

Such co-operation manifests itself in various ways and displays different forms and structures, depending on the needs of the participants (Faludi, 2007; Perkmann, 2007). Co-operation can range from sporadic consultation involving limited resources to wide-ranging and well-resourced programmes with accompanying institutional frameworks. In North America, territorial co-operation has developed around pragmatic issues, such as economic interdependence or environmental concerns; separate bodies generally deal with specific issues (OECD, 2003). In the European Union, given the high level of political integration of the member states and the large number of relatively small countries, numerous rules and structures have accumulated to guide and support territorial co-operation. In particular, the Interregional Co-operation Programme (INTERREG) has had considerable impact by providing dedicated resources for territorial co-operation and embedding institutionalised networks of co-operation

involving public administrations from local, regional, central and EU levels (OECD, 2009a). In the Pan Yellow Sea Region (OECD, 2009a), covering the coast of northern China, south-west Japan and western and southern Korea, regional linkages have been driven by the private sector, which has established intensive manufacturing links. Of course, none of these large regions resembles NORA, which is in many respects *sui generis*. Nevertheless, as will be seen, elements of their experience with co-operation can be helpful in identifying possibilities for NORA.

Co-operation in the Nordic and in the NORA region

A shared cultural heritage is at the heart of Nordic co-operation

Territorial co-operation and relations within the Nordic region have a long history. From a historical perspective, “Nordic relations have been characterised as much by disintegration as by co-operation” (Sundelius and Wiklund, 1979). However, the 20th and 21st centuries have seen increasing political, economic and social co-operation through various programmes and organisations. Within the NORA region and the wider Nordic area, contemporary co-operation arrangements have a strong basis in a shared cultural heritage and linguistic kinship, and are founded upon shared values in relation to democracy, justice and the rule of law. Thus, common societal and cultural links lie at the heart of co-operation in the region, and formal political relations gradually developed as needed to manage problems (Sundelius and Wiklund, 1979). Thus, informal co-operative activities commonly existed before formalised institutional channels for interaction were created, and joint structures have played a secondary role. This path of development distinguishes Nordic co-operation from the experience of neighbouring EU countries, where co-operation and integration efforts have often been initiated “top-down”, based on political interaction and decision making.

While there were some early attempts at long-range, comprehensive Nordic co-operation schemes,¹ less formalised, more sectorally based co-operation has proven to be a more enduring basis for the development of what Andren (1967) has described as “cob-web co-operation”. The main objective of Nordic co-operation is not to merge the Nordic countries into one political unit but to facilitate constructive and mutually beneficial management of various regional problems (Sundelius and Wiklund, 1979). As a result, Nordic, and more specifically NORA, co-operation has not led to the levels of integration and co-operation that are pursued in the European Union. However, intense institutionalised intergovernmental co-operation, mainly through the Nordic Councils (see below), has helped to

develop a single, strong Nordic position on and role in some international issues.

In this regard, co-operative structures are in place throughout the region and fulfil a wide range of functions and roles. As with all forms of territorial co-operation, the traditions, structures and systems in place vary, in terms of their focus, scale, structure and degree of formality. In terms of formal territorial co-operation in the region, there are various types of arrangement, *e.g.* intergovernmental, bilateral and sectoral co-ordination/co-operation, programme-based co-operation, often linked to European Union territorial co-operation programmes, and sub-national co-operation. Within these categories there is some overlap and variation in the extent to which co-operation arrangements are formalised, whether they are externally or internally driven, the resources at stake, and the key actors and institutions involved. However, each approach has its distinguishing characteristics and implications for the NORA territories. The following outlines some of the key co-operation arrangements in place in the region.

Intergovernmental/parliamentary co-operation

Intergovernmental co-operation: reinforcing the visibility and international role of the Nordic countries

The NORA territories are strongly linked into a wider Nordic network of intergovernmental co-operation, which involves high-level co-operation on a wide range of issues. Key examples are the Nordic Council and the Nordic Council of Ministers. These pillars of co-operation are supplemented by additional bilateral agreements and networks. Involvement in these organisations offers the Nordic countries a range of benefits, including a platform for building co-operative links with neighbouring countries (such as the Baltic states or Russia), an opportunity to agree upon and promote a shared position and common strategies on key themes, and access to resources and know-how. The Nordic Council and the Nordic Council of Ministers are well-established, wide-ranging regional partnerships, involving Denmark, Finland, Iceland, Norway and Sweden, and also the three autonomous territories, the Faroe Islands, Greenland and Åland. The councils were established on the basis of co-operation in the aftermath of World War II. Their overall objective is to strengthen Nordic interests and culture around the world. More specifically, co-operation has led to a wide range of agreements and co-ordinated actions, most notably on the free movement of labour across borders for the countries' citizens.

The Nordic Council is an inter-parliamentary body in which five countries (Denmark, Finland, Norway, Sweden and Iceland) and three self-governing territories (the Faroe Islands, Greenland and Åland) are represented. The Nordic Council has traditionally held a strong advisory and initiatory role (Sundelius and Wiklund, 1979). The council has a total of 87 elected members of which seven are from Iceland, two from the Faroe Islands and two from Greenland. The representation of the NORA territories is thus relatively small; this potentially limits their influence. However, the autonomous territories have exerted greater influence on Nordic co-operation since the “Åland Document” was adopted by the ministers for Nordic co-operation in September 2007. This document recognised the right of the Faroe Islands, Greenland and Åland to participate in the work of common Nordic institutions and co-operation bodies on the same terms as member countries. As an illustration of this higher relevance, the Faroe Islands chaired Nordic co-operation on fisheries in 2010, organising a high-level conference in October. Over time, co-operation has grown to cover a range of different policy areas, including culture, research, the environment and regional co-operation (Qvortrup, 2001). More recent concerns include climate change and globalisation. For example, at their summer meeting in Finland in June 2007, the Nordic prime ministers approved a declaration on a long-term joint Nordic approach to globalisation. The statement includes specific measures regarding research and innovation, marketing of the Nordic region, and enhanced energy and climate co-operation, among others. Current political co-operation on policy matters mainly takes place in the Council’s five specialist committees and in its executive body, the Presidium (responsible for foreign and security policies). The Council submits proposals for co-operation initiatives to the Nordic Council of Ministers and the member governments for approval and implementation.

Founded in 1971, **the Nordic Council of Ministers** is an intergovernmental forum which deals with co-operation within the region. It consists of ten thematic councils of ministers which bring together the Nordic ministers for specific policy areas a couple of times a year. In addition, the eight ministers for Nordic co-operation (representing the five member countries plus Greenland, the Faroe Islands and Åland) assume responsibility for the co-ordination of inter-governmental co-operation. The five Nordic countries hold the presidency in the Nordic Council of Ministers for one calendar year at a time. The presidency draws up a programme presenting the political priorities for intergovernmental co-operation during the year to come. The Council of Ministers also serves as a forum for discussion of external links. For instance, countries can consult with each other on EU-related issues that affect members (Stenback, 1997). Over time, the work of the Council of Ministers has gradually expanded and intensified.

Agreements are generally reached through consensus, which helps ensure that the voice of Iceland and the autonomous territories is heard. Issues on which there is likely to be strong disagreement (*e.g.* whaling) tend to be avoided (Qvortup, 2001).

In operational terms, the ten thematic policy councils of ministers correspond to the key areas of labour; business, energy and regional policy; fisheries and aquaculture, agriculture, food and forestry; gender equality; culture; legislative affairs; environment; health and social affairs; education and research; and finance. Alongside the councils is a range of Nordic institutions that facilitate co-operation on a wide range of issues (Box 3.1). Each of the component parts of the Council co-ordinates institutions and working groups in its own policy areas (Norden, 2009). The sectoral/thematic structure of the Council of Ministers allows for treating each area relatively independently and handling it on its merits rather than as part of some larger political “package deal” (Sundelis and Wiklund, 1979). However, this has also led to a “compartmentalised” view of co-operation.

Box 3.1. Specialised Nordic institutions under the auspices of the Nordic Council of Ministers

NordForsk is the Nordic research board with responsibility for co-operation on research and researcher training in the Nordic region. Established on 1 January 2005 under the auspices of the Nordic Council of Ministers for Education and Research, the organisation focuses on research areas in which the Nordic countries are international leaders, and promotes research and researcher training of high international quality. NordForsk has three main functions: co-ordination, funding and policy advice. Today NordForsk has an established partnership with eight national research bodies and a project portfolio of more than 200 projects involving more than 11 000 scientists. NordForsk is one of three organisations at the Nordic Centre in Oslo. The other two are the Nordic Innovation Centre and Nordic Energy Research.

The Nordic Innovation Centre (NICE) initiates and finances activities that enhance innovation and co-operates primarily with small and medium-sized companies in the Nordic region. It contributes to increasing innovation and the competitiveness of Nordic industry by encouraging work on innovation and collaboration across borders, and strengthening inter-Nordic policy initiatives in order to promote more effective policy making in the Nordic countries. The project portfolio of the Nordic Innovation Centre consists of approximately 120 ongoing projects and networks.

Nordic Energy Research is the funding institution for energy research under the Nordic Council of Ministers. It promotes research and innovation in new energy technologies and systems by fostering competitiveness, co-operation and

Box 3.1. Specialised Nordic institutions under the auspices of the Nordic Council of Ministers (*cont.*)

increased knowledge creation in Nordic research initiatives. It supports areas of energy research of common interest to Nordic stakeholders which have the potential for transnational research co-operation, such as renewable energy, energy efficiency, the hydrogen economy, energy market integration, and the impact of climate change on the energy sector. The organisation has provided studies on technical and economic options relating to the introduction of renewable energy systems in sparsely populated areas.

The Nordic Centre for Spatial Development (Nordregio) is the centre for research, education and documentation on spatial development. The institute's major areas of interest are: regional development, urban and rural systems, demography, governance and gender, innovation and knowledge, global climate change and local adaptation, and international energy policy. These areas are viewed primarily from a Nordic or broader European comparative perspective. Geographically, Nordregio focuses specifically on the Nordic countries, the Baltic Sea region, the Arctic, and more generally on the European space.

The Nordic Centre for Welfare and Social Issues works on social policies in the Nordic countries through education, information, the promotion of research, development work, network building and international co-operation. The goal is for research on these areas to help develop the Nordic welfare model and strengthen Nordic co-operation.

Nordic Culture Point is the contact point for Nordic cultural co-operation. It serves as a secretariat for culture programmes and expert groups of the Nordic Council of Ministers, provides information on programmes and supplies advice to those applying for support. It also promotes Nordic culture within and outside the Nordic region. The institution was established in 2007 at Suomenlinna/Sveaborg in Helsinki under the auspices of the Nordic Council of Ministers.

Established by the Nordic Council of Ministers in 1995, the **Nordic Gender Institute** (NIKK) is a transnational resource and information centre on gender research and gender equality in the Nordic countries. It initiates, co-ordinates and executes projects that focus on illustrating gender equality and policy issues.

Sources: www.nordicinnovation.net/; www.nordforsk.org; www.nordicenergy.net; www.nordregio.se; www.nordically.org; www.kknord.org; www.nikk.no.

The NORA territories are involved in other territorially based co-operation arrangements

NORA territories also participate in **the Arctic Council**, which extends co-operation beyond the specifically Nordic framework. The Arctic Council is an intergovernmental forum. It aims to promote co-operation and co-ordination among its member states: Canada, Denmark/Greenland/Faroe Islands, Finland, Iceland, Norway, the Russian Federation, Sweden and the United States. In addition to its member state representatives, the Arctic Council has “permanent participants”, a status that is open to organisations for the indigenous peoples of the Arctic. Common initiatives are discussed and approved at ministerial meetings. Six working groups focus on the Council’s thematic programmes: the Arctic contaminants action programme; the Arctic monitoring and assessment programme; conservation of Arctic flora and fauna; emergency prevention, preparedness and response; protection of the Arctic marine environment, and sustainable development. However, the council only meets on a six-monthly basis and issues non-binding declarations.

The West Nordic Council, originally called the West Nordic Parliamentary Council of Co-operation, was formed in 1985 by Greenland, the Faroe Islands and Iceland. In 1997, the name was changed to the West Nordic Council and the member parliaments approved the current council’s charter. Each of the parliaments of Greenland, Iceland and the Faroe Islands appoints six representatives to the Council. The West Nordic Council makes recommendations that are presented to the parliaments of the members. The Presidium consists of one member from each delegation: the president, the first vice-president and the second vice-president. The main objectives of the West Nordic Council are: promoting West Nordic (North Atlantic) interests; acting as guardians of North Atlantic resources and North Atlantic culture; promoting West Nordic interests through the West Nordic governments; following up on the governments’ West Nordic co-operation; and liaising with the Nordic Council on issues of particular interest to the West Nordic communities. Over the years, the West Nordic Council has dealt with such issues as rescue facilities in the North Atlantic, tourism, energy and infrastructure. However, it is not possible for the West Nordic Council to grant direct financial aid or support to projects.

The specific challenges of the NORA region motivated the creation of the Nordic Atlantic Co-operation

In 1996, the Nordic Council of Ministers, aware of the specific challenges and potentialities of the North Atlantic region, resolved to create the **Nordic Atlantic Co-operation (NORA)**. NORA covers the Faroe Islands, Greenland, Iceland and the west coast of Norway. It is funded as a regional committee under the regional political collaboration programme of the Nordic Council of Ministers and is supplemented by contributions from the four participating territories and the West Nordic Fund. The NORA organisation is the unique regional strand within the Nordic Council system dealing with the specific challenges of this group of territories.

The overall aim of the organisation is to help strengthen collaboration in the region in order to make the North Atlantic a powerful Nordic region characterised by strong, sustainable economic development (NORA, 2004). NORA focuses on furthering collaboration among the business community, research organisations and the development agencies throughout the region. More specifically, it aims to:

- create a political and professional framework in which North Atlantic issues may be addressed and strategic joint initiatives developed;
- facilitate and implement project collaboration;
- work towards development that is consistent with the Nordic principles of sustainability; and
- develop NORA as an attractive platform for Nordic collaboration with surrounding countries (NORA, 2009a).

The organisation functions as an intergovernmental collaborative agency and facilitator (NORA, 2009a). Activities are organised around multi-annual strategic programmes and a “project-based” platform, which is used to stimulate and facilitate transnational collaboration. NORA's current project activities focus on marine resources, tourism, information and communications technology, and transport (Box 3.2).

Box 3.2. NORA projects

A significant part of NORA's activity is to provide financial support for projects that promote development and co-operation across the region. Support is provided for main projects, pre-project development and network building activities. A requirement of funding is the participation of at least two NORA territories in the project. NORA provides a maximum of 50% of the budget and a maximum annual contribution of DKK 500 000 over a period of three years.

By the end of 2009, NORA had more than 60 active projects in its portfolio. Examples include:

Marine resources

Advanced fish gutting machine: the project aims at developing a new machine that can clean fish without substantially destroying the entrails. These fish by-products can be processed for human consumption, animal feed or processed further to yield peptones which are used and highly valued by the biotechnology industry. NORA funding: DKK 100 000.

North Atlantic delicacies: the project is a part of the Nordic focus on New Nordic Food and will develop speciality products based on North Atlantic Food traditions and ingredients, using local ingredients such as salt fish, rhubarb and angelica. NORA funding: DKK 646 000.

Tourism

Sanitation in tourist cabins: wilderness cabins in Greenland and Norway are popular accommodation for tourists who want to experience the wilds. The cold climate and generally primitive construction of the cabins make proper sanitation a challenge. The project will test alternative methods of processing and containment of wastewater in Arctic conditions. NORA funding: DKK 200 000.

Transport

El-mobility: the use of electric cars could lessen North Atlantic communities' dependence on fossil fuel. The project will test how battery-powered cars perform in the North Atlantic climate and broaden awareness of these cars as possible future transport solution. NORA funding: DKK 300 000.

ICT

Transatlantic café: under the title Café Pantopia, this project will connect café guests in Nuuk, Reykjavík, Tórshavn and Copenhagen. The project aims to shrink the large distances in the North Atlantic by creating a sense of proximity through video conferencing. NORA funding: DKK 260 000.

Box 3.2. NORA projects (*cont.*)

Other regional co-operation

Eiderdown: eiderdown is essentially not exploited in the region. This project seeks to explore the potential of restoring commercial and sustainable eiderdown production in Greenland and the Faroe Islands. NORA funding: DKK 660 000.

Berries: the project will utilise specially cultivated berries and new techniques to explore the potential for establishing viable commercial berry production in the harsh North Atlantic climate in Iceland, the Faroe Islands and Greenland. The project will draw on Norwegian expertise. NORA funding: DKK 700 000.

Source: NORA (2009), *NORA Annual Report*, NORA.

The NORA committee is comprised of up to three members from each of the four collaborating territories. It meets annually and, among a range of activities, is responsible for agreement on strategic programmes and for approving funding for projects. Between the annual meetings, the committee's responsibilities are carried out by a working group with one representative of each territory. The committee's work is supported by a secretariat located in Tórshavn. In addition, there are regional secretariats in Iceland, Greenland, south and west Norway, and northern Norway. In recent years, the organisation's profile has risen and it has built good links with key partners in the region and externally.

Bilateral agreements and sectoral relations

Different bilateral agreements are in place

In addition to the different forums for intergovernmental co-operation, the NORA territories have many internal and external bilateral agreements. For instance, on 1 November 2006, the Faroe Islands entered into a special economic treaty with Iceland, the Hoyvík Agreement, which established a single economic area encompassing both territories, with almost complete freedom of circulation of goods, services, capital and persons (Prime Minister's Office of the Faroe Islands, 2006). The Faroe Islands have also entered into regional free trade agreements with Norway. On their side, Norway and Iceland enjoy free trade with each other and the EU member states under the European Free Trade Association (EFTA), which also includes Liechtenstein and Switzerland.² As mentioned in Chapter 2.2, NORA territories also have bilateral fish agreements for the management of fish stocks.

Sectoral/thematic co-operation reinforces exchanges and capacities in key sectors

National and regional governments and policy practitioners have also been involved in less formalised forms of co-operation, with an intensive flow of projects, treaties and programmes between NORA members, and also with third – mainly neighbouring – countries or groups of countries. The scale and impact of this type of co-operation is variable and difficult to measure. However, such sectoral co-operation offers scope to develop and reinforce co-operative links and capacities in key sectors, to secure agreements on common approaches and strategies, and to exchange knowledge. A good example of sectoral co-operation, with a strong focus on the NORA region, is the North Atlantic Tourism Association (NATA), established in 2007, which is a forum for collaboration among the tourism councils of the Faroe Islands, Iceland and Greenland. NORA partners are also involved in wider networks. For example, co-operation on fisheries and the marine sector has been of vital importance in working towards the sustainable development of fisheries, securing international agreements on total allowable catches (TACs) and fishing regulations, and promoting research and sharing knowledge (see Chapter 2).

A good example of shared links with external partners is Nordic-Scottish co-operation, which was based around policy co-operation in areas such as information technology (IT), university networking, development of small and medium-sized enterprises (SMEs), and forestry. The Nordic-Scottish co-operation provided a platform for regular contacts and communication among policy makers and practitioners and for building and maintaining professional and individual relationships. The co-operation provided an effective forum for identifying and developing shared policy interests, which were subsequently taken forward in practical form. The periodic Nordic-Scottish conferences were considered an effective and successful method for learning and exchange of experience (Aalbu and Bachtler, 2004). Policy co-operation also provided an umbrella for research and training initiatives. Finally, the co-operation facilitated dissemination of information on programmes, projects, organisations and initiatives (Bachtler and McMaster, 2005). More recently this co-operation has been channelled through EU-driven programme-based co-operation (see below).

There is a strong interaction with the EU

In terms of external links, relations with the European Union are very important. No NORA territories belong to the EU. However, each of the NORA economies maintains strong links and interactions with it. For instance, NORA territories have agreements in place with the EU and have

adopted EU legislation, *e.g.* in relation to free movement of goods and capital. Norway's and Iceland's relations with the EU are mainly governed by the European Economic Area Agreement (EEA). The EEA was established in 1994, following an agreement with the member countries of the European Free Trade Association. The EEA extends the EU's Single Market, with the exception of Agriculture and Fisheries, to EFTA members, except Switzerland. This means that they must comply with EU Single Market legislation. Through the EEA Agreement, Iceland and Norway participate, albeit without voting rights, in a number of EU agencies and programmes, covering enterprise, environment, education and research programmes (CEC, 2010). Finally, Greenland's and the Faroe Islands' relations with the EU are different from those of Denmark, which is an EU member state. Key relations are regulated by bilateral agreements on free trade and fisheries (see Box 3.3).

In addition to co-operative agreements, partners from NORA territories are also involved in EU programmes. For example, the EU's Seventh Framework Programme for Research and Technological Development is open to all NORA territories, following recent agreements with the Faroe Islands and Greenland. The Framework Programme allocates grants to research actors in Europe and beyond, in order to co-finance research, technological development and demonstration projects which have "European added value" (CEC, 2007). Grants are determined on the basis of calls for proposals and a peer review process.

Programme-based co-operation offers substantial resources for regional interventions

There is increasing emphasis on programme-based co-operation in the region. Programme-based co-operation commonly results from intergovernmental co-operation, but it can deliver more tangible project-based outputs, is a more "visible" form of co-operation, draws in a wider range of participants and is a particularly important source of support for new and innovative interventions (McMaster *et al.*, 2006). As a result, in territories around the NORA region, especially in the EU member states, national, regional and local organisations are increasingly involved in co-operation programmes. Especially relevant is the involvement of NORA partners a number of the EU territorial co-operation programmes (INTERREG). In particular, the EU's Northern Periphery Programme (NPP) involves the Faroe Islands, Greenland, Iceland and Norway (Box 3.4). EU-funded territorial co-operation programmes are seven-year strategic programmes with agreed objectives, priorities, budgets and targets. They have relatively good resources and offer a distinctive approach to territorial co-operation. They are however externally driven and

Box 3.3. Relations of the Faroe Islands and Greenland with the EU

The EU's official relationship with **the Faroe Islands** is regulated by two bilateral agreements – a bilateral fisheries agreement from 1977 and a free trade agreement from 1991, last revised in 1998. In 1974, a year after Denmark joined the European Economic Community (EEC), the Faroese Løgting (Parliament) decided by a unanimous vote not to apply for EU membership. Instead, an interim trade agreement was concluded between the Faroes and the European Commission (EC). This interim trade agreement was replaced in 1991 by a formal agreement on trade between the Faroes and the EEC which contained several restrictions on the quantities of Faroese goods that were to enter the Community free of duty (especially fisheries products). After negotiations, the protocol on market access was replaced in 1998. With this revision, many of the original restrictions were removed, enabling the Faroes to export most of its fish products to the EU market. The free trade agreement still has some quantitative restrictions.

Greenland originally joined the EEC with Denmark in 1973. But, after disputes over fishing rights, a referendum was held in November 1985 and approved Greenland's withdrawal. Since 1985, relations with the EU have been regulated by an agreement between the Greenlandic and Danish governments and the EU. Greenland is part of the EU's Overseas Countries and Territories (OCT). The OCTs are closely associated with the EU. With this status, the territory is eligible for aid from the EU. Until 31 December 2006, all Community financial assistance to Greenland (EUR 42.8 million a year) was channelled through the Fisheries Agreement between the Community and Greenland. Since then, outside fisheries, Community financial assistance to Greenland amounts to EUR 25 million a year from 2007 until 2013. This amount is to be used as budget support for the Greenland Education Programme, which involves a reform of Greenland's entire education and training sector. This was established in the Programming Document for the Sustainable Development of Greenland, adopted by the Commission in June 2007. The Greenlandic government is seeking to further strengthen its co-operation with the EU across a range of areas, in particular on the environment, research and food safety.

Source: European Commission; Ministry of Foreign Affairs of the Faroe Islands.

complex to administer owing to EU regulatory frameworks and guidelines, and this makes the participation of local stakeholders somewhat difficult. They focus on a narrow range of interventions and have very broad regional coverage and do not specifically address the needs of the NORA region.

Box 3.4. The Northern Periphery Programme, NPP

The NPP is a seven-year INTERREG transnational territorial co-operation programme funded by the European Union, through its Cohesion Policy funding. The 2007-13 NPP is the second programme to have involved the Faroe Islands, Iceland, Greenland and Norway, along with EU member state regions in Finland, Ireland, Northern Ireland, Scotland and Sweden. The objective of the current NPP is to “help peripheral and remote communities on the northern margins of Europe to develop their economic, social and environmental potential” (NPP, 2006). The NPP aims to allocate EUR 45 million to projects in line with two key priorities:

- Promoting innovation and competitiveness in remote and peripheral areas – promoting competitiveness by increasing and developing capacity for innovation and networking in rural and peripheral areas, and facilitating development by the use of advanced information and communication technologies and transport.
- Sustainable development of natural and community resources – strengthening synergies between environmental protection and growth in remote and peripheral regions, and improving sustainable development in peripheral regions by strengthening urban-rural relations and enhancing regional heritage.

Representatives from national and regional authorities of participating territories are involved in drafting the programme, allocating resources, and managing and implementing the programme through participation in management and monitoring groups and acting as regional contact points. Organisations in the NORA territories can participate in projects funded by the NPP and obtain resources, although there are fewer resources available to non-EU participants than to EU members.

Source: NPP, Northern Periphery Programme (2006), *Operational Programme of the Northern Periphery Programme 2007-13*, CCI 2007 CB 163 OP 027; McMaster, I., H. Vironen and R. Michie (2006), *Ex Ante Evaluation of the Northern Periphery Programme*, Final Report to the Managing Authority, EPRC, November.

Many of the preceding examples of co-operation arrangements are regionally targeted, in that they focus on the NORA region or the wider Nordic area. However, there are also examples of transnational links between sub-regional and local actors. In many contexts, sub-national bottom-up initiatives can be particularly valuable for addressing narrower needs. Yet the number of transnational formal co-operation arrangements involving sub-national actors in the NORA region is relatively limited. There are a number of reasons for this. The relatively small population of the NORA territories, especially the Faroe Islands and Greenland, means that sub-national institutions have limited capacity and resources to devote to international co-operation arrangements. There are fewer resources to

support this kind of co-operation than in the EU member states where many cross-border initiatives can draw on EU Structural Funds.

Euroregions are another form of regionally targeted co-operation; they involve local and regional authorities and can be used to promote co-operation projects that ensure social and economic development, the reinforcement of regional and local democracy, and territorial cohesion (Council of Europe, 2010).³ In the Nordic countries, many of these gain some support from the Nordic Council. Euroregions do not, however, correspond directly to any legislative or governmental institution and consequently lack political power. Instead, their work is limited to the competencies of the local and regional authorities that constitute them. Of the NORA territories only Norway, which shares a common land border with EU member states Sweden and Finland, has regions that participate in Euroregion co-operation arrangements (Box 3.5).

Box 3.5. Norwegian involvement in Euroregions

Gränskommittén: co-operation between Bohuslän Dalsland in Sweden and Østfold in Norway. It currently focuses on the following themes: border barriers; business; infrastructure/communications; co-operation and exchange of experience; environment; health, www.granskommitten.com/page/236/wwwv2granskommittenorg.htm.

Arko: co-operation among 11 Norwegian and Swedish municipalities. The aim of the activity is to develop the region as a place for cross-border co-operation by strengthening settlements and creating more jobs. Like many Euroregions, Arko applies for and engages in projects funded through the INTERREG programme, www.arko-regionen.org/om_arko.asp.

Mittnorden: co-operation to promote sustainable development and growth in the mid-Nordic region. The work is based on common history and culture and mutual interest in regional development, www.mittnorden.net.

North Calotte Council: the council was established in 1967. Members include the provinces of Nordland, Troms and Finnmark in Norway, the region of Lapland in Finland, and the province of Norrbotten in Sweden. Projects are structured around the following themes: promoting regional development and collaboration; developing the business sector and expertise environments; transport and IT connection development projects; co-operation projects pursued by or targeted at young people; and environmental and cultural development projects, www.nordkalottradet.nu.

Council of Torne Valley: co-operation involving areas of Norway, Finland and Sweden. It supports joint marketing of the area; business development, education and skills promotion; support for the development of infrastructure, and cultural development.

Source: www.tornedalen.org/?pageid=16&ISO=SWE.

3.2. Benefits and challenges of territorial co-operation

As is clear from the foregoing, there is already a high level of transnational co-operation both within the NORA region and more widely, with partners in the wider Nordic region and the EU. In view of this experience, this section explores the benefits, opportunities and challenges inherent in co-operation in more detail, focusing on why co-operation could be a useful mechanism for further promoting development in the NORA region.

Benefits

The potential benefits of regional co-operation vary according to the type of co-operation (formal/informal), the resources involved, the motivation and the organisations involved. In general terms, the range of benefits the NORA region could obtain from strengthened regional co-operation fall into several broad categories, discussed below.

Regional co-operation can increase NORA territories' profile and "voice"

The scope for co-operation programmes and policies to address areas of potentially high political and symbolic value are especially relevant in the NORA territories, owing to their comparatively small size, remoteness and sparsely populated areas. As observed in Chapters 1 and 2, the NORA territories share a wide range of historic, cultural, economic and institutional links, face common development challenges and opportunities, and have strong common interests in major international issues, such as climate change and fisheries policy. On this basis, there is a rationale for ensuring that the shared economic development interests and positions of the NORA region are voiced, with a common and coherent message, at all decision-making levels and across all relevant policy areas. Joint action has the potential to increase the profile of the NORA territories in wider international arenas and to gain more of a voice in international negotiations. In particular, the NORA organisation offers Greenland and the Faroe Islands a strong role, which, as self-governing regions of the Kingdom of Denmark, they may lack in other forums.

Greater co-operation within the NORA region could also help redress an emerging imbalance in the region's involvement in co-operation efforts and programmes. As co-operation is strengthening elsewhere across the EU, particularly in the Nordic and Baltic areas, the NORA territories could miss out on co-operation opportunities available to some of their larger neighbours, leaving them isolated or marginalised. As neighbouring countries become increasingly integrated and new regional co-operation networks develop and have greater international profile and voice, *e.g.* the

Baltic Sea Strategy (Box 3.6), the NORA territories need to be in a position to respond and adapt to changing external relationships. Working together on key issues, NORA territories are in a better position to engage with partner networks and, where appropriate, draw lessons and adopt similar practices.

Box 3.6. EU Baltic Sea Strategy

The Baltic Sea region (BSR) has a long tradition of regional co-operation. The Hanse League, which began in the 12th century and prospered into the 15th century, linked together cities in northern Europe and the Baltic Sea region and demonstrated the interconnections of the sea, trade and city prosperity. However, in more recent times, the Cold War era divided the BSR and prevented regional co-operation. After the end of the Cold War, the BSR proceeded towards greater integration and unity. In 2004, the enlargement of the European Union to include Poland and the Baltic Sea countries of Estonia, Latvia and Lithuania gave the BSR a new geopolitical standing. Today, the BSR covers eight EU member states: three Nordic countries (Denmark, Finland and Sweden); three Baltic countries (Estonia, Latvia and Lithuania); the northern parts of Poland and Germany; as well as the western regions of Russia and the southern coastal regions of Norway. Though their present levels of economic and social development differ, economic growth is prevalent overall. Russia's role is especially crucial in the BSR: St. Petersburg is the biggest and fastest-growing city in the BSR and also the biggest university city. It is also the largest polluter of the Baltic Sea.

The Baltic Sea's ecology is vulnerable and unique; it is the largest brackish water reservoir in the world. Environmental concerns about the sea are apparent in the BSR's many environmental activities. The ten countries that make up the Baltic Sea region, in co-operation with the European Commission, have developed Baltic 21 in response to the UN-endorsed global strategy to promote sustainable development (Agenda 21). The BSR is one of the world's first macro-regions to adopt common goals for sustainable development.

The EU has focused efforts on development in the BSR, especially since EU enlargement in 2004. It has crafted a Northern Dimension Policy which has covered the BSR since 1998. Northern Dimension Policy framework documents were adopted in 2006 as a regional expression of EU/Russia common spaces. They focus on economic co-operation, security and justice, research, education and culture, environment and natural resources, and social welfare and health.

The current EU strategy for the Baltic Sea region is to co-ordinate the efforts of the various actors in the BSR (member states, regions, financing institutions, the EU, pan-Baltic organisations, non-governmental bodies, etc.) so that they can promote more balanced development within the region. The strategy was

Box 3.6. EU Baltic Sea Strategy (*cont.*)

requested by the eight member states on the Baltic Sea and is seen as a way of developing an integrated approach to identifying development needs and solutions, and matching them with available resources. This is the first time that a comprehensive EU strategy, covering several Community policies, targets a “macro-region”. The four cornerstones of the strategy are to make this part of Europe more environmentally sustainable (*e.g.* reducing pollution in the sea); prosperous (*e.g.* promoting innovation in small and medium-sized enterprises); accessible and attractive (*e.g.* better transport links); and safe and secure (*e.g.* improving accident response). To date the strategy encompasses some 80 flagship projects.

Sources: http://ec.europa.eu/regional_policy/co-operation/baltic/index_en.htm;
<http://eu.baltic.net>.

Co-operation is a way to achieve critical mass

For potentially small organisations in remote regions, co-operation is a particularly effective way to attain “critical mass” and to undertake activities, develop ideas or initiate processes that they would not have been able to attempt alone. Critical mass is what local actors and organisations most commonly seek in transnational co-operation, especially in remote areas (CEC, 1999). Remote and peripheral areas have limited resources and may be unable to solve certain problems on their own or to take full advantage of some of their potential (see Chapter 2). In contrast, by pooling their strengths, they can overcome these limits and achieve otherwise unattainable results. There are different areas in which the argument of economies of scale and joint efforts and resources would result in a clear advantage, including: the development of new technologies to improve the efficiency and value added of resource-based sectors; development of renewable energy technologies; co-operation in research or in education and training; shared branding for supporting regional business networks; and the development of regional tourism. There are some interesting initiatives in the region to exploit the strengths and complementarities of regional and neighbouring partners, especially in Atlantic Canada and Scotland (Box 3.7). However there is still a lot of potential to be exploited.

Box 3.7. The cruise islands of the North Atlantic partners

The North Atlantic cruise industry has grown significantly over the past decade. Its offer of rugged coastlines, natural beauty, old-world charm, hospitality, and some of the world's most majestic sights and cultural experiences have raised the profile of the North Atlantic rim. The region is quickly becoming recognised as a preferred cruise destination. In a continuing effort to further develop the trans-Atlantic market, the Cruise Islands of the North Atlantic (CINA) partners – Cruise Newfoundland and Labrador (Canada); Cruise Greenland; Cruise Reykjavik (Iceland); Cruise Torshavn (Faroe Islands); and, Cruise Orkney Islands – embarked on the development of a regional cruise brand and supporting materials. This commitment was formalised in 2007 with the signing of the Memorandum of Understanding “Working Together to Promote Cruising in the North Atlantic”.

The guiding principles behind this partnership project include:

- Co-operation to increase the profile, experience and benefit of cruising the islands of the North Atlantic.
- Development of a consistent brand identity to enhance the North Atlantic Rim's overall profile and desirability as a cruise destination for European and North American cruise lines and passengers.
- Creation of collateral marketing material to complete previously designed market-ready cruise itineraries in the region. In conjunction with the new brand, the new marketing support materials will raise the profile of the region and the benefits it has to offer cruise lines and their customers by emphasising the unique experiences that the North Atlantic offers.

The strategy focuses on branding the North Atlantic as an internationally preferred cruise destination and elevating the region's profile with potential customers. The CINA brand “Take LIFE to a Higher Latitude – Cruise Islands of the North Atlantic” was launched in September 2009 during Seatrade Europe in Hamburg, Germany. By working together, CINA partners hope to increase cruise passenger sales and participation in established trans-Atlantic sailings in 2010-11 and influence the development of new capacity and cruise options as of 2013.

Norway is not part of this collaboration but together with the Faroes and Iceland is part of “Cruise Europe North”, a parallel initiative for collective marketing of the eastern part of the North Atlantic seas as a cruise destination.

Sources: Atlantic Canada Opportunities Agency; www.cruisenorthatlantic.com.

Co-operative efforts can unlock financial resources...

The potential for territorial co-operation to add institutional and financial resources to domestic interventions and open up new ways to respond to development challenges is particularly important for the NORA territories, especially in light of the economic crisis and as pressures on key economic sectors such as fisheries increase. In the context of NORA co-operation, the role of financial pooling is particularly important, owing to the potentially limited financial and institutional resources available, especially in smaller communities. Past involvement in a number of existing co-operation programmes shows that co-operative efforts can be a key to unlocking financial resources, especially for new and innovative interventions. The Nordic Council and the EU offer substantial resources to support the development of co-operative activities. Thus, resources are available for organisations to call on to support co-operation. However, for smaller NORA-based organisations, especially in sparsely populated and remote areas, involvement in these large-scale programmes can appear an excessive drain on resources, too difficult and insufficiently relevant/tailored to their specific needs. Many organisations lack the critical mass required to participate in such programmes. This is especially the case for the EU INTERREG and Framework Programmes. As a result, particular efforts have sometimes been needed to engage NORA partners in wider programmes (NPP, 2006). However, through internal, strategic co-operation there is greater scope for NORA-based partners to gain the critical mass necessary to participate in these larger, better-funded programmes.

...and be a means of learning and exchange of best practices

The opportunity for learning and exchange of experience is one of the most important aspects of territorial co-operation. This can lead to horizontal processes of policy transfer, learning and institutional adaptation between countries and regions (Dühr *et al.*, 2007). Co-operating on an international basis puts efforts and expertise into perspective and offers an opportunity to develop complementary expertise (Nordregio and EuroFutures, 2005). Such opportunities are especially relevant for the NORA region, as the territories face common development concerns, such as demographic challenges, management of the fisheries sector, development of technology and innovation, and adaptation to climate change.

The learning aspect of co-operation is already highly valued in the NORA region through various ongoing initiatives, *e.g.* international conferences, joint working groups, joint academic degrees and joint projects. Moreover, the opportunities for learning and sharing practices extend beyond NORA's borders, especially to other regions facing similar

development challenges, such as Atlantic Canada or Scotland, territories with which a number of initiatives are already under way.

Co-operation can increase and intensify links with partners

In connection with joint activities and projects, territorial co-operation commonly involves a significant increase in the number and intensity of cross-border contacts at national, regional and local levels. While links may already be strong at a national level, co-operation on a single project may lead to lasting, potentially self-sustaining new links between individual organisations. For instance, through involvement in NORA and NPP co-operation projects, a number of institutions and organisations in the NORA territories and wider Nordic region have gained practical experience in transnational co-operation, had opportunities for knowledge exchange and learning, expanded their international links and networks, and delivered outputs from co-operation programmes. These co-operative actions are potential catalysts, providing opportunities that lead either to new and additional activities or to advancing existing priorities in a different way. For example, through consultation between partners co-operation activities can become more strategic and focused.

Additionally, from the point of view of the partners from NORA territories, co-operation programmes, such as the NPP, not only encourage co-operation on a Nordic scale but also allow for the development of more distant links, *e.g.* with Scotland, Ireland or Northern Ireland, which are also partners in the NPP programme. The NPP also makes provision for the inclusion of partners with shared interests from regions outside of the programme area, such as Canada and Russia. Similarly, the NORA organisation offers a bridge to wider co-operation, as it has engaged with and established productive links with organisations and territories, such as EU Territorial Co-operation Programmes and links with Canada.

Transnational responses to transnational issues

Territorial co-operation offers scope for tackling specific problems which could not be addressed in an efficient way through national policies or support programmes. The transnational challenges identified in previous chapters highlight the need for further regional co-operation. Territorial co-operation in the NORA region is especially crucial for sustainable and safe management of regional resources (*e.g.* shared fish stocks) or for addressing shared challenges (*e.g.* environmental degradation or the effects of climate change). Increasing cruise tourism in the NORA region may also require transnational co-operation to co-ordinate rescue services and respond

more efficiently in case of accidents or emergencies. Transnational institutions and arrangements can play an essential role by developing integrated approaches and reinforcing regional synergies among the NORA region's local and regional authorities.

Challenges

The NORA territories have considerable experience with co-operation. However, relations in the region are dynamic and continue to evolve. As a result, territorial co-operation must adapt and respond to new challenges and issues. The benefits of regional co-operation for facing common challenges or exploiting shared potential are clear, but co-operation also faces some barriers.

Geographic distance complicates co-operation

A clear challenge for regional co-operation in the North Atlantic is the geographical distance separating the NORA territories and the main stakeholders, as well as the lack of connexions. Currently it is difficult, if not impossible, to travel directly from one member to another, and where travel is possible it is typically infrequent, expensive and time-consuming (see section 2.1). The academic literature draws a distinction between regions that are contiguous and collaborate and regions that collaborate but are separated by another region (Axford, 2006; Perkmann, 2003). It is thought that opportunities for collaboration and the returns from doing so are higher in cross-border situations because the bond is stronger and proximity makes it easier to manage the relationship. For NORA, the question of how to characterise the relationship among the members is an interesting one. In a strict topological sense the members are adjacent, but the physical distances imposed by the ocean and the lack of connectivity limit their interaction. The distinction is important, because if NORA members perceive themselves as distant from each other they are less likely to see significant benefits in policy integration. Overcoming a sense of distance would require strengthening links and interactions among the different stakeholders and regional actors. ICT networks create opportunities for different kinds of formal and informal, cultural and economic contacts and for sharing knowledge and best practices. International conferences (organised by the NORA organisation, among others) are also a way to strengthen regional links. But overcoming the challenge of distance also requires viewing the economic benefits of transnational co-operation as greater than the costs of bridging long distances. Strengthened connectivity between the NORA territories would help here.

Geography also implies that certain co-operative arrangements will evolve more easily on a bilateral/trilateral basis. Beyond the similarities between the NORA territories, the NORA region has in many ways two distinct geographical areas. The eastern portion – coastal Norway and the Faroes – are firmly attached to Europe, while Greenland is in North America. Iceland plays a bridging role owing to its strong connections to both Europe and North America. Of course this does not obstruct co-operation on a NORA-wide scale: the cultural, historical and institutional links, and the shared challenges and complementarities, provide a rationale for NORA co-operation. Yet, it means that certain co-operative arrangements would develop more easily among two or three of the NORA members. Moreover, co-operative arrangements could be enriched through the presence of actors from neighbouring territories which have much in common with the NORA region (*e.g.* North Atlantic Canada or Scotland).

Building co-operation across territorial borders is complex

Transnational co-operation involves working with different institutional, cultural and legal settings, and the complexity of many territorial co-operation arrangements has important implications for the perceived high cost and administrative burdens involved (Wassenhoven, 2008). Co-operation activities that span multiple regional and national boundaries and need to deal with different financial, administrative and regulatory systems can involve high administrative costs. In the case of NORA, Iceland is an independent country, the Faroes and Greenland are autonomous territories, and coastal Norway is an integral part of Norway. This has not impeded co-operation in the past. Many co-operation arrangements in the NORA region involve the interaction of private or public stakeholders (universities, SMEs, research institutions) for which institutional barriers are not an issue. Moreover, similar cultures, traditions and institutional interaction in the NORA territories (including trade and labour agreements or their joint presence in the Nordic Council of Ministers) lower the administrative costs of transnational co-operation. However, some forms of joint action – such as those requiring the active involvement of the administrative institutions of the NORA territories – would require overcoming the complexities of a region composed of territories with different institutions. This is always the case in territorial co-operation: other transnational co-operation arrangements, such as the Pan Yellow Sea region or the Baltic Sea region, integrate countries with extremely different institutional and legal settings. In this case, the perception of economic benefits from collaboration seems to count more than the administrative barriers between the different territories.

Tangible benefits can be elusive in the short term

The benefits of co-operation strategies can be difficult to capture: although long-term gains may be assumed, short-term benefits can be elusive (Ferry and Gross, 2005). In many cases, the geographical scale of transnational co-operation means that resources are spread widely and measurable impacts may not be immediately apparent in all regions. For instance, a common problem for evaluating small-scale co-operation activities is the difficulty of identifying impacts, distinguishing their effects from those of other public expenditure, and determining cause and effect. Similarly, the breadth and scope of co-operation objectives make it particularly difficult to demonstrate concrete results (Taylor *et al.*, 2004). The continuity and sustainability of such activities also require particular consideration. Efficient communication of the positive outcomes of co-operative efforts among national and territorial stakeholders is crucial to encourage them to engage and invest in transnational co-operation.

Competition can be a barrier to co-operation

Some of the main economic activities of the NORA region present incentives for both co-operation and competition. For example, options for co-operation on pre-competitive activities (exchange of research, development of new technologies, education and training) are not likely to be affected by fears of losing market shares. It is more difficult to make the case for co-operation on commercial activities, because the NORA territories compete with each other. However, even in activities subject to competition (*e.g.* fisheries), certain areas require collaboration (*e.g.* managing shared fish stocks or sustainable development of fisheries) and some others would clearly benefit from co-operative efforts (*e.g.* exploiting complementarities and productive exchanges of technical know-how). Other areas in which the NORA territories compete for market share, such as tourism, could also benefit from co-operation, as joining efforts and resources may result in a higher impact, *e.g.* shared branding campaigns and common efforts to promote cruise tourism. Experience in other programmes, *e.g.* the EU's LEADER programme, found that among groups participating in co-operative projects and activities, the advantages of co-operation outweighed the disadvantages. Participants tend to work together as long as they feel it is in their interest (CEC, 1999).

Establishing the focus of and commitment to co-operation is a challenge

Establishing an appropriate strategic and thematic focus for co-operation is necessary but can be contentious and time-consuming. Participants' concerns as regards co-operation may differ. As projects are often interdisciplinary, sectoral boundaries need to be overcome (Böhme, 2005). Co-operation processes can also be constrained by factors such as differing levels of commitment, the absence of a coherent implementation strategy, a lack of instruments to promote the objectives of co-operation, and direct competition on some issues. The appropriate spaces and levels for co-operation can be difficult to establish. For instance, research on the EU's territorial co-operation programmes (INTERREG) has shown that some areas have found it difficult to achieve a common purpose and strategic project co-operation (Taylor *et al.*, 2004). It is difficult to set boundaries on co-operation, deciding whom to include and whom to exclude and at what level to participate. In the NORA region, the lack of general or sectoral development strategies to set priorities for the region could be an impediment to further co-operative efforts and to the development of a shared position on key issues for the region, such as climate change.

Changing political, institutional and financial environments may affect regional co-operation

The political and institutional environment for co-operation is changing within and outside the region. Within the NORA territories, internal economic and political changes can promote a re-evaluation of key international relationships, including NORA-focused co-operation. For instance, Iceland's application for EU membership has implications for the others. A lengthy process of negotiations with the EU lies ahead and popular approval has to be secured before full membership can be approved. However, Iceland's pursuit of EU accession may affect the resources for and priority of co-operation in other areas. More generally, strengthening links with EU programmes could mean that internal NORA-based activities would increasingly appear too small to warrant the same attention as more attractive EU or international programmes. However, a more outward-looking perspective could also support greater co-operation within the region as a platform to build more wide-ranging links. Greenland and the Faroe Islands are increasingly looking outward to enhance their competitiveness and their international profile. Co-ordination within the region could be a way for local actors to secure resources, build ideas and generate critical mass.

At the same time, the institutional and financial resources available for co-operation fluctuate, as do expectations of what co-operation can achieve. Of particular relevance to the contemporary development of territorial co-operation is the impact of the economic crisis, which could have potentially contradictory impacts (McMaster, 2010). Iceland has been particularly badly affected by the crisis and a number of the NORA territories' export markets have suffered. Economic conditions could lead to a drop in the number of organisations that are in a position to participate in co-operation activities in addition to their core activities. The variable impact of the crisis could affect the achievement of balanced participation across the area. Key organisations could suffer public-sector budget cuts, especially in Iceland, which could reduce the capacity of public-sector organisations to promote and develop co-operation. However, the crisis could also help to enhance the importance and relevance of regional co-operation. For instance, growing financial constraints could mean that organisations will seek to share best practices and will look for new development opportunities with neighbouring territories and new sources of funding through co-operation.

3.3. Opportunities for co-operation

The NORA region shares a wide range of common development concerns, which could be, and already are, the focus of co-operative activities. However, it is not generally possible to co-operate with everyone on everything. Some areas would be better addressed at sub-national, national, or international (beyond NORA) levels. The main idea driving territorial co-operation is the need to overcome individual participants' suboptimal outcomes when addressing certain challenges or exploiting certain potentials. The four main challenges for the NORA region identified at the end of Chapter 1, and analysed in Chapter 2, are used here as a framework to describe some of the main opportunities for co-operation. This section does not claim to offer an exhaustive or detailed list of opportunities for co-operation, but rather gives a brief overview of the main areas in which a potential for regional co-operation was identified during the review process. Many of the areas outlined are also activities for which the NORA territories have (or could have) distinctive capabilities, competencies and expertise in a global context.

Regional co-operation for addressing accessibility challenges

The different challenges presented by the peripheral location of the NORA region (*e.g.* remoteness, lack of connectivity, declining populations, ageing, brain drain, economic isolation and lack of critical mass, difficulties for the provision of services) may be more efficiently addressed by strengthening regional interaction and co-operation. This section identifies three main areas for co-operation. Each offers a way to expand the NORA economies and each offers opportunities for collaborative action to increase the potential benefits for each economy.

Sharing know-how would help deal with the challenges facing small and remote communities

Remote and isolated communities that rely heavily on single sectors and face demographic change are present in all of the NORA territories. The potential for such communities to learn from each other is therefore an opportunity for collaboration. With modest investment, it should be possible to provide Internet-based mechanisms to allow local leaders to share their challenges and strategies for addressing the problems such communities raise. The opportunities for co-operation in this respect transcend the NORA region and could be extended to territories facing similar challenges – Atlantic Canada, Highlands and Islands in Scotland, or northern Sweden and Finland. Strengthened co-operation and exchanges with the Northern Periphery Programme would be a way to take advantage of the accumulated experience of this EU programme in promoting development and innovation in remote and peripheral areas. On a more strategic level, based on the accumulated experience of the different territories, joint programmes of support to address demographic change, for example, could be agreed.

Co-ordinated public services may result in better service provision

There are considerable opportunities for more efficient and effective public service management among NORA members. A particular area which offers opportunities for further co-ordination is the provision of health services. Neither the Faroe Islands nor Greenland is large enough to support advanced medical technologies independently (see Chapter 1). Currently, the medical system in the Faroe Islands and Greenland relies on Copenhagen for tertiary care services. The Faroe Islands and Iceland recently signed an agreement to allow Faroese patients to be sent to Iceland rather than Denmark. Greenlandic and Icelandic authorities are currently negotiating a similar agreement to use Icelandic hospitals for certain

treatments. This reduces transport times and could substantially reduce transport costs.⁴

Another way to improve the efficiency of public management may be to increase exchanges of government staff. One way to bring new ideas to government is to send staff to another ministry in another country to observe different practices. The Nordic Council had until 2009 a system for exchange between public staff in the Nordic countries. Staff from the Faroes could travel to Finland or Iceland and work for at least one month and up to six months. This can benefit both the sending and recipient territory in terms of new ideas. Communication among the different territories is also improved when personnel have a better understanding of how each country organises its public sector and who to contact when joint issues arise. Linguistic and cultural affinities within NORA would make this a relatively easy region in which to organise such exchanges.

Joint public support would enable a reconfiguration of transport networks

An improved and more diversified transport infrastructure is crucial to overcoming the challenge of remoteness. A reconfiguration of transport networks and strengthened connections between the NORA territories and their closest neighbours (Canada, the United Kingdom) would help to expand trade opportunities and economic interaction. While the Internet allows people and firms to be aware of opportunities in other places, they cannot act upon those opportunities if transport links are limited or prohibitively expensive. As observed in section 2.1, a strengthened regional transport network would require co-ordination and joint public support from the NORA territories. International co-operation could help to improve access across the region and externally, *e.g.* by establishing more flights between Iceland and Greenland instead of relying almost exclusively on flights through Copenhagen. Regional co-operation could also lead to a more rational use of regional air hubs (for instance Reykjavik airport) to improve the connectivity within the region and with near-by countries.

Scope for co-ordination and co-operation on fisheries

The fishing industries of the NORA territories compete for both resources and markets. Extremely strong national interests are at stake and are thus a challenge for greater regional co-operation on this sector. However, co-operation and co-ordination are critical to ensuring sustainable and efficient management of the marine environment and avoiding depletion of shared fish resources (see section 2.2). Much of this co-operation takes

place within wider international arenas or on a bilateral basis. Yet the scope for NORA-based co-operation on a range of issues is clear, particularly in view of their experience in fisheries management, boosting know-how and data on stocks in NORA waters, using and developing new technologies, and undertaking joint research activities, not least those related to the effect of climate change on the sector.

Co-operation in research, innovation and education on fisheries could be intensified

Opportunities to advance understanding and expertise through co-operation on the provision of education and training in fisheries between related institutions in the NORA region is particularly attractive given the small population of the NORA territories and the weak demand for some specialist courses and subjects. It is also an invaluable opportunity for exchanges and co-operation between researchers in the field. There are already a number of opportunities to participate in such activities, *e.g.* through events and grants supported by the Nordic Council. However, in a number of NORA territories greater domestic priority could be given to building institutional links with partner universities. Networked education and training on fisheries such as the UNU Fisheries Training Programme operating in Iceland (Box 3.8) could be extended to other NORA territories. This would be facilitated by establishing a forum for co-operation to bring together experts in different fisheries-related fields (NORA/Norden, 2009).

Box 3.8. The UNU Fisheries Training programme

The United Nations University Fisheries Training Programme (UNU-FTP) is a postgraduate training programme that offers training in various areas of the fisheries sector for practising professionals in less developed countries. The programme is led by the Marine Research Institute in a formal co-operation with the Icelandic Fisheries Laboratories, the University of Iceland and the University of Akureyri. It is part of the United Nations University in Tokyo but is mainly funded by the Icelandic government. The Marine Research Institute hosts the programme and the UNU-FTP draws knowledge from all parts of Icelandic society. The close links between the industry, academia and institutions, along with its highly developed fishing industry and its international nature, were among the main reasons why Iceland was chosen to host the UNU-FTP.

Source: www.unuftp.is.

All the NORA territories have large exclusive economic zones (EEZs) and, in general, limited resources for research. This could be remedied through increased collaboration and knowledge sharing. There is great potential for participation in jointly funded projects to support innovation and research and development on fisheries. Grouping efforts and resources can allow for more focused and efficient investments. There is also a potential for exchanging know-how, technical information and high-quality data. The development of fish eco-labelling systems (in which co-operation is ongoing) could be further promoted. Finally, there would be opportunities to capitalise on the region's accumulated expertise in the sector, e.g. by marketing innovations as well as applying them.

“Complementarities” in the sector are a basis for co-operation

The NORA territories have different fields of expertise within the fisheries industry. Norwegians, for example, have a long tradition and expertise in aquaculture and vessel design, Icelanders in processing and traceability, and the Faroese in the application of traceability solutions and development of fishing gear. This creates opportunities for co-operation based on exploiting potential complementarities. For example, Norway could enhance the transfer of knowledge on technology applied to fish farming to other NORA territories such as the Faroe Islands and Iceland. For many years, Norwegian aquaculture firms have exported their technology and established firms in Europe or South America but much less to other NORA territories. Similarly, Icelandic companies have very high processing capabilities whereas Norwegian farming companies turn a very small fraction of their production into value-added products domestically. This also creates opportunities for co-operation (NORA/Norden, 2009).

Regional co-operation is needed to improve the basis for adapting the sector to the effects of climate change

Finally, the uncertainties surrounding the effects of climate change make co-operation all the more important, especially in relation to fisheries based on shared resources and stocks. The potential effects of climate change on fish migration and fish productivity are a source of uncertainty. Research is needed on the impact on the sector and potential adaptation measures (see Chapter 2). Co-operation and shared information provide a sounder basis upon which to base decisions on the management of stocks and adaptation strategies. This is an area that would benefit from a broader co-operative effort that would include territories beyond NORA.

Opportunities for co-operation on innovation and new business development

As mentioned above, the NORA territories face incentives to co-operate and to compete in some of the region's main activities. A number of options for co-operation in pre-competitive activities (exchange of research, development of new technologies, education and training) would result in shared benefits. Moreover, for small and remote regions such as those that constitute NORA, there are also areas in which the attraction of scale economies might be greater than the incentive to compete, e.g. shared branding or supporting regional business networks.

Regional co-operation on innovation and R&D offers substantial benefits

For organisations in the NORA region, opportunities to co-operate on innovation can range from the development of joint, transnational services and initiatives, to participation in jointly funded projects, exchanges of experiences, co-operation between universities and researchers, or sharing facilities and equipment in both traditional and emerging sectors. A key institution for co-operation at the Nordic level has been the Nordic Innovation Center (NICE). Support is also available through the NPP and the EU's Framework Programme. However, these are broad initiatives covering a large field and a large number of countries. Smaller-scale, more targeted support could be made available to stimulate ideas and projects, either as stand-alone initiatives or as precursors to bids to larger EU-funded programmes, for example. The NORA programme has funded, on a small scale, a series of R&D projects of relevance to the region with participation of actors from at least two NORA territories. It has also organised international conferences to foster the exchange of research and best practices at regional level on key issues such as climate change. Extending research links to external partners could also be an important way to advance research and innovation in the region (Remoe, 2009).

Regional co-operation would support a greater international role for NORA in R&D

As mentioned in section 2.3 there are several areas in which the NORA territories can provide international expertise, either as experimental fields for research or as contributors to new basic or applied knowledge. These include fishing and fish farming, small-scale renewable energy exploitation, climate change research and research related to building in extreme climatic or geographic conditions. Further regional collaboration could be the basis for the NORA region to have a greater role in international R&D activities

in fields such as these, in which the region has natural advantages. Moreover, in-depth research into the R&D projects, initiatives, strengths and potentialities of each of the NORA territories could reveal the region's comparative advantages in R&D and its untapped potentialities. Such an inventory would show the fields in which NORA research partners are most active and indicate the geographical scope for co-operation. Since it would be a waste of resources for each region to try to become a self-sufficient knowledge hub, a distributed regional model of knowledge creation could be established.

Co-operation to improve the value added of resource-based sectors

As observed in Chapter 2, research and innovation are crucial to improve the efficiency and sustainability of resource-based sectors. NORA regions could capitalise on the strong knowledge base acquired through traditional fishing and fish-processing activities and on the complementarities of the different territories to develop new niches and value-added products. There are opportunities for exchanging know-how and joint research to develop value-added food and non-food products from the marine sector *e.g.* nutrients, bio-medicines and pharmaceutical products (see section 2.3). Another emerging area of co-operation is related to small-scale renewable energy exploitation. Small communities face similar challenges for designing and installing power systems. Joint research and sharing of best practices would be therefore very useful. Beyond this, competition within the region, strong national interests and the dominance of multinational companies make the development of joint approaches to the development of oil, gas and mineral resources extremely unlikely. However, there are associated activities in which there could be useful mutually beneficial exchanges, *e.g.* provision of support service, exchange of experience in specialist training and environmental management, and ensuring health and safety in emerging industries.

Joint efforts to promote regional tourism could result in greater impacts

The capacity of individual communities, and the NORA economies as a whole, to adapt to new opportunities and adopt new practices is essential for the region's long-term growth. Among the emerging opportunities is further development of tourist offerings across the region, especially nature/adventure tourism and cruise tourism. Support to develop individual opportunities is already in place. However, transport difficulties, high costs and lack of brand recognition (see Chapter 1) have constrained the development of tourism in the region. Co-ordinating efforts across the region could lead to cross-fertilisation of ideas, joint marketing of the region

and the development of joint products for tourists: linked tourism destinations and combined activities.

Shared branding of the North Atlantic could benefit the entire region. The small size of markets and capacity restrictions argue for the development of joint ventures in the tourism industry. Competition between NORA territories could limit the effectiveness of co-operation. However, with sufficient backing, regional co-operation could result in a greater impact, a more sustainable, diversified tourism offer and wider scope to market and publicise the whole region. There is already some experience with regional co-operation: NATA is an organisation set up by the tourism councils of the Faroe Islands, Iceland and Greenland to strengthen regional collaboration on tourism and offer tourist information (Box 3.9) As mentioned, the NORA organisation has also contributed to the development of regional tourism by supporting collaboration projects. Yet efforts could go further. For instance, travel packages branding the North Atlantic image as a “last frontier”, targeting the high end of the tourist market and covering several parts of the region, could be developed jointly and marketed to specialised agencies (in particular those specialised in adventure, sport- and eco-tourism). Other regions with similar conditions in terms of remoteness and small size have established co-operation agreements for joint research, marketing, policy and international representation as a way to promote regional tourism (see Box 3.10). Development of joint training packages and methods and quality assurance and accreditation schemes for small tourism entrepreneurs is another potential area of co-operation that could be supported by programmes such as the Northern Periphery Programme.

Box 3.9. North Atlantic Tourism Association

The North Atlantic Tourism Association (NATA) is an organisation that was set up on the basis of close collaboration between the tourism councils of the Faroe Islands, Iceland and Greenland. Its objectives are to develop a joint strategy for tourism in the western region and strengthen, co-ordinate and ensure tourism co-operation between the territories of the region. A website provides tourist information about the territories and about how to make combined trips. NATA was established in January 2007 and superseded two tourism co-operation organisations, SAMIK (tourism co-operation between Greenland and Iceland) and FITUR (tourism co-operation between Iceland and the Faroe Islands). The organisation has three board members from each territory. The chairmanship rotates every second year.

Source: www.northatlantic-islands.com/who-are-we.php.

Box 3.10. The South Pacific Tourism Organisation

The South Pacific Tourism Organisation (SPTO) is an intergovernmental organisation for the tourism sector in the South Pacific, with representation from both the public and private sectors. SPTO members include the Cook Islands, Fiji, French Polynesia, Kiribati, New Caledonia, Niue, Papua New Guinea, People's Republic of China, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. Private-sector members include over 200 of the major tourism operators in the region. SPTO's main objectives are to facilitate the sustainable development of the tourism sector in the South Pacific, to strengthen capacity within the region, and to sustainably plan, market and manage development of the tourism sector. SPTO offers the following range of products and services: research (including regional statistical analysis and market sector studies); marketing (regional branding, overseas representation, regional tourism magazine and Internet marketing among others); membership service (such as database marketing and a regional tourism conference); policy and planning (training facilitation and implementation; regional tourism policy and planning; technical assistance).

Source: www.south-pacific.travel/.

The nature of cruise tourism makes it an activity that benefits from joint efforts, regional interaction and common branding. A common strategy on how best to manage, develop and exploit the growing potential of cruise tourism could help to facilitate interaction and co-ordination between local entrepreneurs in providing profitable products and services. Some initiatives are already under way (see Box 3.7 on the Cruise Islands of the North Atlantic Partners). At the same time, co-operation on rescue and security services would be beneficial. Big cruise ships travelling in a remote and geographically challenging region where response resources are scarce present a number of challenges in terms of safety, as well as environmental impact, requiring strong international co-operation.

Further exchanges could be promoted in education and training

A well-educated work force is required to augment productivity, open opportunities for further economic diversification and reduce mismatch problems in the labour market. The provision of specialist training and tertiary education in the Faroe Islands and Greenland, in particular, is limited by their small population and a lack of demand. However, a range of universities in Norway and Iceland offer programmes in English that focus on the needs and problems of the North, such as research programmes on climate change, the exploitation of Arctic resources, renewable energy or

Earth sciences (see Chapter 1). There are also several joint Nordic master's degree programmes. However, few Faroese and especially few Greenlandic students enter other NORA universities or non-Danish Nordic programmes. There is scope to develop exchanges not only of students but also of teachers in colleges, universities and training institutes across the region.

Beyond formal education arrangements, and in the context of further diversification of local economies, there are opportunities for specialist training in key sectors (*e.g.* for tourist entrepreneurs). This will help local inhabitants exploit new development opportunities in emerging sectors. There may also be opportunities for institutional capacity building and exchanges between government agencies and institutions. Existing experience, such as that of the University of the Arctic, should be evaluated in order to develop further international agreements with the best institutions in the Nordic countries and beyond (see Box 3.11). Finally, distance learning and teacher education are areas in which the experience of the NORA territories with sparsely populated areas provide a good breeding ground for sharing know-how and establishing joint initiatives.

Box 3.11. University of the Arctic

The University of the Arctic (UArctic) is co-operative network of universities, colleges and other organisations committed to higher education and research in the North. UArctic is a decentralised organisation with international representative governance which distributes all administrative and support services among member institutions. Members share resources, facilities and expertise to build post-secondary education programmes that are relevant and accessible to northern students. UArctic Thematic Networks are independent networks of experts in specific areas of northern relevance. They develop activities on one or several of the following: research co-operation, knowledge sharing, curriculum development or joint education programmes in a specific field. They also form the umbrella for UArctic participants in international workgroups.

Source: www.uarctic.org.

Transnational networks of SMEs could support learning processes and connections to global networks

Challenges for expanding entrepreneurial activity in the NORA area are significant, especially in rural and remote areas and for SMEs. SMEs face obstacles such as remote locations, limited local markets, high transport

costs and, sometimes, limited access to business support networks (see section 2.3). There are a number of Nordic SME support and development organisations. However, there is scope for more specialist NORA-focused networks which could strengthen small companies through participation in joint activities, the exchange of best practices, and collective efforts to build and extend their links within the region and externally. For instance, a dedicated, online resource for NORA-based SMEs could connect SMEs in related fields. Such support could be especially valuable for SMEs in the region that are currently exposed to economic difficulties, as a result of the economic crisis, and to greater international competition.

Opportunities for co-operation on climate change

Action to address climate change will benefit from co-ordinated efforts. As section 2.4 highlighted, the effect of climate change on the NORA region will probably be mixed. Some developments could be viewed as opportunities for NORA territories to play a positive role in adapting to climate change. Other impacts will probably create considerable threats and challenges. However, the precise impacts of climate change are not easy to predict, which makes shaping responses particularly difficult. The issue of climate change is rendered more complex by the interrelations, interdependencies and conflicting implications of its effects.⁵ For instance, the fact that the Arctic Ocean could be ice-free suggests opportunities for the development of transport and natural resources. However, it also raises the risk of accelerated warming, changing patterns of circulation in the oceans and atmosphere, with unknown effects on ecosystems owing to the acidification of waters (Shuckman, 2009). For such reasons, action to address the economic, social and environmental challenges of climate change requires integrated and co-ordinated efforts.

The shared characteristics of the NORA region indicate that co-operation on adaptation initiatives and the development of strategies would have major advantages. This is widely recognised by the NORA territories (Frederiksen, 2010). Efforts to adapt to climate change and environmental challenges have also led to joint actions, but more strategic and tangible co-ordination of programmes could be pursued, especially on issues linked to R&D and exchange of information and know-how; supporting adaptation at local level; joining forces to present a common front in international forums; and marketing and applying new technology.

Exchange of knowledge can support better adaptation at the local level

The impact of climate change and the vulnerability to change will vary considerably, even within small geographical areas. Similarly, adaptive capacity is context-specific: the capacity to adapt results from interactions among many socio-ecological factors, such as income level, settlement patterns, infrastructure and environment (OECD, 2009b). However, the NORA territories share a range of common features and complementary strengths which suggests that co-operation and the sharing of knowledge and information can help improve local adaptation strategies. This could lead to tailored solutions for responding to the specific development needs and concerns of these territories, *e.g.* harsh climates, sparse populations and reliance on primary resources.

A web-based information network that allows actors in the NORA region to find or share ideas or best practices for practical ways to address and adapt to climate change would be an interesting way to develop adaptation strategies. Awareness of and access to such information and know-how can be important for local stakeholders, as adaptation in one community may provide others with valuable ideas or information. Norway has plans for a web-based information system to set out adaptation challenges and options. This initiative is partly meant to facilitate information-sharing among local communities and municipalities and could be enlarged to the wider NORA region.

There is a need to better understand the impact of and potential responses to climate change in the NORA region. A wide range of studies on potential impacts are available at the macro level, but it is difficult to compare and collate the results (Næss *et al.*, 2004). Advances in climatology and modelling techniques are important for reducing uncertainty surrounding future projections and will require continuing improvements in the collection, range and quality of climate-related data (OECD, 2008). These advances will be crucial for better understanding potential impacts at regional and local level. They can help to identify the ecosystems and species that are most vulnerable to climate change and the changes in different climate factors and their interaction, particularly when they determine the “tipping points” at which change is abrupt, large and potentially irreversible (OSPAR, 2009). Maximising the flow of information and strengthening co-operation across the region could offer opportunities to raise awareness. Organisations and stakeholder in the region need to understand why they should adopt certain measures and be informed of opportunities, risks, incentives for change and options. In part, the lack of comparable information is due to the fact that many studies of impacts of

climate change and adaptation are still at a relatively early stage. However, it is also related to the need for more co-ordination and joint efforts by researchers in the region and beyond and across the wide range of disciplines involved.

Even small instances of co-ordination have already demonstrated positive outcomes, such as the NORA conferences on climate change or demographic challenges, which have been well received and considered useful (Box 3.12). The experience of the Fisheries Working Group of the Arctic Transform Group could serve as a basis for strengthening co-operation in the NORA region and beyond. Although this international working group focuses on the impact of climate change in the Arctic, no NORA research institutions are among the four leading partners (Box 3.13).

Closer co-operation and co-ordination of research strategies will benefit all, especially the smaller territories with limited capacity, the Faroe Islands and Greenland. Following the 2008 Trans-Atlantic Climate Conference in the Faroe Islands, a feasibility study was undertaken to explore the scope to develop a Trans-Atlantic Climate Institute based in the Faroes. The aim of the institute would be to join interests around the Atlantic Ocean in a “semi-virtual” applied R&D institute with close collaboration among associated universities and innovative industries in Europe and North America (Nielsen, 2008). The establishment of this institute would represent an excellent opportunity to strengthen regional research and co-operation on climate change.

A shared position would make it easier to defend shared interests in international forums

Climate change is a global concern that requires co-ordinated international action, as emphasised in the Copenhagen climate talks in December 2009. Nordic countries, mainly through the Nordic Council of Ministers, already play their part in this process: working groups were set up in an effort to influence international climate policy; on 13 June 2009 the Nordic Council adopted “The Nordic Prime Ministers’ Declaration on Climate Change” (Norden, 2009). Yet increased co-ordination in the NORA region could support a more targeted advocacy role in respect of key issues for the region, by presenting a common position in international forums and making sure that specific regional needs, challenges and interests are adequately reflected in international negotiations.

Box 3.12. NORA conferences on climate change and demographic challenges

In 2008, the NORA organisation co-organised three climate-related conferences within the region, one each in the Faroe Islands, Greenland and Iceland.

- The TransAtlantic Climate Conference was held in the Faroe Islands on 7-8 April 2008. More than 300 scientists, politicians and business people, including Former Vice-President of the United States and Nobel Prize Winner Al Gore, discussed the consequences of climate change for the North Atlantic maritime region. The main conference topics were: research on Atlantic Ocean climate change; innovative marine technology for CO₂ reduction; investment prospects in sustainable technologies; and creating a Trans-Atlantic Climate Institute as a knowledge hub.
- The Greenland conference focused on the dilemma created by the need to mitigate climate change and the desire to exploit oil and mineral deposits in order to contribute to regional economic development.
- In Iceland, the NORA conference took up the issue of oil consumption in the transport and fisheries sectors of the North Atlantic region. Dependence on transport over long distances and fishing as the dominant industry mean that the required cuts in the use of fossil fuels create a serious challenge. Transport and fisheries are among the main sources of CO₂ emissions in the NORA region.

In October 2009, NORA organised Challenged by Demography, a conference held in the northern Norwegian city of Alta. About 90 participants attended and discussed the region's demographic trends and challenges. At the conference there were contributions from other sparsely populated territories facing similar challenges: Bornholm (Denmark), Australia, and the Newfoundland and Labrador (Canada). The conference provided a forum for the exchange of ideas and best practices among the different territories. There was a broad consensus on the need for increasing regional co-operation beyond the NORA region.

Source: NORA (2008), *NORA Annual Report*, NORA; NORA (2009), *NORA Annual Report*, NORA.

Box 3.13. The Arctic Transform Group

The Arctic Transform project was funded by the European Commission's Directorate General of External Relations and is being led by four institutes: Ecologic (Germany; project lead), the Arctic Centre (Finland), the Netherlands Institute for the Law of the Sea (Netherlands), and the Heinz Center (United States). Its main goal is to develop transatlantic policy options for supporting adaptation to climate change in the marine Arctic environment. Its stakeholder-based working groups engage experts in discussions of five Arctic-related thematic areas: Environmental Governance Working Group; Fisheries Working Group; Indigenous Peoples Working Group; Offshore Hydrocarbon Working Group; Shipping Working Group. The Fisheries Working Group develops policy recommendations for adaptation to the consequences of global warming in Arctic fisheries and for preparation for the likely expansion of commercial fishing in this region. The key policy recommendations made by this working group included:

- encouraging exchange of information on Arctic marine ecosystems;
- supporting co-operative Arctic research programmes to improve understanding of these ecosystems, and to assess the probable expansion of commercial fisheries in the Arctic;
- working on a bilateral or sub-regional basis towards the management of new or expanding fisheries for shared fish stocks in the Arctic Ocean;
- considering the development of new multilateral mechanisms for conserving and managing future Arctic fisheries, including a possible Arctic Regional Fisheries Management Organisation;
- ensuring that bilateral and (sub-)regional fisheries management mechanisms are transparent and include the participation of stakeholders, including indigenous communities;
- seeking to integrate fisheries conservation and management measures with the regulation of other expanding activities, such as shipping and the development of energy resources; and
- acknowledging the subsistence needs of indigenous communities that are traditionally dependent on living marine resources.

Sources: Arctic Transform Group webpage, <http://arctic-transform.org>; Arctic Transform (2009), "Policy Options for Arctic Environmental Governance", prepared by the Fisheries Working Group, 5 March.

Marketing and applying new technologies

Co-operation in the NORA region will help to add value to technology solutions. Environmental technology and environmentally friendly solutions are among the fastest-growing industries worldwide. The competence level in these fields is high in the NORA territories, but would be increased if industries combined their expertise and their innovation capacity. This has already been identified as an opportunity at the Nordic level by the NORA organisation as well as by the Nordic Innovation Centre. An additional challenge is the fact that the environmental technology sector is fragmented; specific technologies and solutions are often provided by small companies working as subcontractors to larger enterprises. In order to compete there is scope for companies to co-operate and combine their expertise, capacity and market experience. This could allow them to provide more integrated solutions to the complex issues arising, allowing customers to take a range of actions to combat or adapt to change (Norden, 2006).

3.4. Maximising the contribution of territorial co-operation within the NORA region

A strong rationale, motivation and support for co-operation are keys to success

Co-operation within the NORA region exists and generates benefits. Yet to develop and respond to new challenges, it is necessary to maintain a strong basis and rationale for co-operation, build on experience gained in existing co-operative efforts, develop substantive means of adding value, and establish a governance framework and mechanisms for adapting to changing development concerns and relations. These issues are especially relevant for co-operation in the NORA region, in which there are complex webs of co-operation arrangements and where economic, environmental and institutional relations are undergoing considerable change. This puts co-operation in the region, and specifically the NORA organisation, in a challenging position, but one that also offers a range of opportunities.

Several factors can be considered enablers or facilitators of co-operative arrangements:

- A prevailing culture of co-operation provides an invaluable basis for co-operation. Co-operation across national borders not only involves the technical linkage of two or more systems of governance. It also has to bring together different people and social systems with differing value systems. Therefore, the culture of co-operation that exists (or may emerge) is decisive for the future of co-operation

arrangements. There has to be a will to engage in co-operation. A related issue is how easy it is to co-operate. Language problems or different standards in culture, institutions, etc., can provoke long delays in the administration and implementation of technical questions and cause frustration among co-operating actors (OECD, 2006).

- A sense of common identity is an important driver of territorial co-operation. This identity can be a regional identity based on historical and cultural factors or physical/economic interdependency. It often happens that a co-operative activity starts from physical interdependency but later develops a regional identity, or *vice versa*. Both factors influence each other in strengthening a shared sense of common destiny and thus lead to more effective co-operation (OECD, 2010).
- At the same time, expectations of the benefits to be obtained through co-operation are a driver of co-operative initiatives. It is important not only that these benefits exist, but also that the different participants are aware of these benefits and that the benefits are greater than the potential costs of co-operation.
- Establishing a governance framework to co-ordinate and manage co-operation means institutionalising a set of co-operation agreements in several different jurisdictional systems. If differences prove substantial, they can be bridged with the help of bilateral or multilateral agreements. Though informal relationships ensure flexibility, institutionalisation brings stability to co-operation arrangements.
- National or supra-national institutions play a leading role in establishing many forms of territorial co-operation. This institutional support implies that the positive involvement of higher levels of government is important, especially when co-operation is becoming established. National governments commonly need to legitimise and facilitate co-operation (Blatter, 2003; Thant, 2007) and to provide an enabling environment, for example by providing financial incentives and institutional support to the process.

As noted earlier in this chapter, some of the enablers of co-operation outlined above currently exist in the NORA region. Others are present to some extent but could be further developed. This section outlines a series of recommendations to strengthen the institutional framework for territorial co-operation in the NORA region. It starts by outlining the need for agreement on the focus of co-operation in order to streamline efforts and

gain support for the process. It then analyses briefly the role of NORA as an institutional facilitator of co-operation efforts and highlights the need to increase the NORA organisation's institutional support. This will require making the positive outcomes of regional co-operation known. Moreover, in order to strengthen the region's economic identity, the physical/economic interdependency of its members should be strengthened. Finally, the need for a geographically open approach to the activities of the NORA organisation is emphasised.

Focusing co-operative efforts

It is vital to consider where to focus efforts and which themes and issues to address

Some issues lend themselves better than others to co-operation on a NORA scale. In this regard, regional co-operation will not be possible or appropriate in certain areas, *e.g.* those that are highly place-specific, those with very strong competitive tensions, or those which already have well-established links, such as the organisations dealing with quota setting in the fishing industry.

Identifying and agreeing a focus for co-operation is of central importance to the success of co-operation efforts. Well-planned and well-defined objectives and targets help to avoid duplication of effort. It will be easier to gain support for territorial co-operation if the agenda and objectives are clear: the different governments, institutions and actors can more easily engage with, and mobilise around, clearly defined interventions. Without such an approach, co-operative efforts commonly struggle owing to a lack of commitment, a lack of funding, a lack of purpose, fragmentation of resources and effort, and divergent expectations.

The question of what co-operation can be expected to achieve has recently gained greater prominence. This is linked to pressures on public expenditures and increased emphasis on accountability and transparency in the public sector and more widely. Increasingly, territorial co-operation is assessed in terms of the extent to which it demonstrates “added value” and delivers results. For instance, the NPP places particular emphasis on projects that create innovative transboundary products and services (NPP, 2006). This is a notable shift in emphasis away from simple networking activities, which were a focus in the past (McMaster *et al.*, 2006). In this regard, territorial co-operation activities increasingly attempt to be more strategic, *e.g.* by setting out strategic plans and narrowing their focus to key areas in which they can maximise their impact.

Defining a participative long-term development strategy for the NORA region would help to focus efforts

Currently, there is no long-term participative economic development strategy for the NORA region. The NORA organisation develops a multi-annual strategic plan, stating its mission, vision, guiding principles, and action and activity areas. This is a valuable exercise, but it is internal and concerns the institution's role, not the strategy and position of the NORA region. Broadening this exercise and enlisting the participation of the main political and economic actors from the different territories would add considerable value and further direction to the key areas of co-operation and opportunities.

Identifying complementarities among the development strategies and priorities of the different territories would be a key task of such a regional strategy. Any decision on areas of further co-operation needs to be based on a close analysis of the strengths, weaknesses, opportunities and threats in terms of the region's development. In this context, it is important to note that the Faroe Islands and Greenland have not strongly pursued a domestic process of elaborating and agreeing long-term development strategies. In early 2010, Greenland's Ministry of Finance started to develop a regional planning strategy based on the potential of the different regions and of Greenland as a whole. It will be its first regional development strategy. The former Faroese government worked out an economic vision of the territory for 2015, which was presented in 2007, but the general impression is that the process of defining a comprehensive development strategy is still incomplete. The development of long-term strategies in these territories could be a key to moving co-operation in the region forward.

The development of a regional development strategy needs the support and involvement of the main economic, political and social stakeholders of the NORA region. Their involvement at the highest level would be crucial for reaching a shared vision of the goal of such co-operation. The process of developing a common strategy can also be seen as an opportunity to gain "buy-in" and agreement from key stakeholders on regional co-operation, to increase their interest and involvement, raise awareness and build momentum (Aalbu and Bachtler, 2004). Having identified and agreed themes, a strategic perspective helps bridge any gap between aspirations and delivery.

The design of a shared, coherent and participative strategy for the NORA region could have a number of advantages:

- i.* It would help to focus, target and streamline co-operative efforts by reaching an agreement on the key development objectives and priorities for the region.
- ii.* It would facilitate the development of shared views and positions on key challenges for the region, such as climate change or fisheries sustainability.
- iii.* It would encourage increased co-operation and interaction among actors and stakeholders from both the public and private sectors in the different territories.
- iv.* It would increase dialogue among the relevant parties, helping to avoid excessive competition and helping to harmonise the use of existing assets.
- v.* It would help to define clear long-term objectives that could win support from the member territories.
- vi.* It could lead to a division of roles among the various organisations in the NORA region.

Macro-regional development strategies have gained increased prominence in other regions. The EU's Baltic Sea Strategy, for example, aims to address "major challenges that are best met jointly". Without a sense of common destiny, collaboration across borders could remain mere repetition of simple exchanges of good will, resulting in unstable linkages (OECD, 2009a).

A development strategy would help to maximise the added value and impact of co-operation, by helping to ensure that planned objectives do not overlap or clash. Given the range of support available in the region, a specific challenge is to ensure that existing co-operative activities and any new actions are complementary. With a view to widening and deepening co-operation in the region, identifying gaps (areas where support is lacking) would be as important as avoiding overlaps and duplication of efforts. However, the possibility that an element of overlap could be beneficial should also be considered. For example, support for small programmes working in similar ways on similar areas in narrower fields may be able to feed and complement larger, better-funded programmes.

Strategic planning is not without difficulties. It can be criticised as a time- and resource-consuming process with limited impact. However, the lack of longer-term strategic planning can lead to *ad hoc* and uncoordinated initiatives. Moreover, a clear agenda in the NORA region could be used as a

basis for developing external links and boosting engagement with external partners and in the Nordic Council. With these potential benefits in mind, a general development strategy could be complemented in a second step by strategies for key regional sectors conducive to co-operation such as tourism, response to climate change or research and development.

The role of the NORA organisation as a facilitator of co-operation

Co-operation activities do not just happen. Effective co-operation efforts have to be adequately supported by financial and institutional resources and political support. In the case of co-operation within the NORA region, given the high number of co-operation arrangements and links across the region and externally, as well as the diverse institutional, economic and political priorities in place, the rationale for NORA-based co-operation needs to be clear. Each of the participating territories needs to buy into the process. The adoption of a widely agreed strategy for the region could help here, if it is focused on a number of clear, well-founded priorities. In order to promote co-operation and maximise its appeal and impact, external and internal partners need to engage with the region and recognise its distinct and shared qualities, benefits and opportunities.

However, there is a need for an institution or institutions in a position to drive the process forward. In order to take on this strategic facilitating role, an organisation must have sufficient resources and the profile needed to manage the task. It must be well connected, well positioned and well known in the region. Crucially, there is need for an organisation to fulfil a “brokerage” role, pulling key actors together and facilitating co-operation.

To an extent, such frameworks are already in place through the activities of the NORA organisation. In this regard, “tailored”, territorially based co-operation can profit from the NORA organisation’s particular assets:

- NORA’s invaluable knowledge of the area and trends, the political environment and what is possible/impossible.
- In contrast to existing sectoral bodies, the NORA organisation has a distinctive capacity to draw together actors from a range of fields.
- Its status as an international agency under the Nordic Council of Ministers (NCM) places NORA in a key position to create awareness of the specific challenges facing the NORA region in the NCM. It also allows the NORA organisation to represent the particular interests of the NORA region within the NCM.

- NORA has been successful in generating and supporting co-operation projects and in particular, in facilitating knowledge exchange.
- In its role in financing and supporting regional projects, the NORA organisation is perceived as less bureaucratic and more in tune with the specific needs of the NORA territories than many other co-operation programmes, *e.g.* the NPP.
- The NORA organisation has already been conducting negotiations to extend co-operation to other territories sharing similar challenges, such as Atlantic Canada.

Nevertheless, the role of the NORA organisation as an institutional facilitator of co-operation could be further developed and embedded. Reaching high-level support from policy makers and key partners from the NORA members is essential. With the preceding in mind, a few recommendations are offered for developing a more active, higher profile, and productive role for the NORA organisation:

- The NORA organisation could play a key role in driving and facilitating the process of developing a long-term regional development strategy. As noted, NORA has knowledge of the region and a strategic position as an international agency under the Nordic Council of Ministers. However, to succeed, this process must be backed by the clear will and support of the different territories. The preparation of such a strategy could be an opportunity to create awareness of the potential for regional co-operation and to raise the interest and involvement of the main economic, political and social stakeholders.
- NORA can provide a central gateway for dealing with other territories, particularly neighbouring states with common interests and problems. The NORA organisation already has good working relations with many neighbouring regions and countries. These links have expanded and a growing share of NORA's projects and conferences involve partners from neighbouring regions. While each member of NORA will continue to have its own interests, it should be possible for the NORA organisation to identify potential international partners and initiate negotiation processes.
- More can be done to follow up on the networks and co-operation opportunities that come from NORA conferences. These international conferences have already proved to be an excellent way to initiate and expand contacts between stakeholders from different territories who might not otherwise have met. They are a

perfect forum for sharing information and knowledge. They are also a way for the organisation to extend its own links and its role as a driver of co-operation within and outside the region. However, opportunities arising from the conferences could be followed up more actively and their outcomes could be given greater international exposure. Follow-up activities could help links created through an international conference to become more established and fruitful. For instance, selective funding could help networks become self-sustaining, smaller meetings of relevant partners could be organised following a major event, and pilot project funding could ensure that key ideas and agreements around co-operation are pursued and developed.

- Beyond the organisation of conferences, there is also scope for exchange of experience among officials/experts and co-operation on relevant policy research and development programmes beyond NORA borders, *e.g.* involvement in INTERREG programmes or EU Framework Programmes. A strengthened NORA organisation could take a more strategic role in facilitating activities such as joint studies, contributions to EU policy debates, exchange of experience on common challenges, and networking and exchange agreements. Tools such as Internet platforms could also be further promoted, as they offer a useful way to share experience with partners from different territories. The North Atlantic Knowledge Network is a good example of online networking that could be further promoted (see Box 3.15). It is also a good example of the benefits of extending co-operation to new partners such as Atlantic Canada.
- The availability of NORA funding continues to be a key factor in bringing organisations together. NORA already offers a flexible source of small project funding. In order to get the most from the resources invested, projects and themes have to be carefully selected to avoid overlap with other well-functioning networks. At the policy initiation stage, it is important to consider where intervention could add value either to domestic efforts or to existing co-operation networks by addressing gaps or complementing existing programmes. For example, the NORA organisation could focus on supporting groups that normally have difficulty accessing other sources of funding (*e.g.* SMEs, traditional communities).
- The NORA region is characterised by many very small SMEs, down to a single person working on innovation and development. These firms could in many cases contribute their knowledge and expertise to international projects. However, they sometimes lack the

institutional resources, capacities or skills (language, financial, writing, etc.) to take part in international initiatives. At present some NORA projects provide a stepping stone to help project partners to participate in larger projects with higher administrative demands, such as the EU programmes NPP and FP7. These efforts could go further by providing financial and advisory support for local initiatives in order to fulfil the administrative demands of larger international projects.

- More can be done to strengthen networks and links internally and externally. Owing to the relatively small size of the NORA programme, the organisation is still somewhat unfamiliar to a number of the public and private stakeholders in the region, especially in Iceland and Norway. Increased interaction with key political and economic actors in the region is essential to raise greater support for NORA co-operation. Boosting such links could be achieved, for example, by raising awareness of the type of activities NORA is involved in or by presenting the outcomes of the different conferences. The different stakeholders need to be aware of the benefits of co-operative efforts. In a sparsely populated region, a well-connected, highly visible organisation that represents the interests of the region is invaluable.

Further institutional support for the NORA organisation will be required

The NORA organisation already fulfils some of these roles to varying degrees. However, a drive to build links with high-level and international partners, to boost the profile of the organisation and to put the organisation on a clear strategic footing will require refining and reinforcing its role. For this, greater involvement and support from the member territories and from the Nordic Council of Ministers will be needed. The NORA organisation has limited financial and human resources to devote to the ambitious role of strengthening regional co-operation. It will require a larger group of professionals if it is to increase its strategic role. Beyond that, the capacity of the organisation to engage with local actors and interests will be central to reinforcing and maximising the impact of co-operation. Successful project activities, networking activities, conferences and even lobbying all rely on solid bottom-up engagement and support, which has to be continuously fostered, *e.g.* through active – and high-level – local contact points.

Further co-ordination will also be required. Because several institutions play a role in regional co-operation in the NORA region, their co-ordination is critical. Special care should be taken to clarify the roles and interaction

mechanisms of the different institutions. Vaguely defined or overlapping mandates may compromise co-operation efforts. For the NORA organisation to play a more strategic role will probably require both an enlarged mandate and more institutionalised and smoother co-ordination with the different programmes and institutions engaged in co-operation in the NORA region and with the authorities of the member territories.

Evolving towards a functional region

NORA's objective of increasing its strategic activity will require higher involvement and support from member territories. It will therefore be important to identify the underlying logic that will allow the four members to see themselves as a functional region. That is, they will have to recognise a bond that is strong enough to encourage strategic joint action.

The term "functional region" is typically used to define a growth pole and its associated hinterland. Such a region is usually defined on the basis of economic interactions among its components (particularly in labour and product markets), and the boundaries of the region adjust as the extent of interaction increases or declines. There is typically a lead place that generates most of the dynamics by which the region as a whole grows. In the case of NORA, as observed in Chapter 1, this model is difficult to apply. The intensity of the economic interactions among its members is not very great, especially when compared, for example, with their interactions with non-members. Moreover, the region has no functional hub or growth pole.

For the NORA region to develop strong internal coherence, the notion of a functional region will have to be defined differently. As this review has shown, the considerable common ground among the NORA territories offers co-operation opportunities that could lead to better economic integration. All share a common culture, and there is a strong history of bilateral collaboration among individual members. Most importantly, all are peripheral in terms of the global economy and have common problems and similar social and economic structures. Their peripherality means that in some policy domains there are few efficient alternatives to collaboration within the NORA group. Moreover, some challenges can only be addressed efficiently by joint action.

The cluster model of a functional region

NORA is not a functional region in the commonly used sense of the term; a cluster model would better reflect NORA realities. The traditional model of a functional region is somewhat analogous to a supply chain structure, with a dominant firm and a set of smaller firms that are suppliers. The cluster model for small firm collaboration, by contrast, can be used to

generate a different sort of paradigm. Clusters of small firms allow the members to mimic the scale economies of large firms while preserving the participants' autonomy. Individually, the members of NORA are below efficient scale for performing many public and private functions. NORA can be a means of providing a way for the four members to achieve the same type of scale effect, at least in some activities. Their conditions can be seen as similar to those facing small firms. By acting jointly through a cluster, firms can achieve efficiency in production. In the cluster, no single firm dictates the strategy, but all must agree if the cluster is to be successful. Individual firms agree to collaborate in certain areas but retain autonomy of decision making outside the collaborative actions. Conceptually, NORA can play the same role. Members can pool their resources for common purposes while retaining their autonomy in other areas.

All transnational regions face significant challenges for merging different cultures and institutions. While for NORA the geographic distances separating members are a major impediment, there is a high degree of commonality of interest and culture and a shared or similar language. By contrast, other transnational regions, such as the Pan Yellow Sea region, have the advantage of closer proximity but involve members with distinct cultures and languages (see Box 3.14).

Box 3.14. Pan Yellow Sea region

The Pan Yellow Sea region provides an example of effective trans-border co-operation among the countries that border the Yellow Sea. Northern coastal China, western and southern Korea and south-western Japan all border the Yellow Sea and have long-standing trade and social relations. Despite three different languages and cultures, strong historical ties form the basis for the current economic partnerships. The relationship involves sub-national entities that have collaborated voluntarily to enhance economic growth. A recent OECD study of the region notes that the driving force for collaboration was the existence of matching interests among the business community in all three countries.

The OECD study draws the conclusion that a small number of necessary conditions determines the success of efforts to build greater collaboration. Economic exchange, integrated physical infrastructure and a socio-cultural network are the three principal pillars of a well-integrated trans-border region. Over time the Pan Yellow Sea region has enhanced its logistics and transport networks to improve trade and co-operation. Like the NORA region, port and air links are the only means for the exchange of goods and people. There is also a recognition that soft infrastructure is an important contributor to collaboration. This includes human resources, cultural exchange and academic linkages.

Source: OECD (2009), OECD Territorial Reviews: Trans-border Urban Co-operation in the Pan Yellow Sea Region, OECD Publishing, Paris.

At present, it appears that there is a rough balance in the NORA region between forces that favour integration (economies of scale, strengthened international position, sharing knowledge) and those that encourage divergence (fear of competition, distance, few economic interactions). In the Pan Yellow Sea region, rapid economic integration has taken place because of the strong economic benefits of regional collaboration. In the case of NORA there is encouragement for stronger integration at the Nordic Council level, and no strong opposition at the national levels. Recently the Greenlandic government issued a Nordic plan, stating that it is necessary to place more emphasis on the West-Nordic collaboration and give NORA the role of general co-ordinator of this collaboration. Yet, in general, it appears that individual member territories do not at present place high priority on fostering a stronger NORA, probably because they do not perceive the underlying economic logic of strengthening regional co-operation.

It is crucial to promote the positive outcomes of regional co-operation

In order to get a broader mandate and support from member territories, it will be crucial to build positive expectations for the outcomes of regional co-operation in the NORA region. As outlined above, the benefits of co-operation are sometimes difficult to perceive. Yet, the choice of the different territories to engage in co-operation is based on expectations of the benefits to be obtained: the different stakeholders need to see a rational and clear benefit from co-operative efforts. As noted in this chapter, ongoing co-operation is reporting or could report various benefits, e.g. increasing the visibility of the territory, creating economies of scale, learning and exchange of best practices, or transnational responses to transnational challenges. There is also untapped potential that could be further exploited. Communicating these positive outcomes – with special emphasis on the search for efficiency – to key political actors will be critical to motivate the different NORA members to support greater regional co-operation.

A reconfiguration of transport networks would help to expand economic integration

Beyond this, the Pan Yellow Sea region offers some indication of how the forces of integration can be strengthened. While it differs significantly from NORA in terms of the size of the regions, density of population and levels of per capita income, it offers some important food for thought. Recommendations for enhancing co-operation made by the OECD include: improving connectivity and the transport system to support economic interactions; expand the flow of people within the regions so that there are

stronger contacts among the various populations; and embark on joint planning to deal with common challenges, such as climate change and pollution abatement.

All these point again to the significance of strengthened transport networks for expanding economic integration. Economic integration is the defining feature of a functional region and economic integration can only occur if it is possible to move goods and people efficiently. This will require improved regional transport networks. As mentioned in section 2.1 regional co-operation could facilitate the establishment of a strengthened transport infrastructure. On the one hand, joint public support would be required to diversify air traffic routes. On the other hand, reinforced regional co-operation would enable more regional businesses and more economic and human interactions, and with this a better framework for developing and diversifying the transport infrastructure. Therefore, economic integration and improved infrastructures are parallel processes that would be enabled by co-operation. But to strengthen regional co-operation, it will be critical to demonstrate to the main stakeholders that this will result in positive outcomes and regional economic development.

Finally, another element of the required shift in transport networks is the importance of linking the members of NORA to other near-by territories. In particular, there would seem to be untapped potential for closer links between the western parts of NORA and Atlantic Canada and the eastern parts of NORA and the United Kingdom. Current transport links reinforce a Nordic focus, almost to the exclusion of other opportunities, and this in turn contributes to NORA being a less dynamic place than it might be.

Opening and expanding links

The physical barriers that currently exist between the NORA territories, the relatively low intensity of present intra-NORA economic linkages, and their natural linkages to other regions outside of NORA call for a “variable geometry” approach when searching for co-operation opportunities. In this regard, partnerships and co-operation need not necessarily cover all, or only, the NORA territories. The identification of appropriate partners should be based on an evaluation of how best to give form to an identified opportunity and on the benefits the co-operative efforts would bring to the participants and to the group as a whole. This chapter has analysed the potential for co-operation in the NORA region. However, it is crucial to take an open view on the composition of partnerships and to boost the participation of partners from outside of NORA whenever their input and the quality of their contribution justify it. For instance, research networks should be open to the best institutions in the Nordic countries and beyond. Issues related to

peripherality could also usefully integrate the experience of other territories facing similar challenges.

The Nordic Council of Ministers increasingly emphasises co-operation with neighbouring countries around the Nordic region. The Programme for the Danish Presidency of the Nordic Council of Ministers 2010 states that the Presidency will evaluate the potential for bolstering NORA's role in co-ordinating and improving the effectiveness of relations with the region's neighbours to the west and in the North Atlantic. In the context of the new environmental, economic and social challenges facing North Atlantic coastal communities as a result of globalisation and climate change, further interchanges with these neighbouring territories could result in common benefits.

The NORA territories already have working links with many neighbouring regions and countries. This review has mentioned different ongoing co-operative projects, especially with Atlantic Canada and Scotland. The commonalities and increased communication over the last few years across the territories of the North Atlantic Rim have generated increased interest in finding ways to learn more from one another and to explore opportunities for greater co-operation. For example, co-operation between SmartLabrador Inc. (Canada) and the NORA organisation has led to the development of a North Atlantic Knowledge Network online resource to facilitate dialogue, information sharing and innovative partnerships between the northern, rural and coastal communities of the North Atlantic region (see Box 3.15). Another recent example is that of cruise tourism: in a joint effort to further develop cruise tourism in the North Atlantic, Cruise Newfoundland and Labrador, Cruise Greenland, Cruise Reykjavik, Cruise Torshavn and Cruise Orkney Islands are jointly committed to the development of a new regional cruise brand and supporting materials (Box 3.7 above). Diverse institutions from Scotland have also been working with actors from the NORA region for a long time, particularly through the EU's NPP (in projects like ClimAtic; NoCry; Thing; or ROADDEX IV) and through the North Sea Programme (Scottish/Norwegian project collaborations).

Box 3.15. North Atlantic Knowledge Network

In late 2009, SmartLabrador Inc. partnered with NORA to facilitate dialogue, information sharing and innovative partnerships pertaining to living in and developing the northern, rural and coastal communities of the North Atlantic region. The North Atlantic Knowledge Network (NKN) online tool, currently being developed by SmartLabrador, is being built on the premise that small coastal communities can develop greater sustainability and viability by sharing knowledge through ongoing dialogue. In this changing world, access to pertinent information and expertise is critical to economic success. Harnessing information and knowledge assets can play a pivotal role in building diverse and vibrant economies.

The NKN is an outcome of the Creative Solutions for Coastal Communities Conference that was held in Labrador in 2006. Organised by NORA and Canadian partners (Harris Centre and SmartLabrador), this international conference facilitated discussions and exchange of information regarding challenges and solutions for small coastal communities in the North Atlantic region. As a result of this conference, delegates from Canada, Norway, Iceland, Greenland and the Faroe Islands agreed that strong partnerships are vital to achieve the vision of building strong and sustainable coastal communities. This agreement – named the Labrador Declaration – provided concrete ideas for the development of new initiatives, committed to greater North Atlantic collaboration and identified new directions for communities, business and government to build small communities. Five key areas were identified for action in the Labrador Declaration: collaboration and communications, education and research, governance and public policy, tourism and cultural heritage, and resource development.

Organisations and businesses in Labrador and the NORA region continue to build on the experience of the 2006 conference and the ongoing relationship between NORA and SmartLabrador. In 2008, for example, the Labrador Straits Development Corporation and Southeastern Aurora Development Corporation (Newfoundland and Labrador) undertook an exploratory and fact-finding mission to North Atlantic Rim territories to obtain information concerning wildberry development, harvesting and marketing.

Source: Atlantic Canada Opportunities Agency.

Links with Russia have also expanded: agreements on fisheries, extensive co-operation on education between northern Norway and northwest Russia (including five joint master's degrees), the Northern Dimension Partnership and the Norwegian Barents Secretariat (Box 3.16).

Box 3.16. Co-operation by NORA territories and Russia: the Northern Dimension and the Barents Secretariat

The Northern Dimension is a partnership between the European Union, Iceland, Norway, the Russian Federation, the Nordic Council of Ministers and other Nordic institutions (the Regional Councils in the North, the Council of the Baltic Sea States, the Barents Euro-Arctic Council and the Arctic Council). The Northern Dimension policy aims at providing a common framework for the promotion of dialogue and concrete co-operation, strengthening stability, well-being and intensified economic co-operation, and promoting economic integration and competitiveness and sustainable development in northern Europe. It focuses on issues of specific relevance in the north, such as the environment, public health and social issues, culture and indigenous people. The Nordic Council of Ministers is committed to participate in the two existing partnerships – the Northern Dimension Environmental Partnership (NDEP) and the Northern Dimension Partnership in Public Health and Social Well-being (NDPHS).

The Norwegian Barents Secretariat was established after the signing of the Kirkenes Declaration on January 1993, when Norway, Sweden, Finland and Russia established the Euro-Arctic Barents Region. In 1998 the ownership of the Secretariat was transferred to the three northernmost counties of Norway, Nordland, Troms and Finnmark. The Norwegian Barents Secretariat aims at developing Norwegian-Russian relations in the north by promoting and funding Norwegian-Russian co-operation projects. The work of the Norwegian Barents Secretariat is three-fold: project financing (the Secretariat grants approximately 200 Norwegian-Russian projects annually); resource and information centre; strengthening Barents co-operation within the framework of the multilateral Barents Co-operation.

Source: www.norden.ru; www.barents.no.

As these examples suggest, wide-ranging and productive co-operation already exists between the NORA group and neighbouring territories. However, further opportunities could be developed and links could be improved, most notably to Scotland, Canada, the Baltic Sea region, Russia, Ireland and Northern Ireland. In each of these cases, the foundations for co-operation could include shared development challenges, such as the development of peripheral regions, sustainability of remote communities, sustainable development of marine resources and renewable energy opportunities, as well as, in some cases, relative geographical proximity. Crucially, such links could be more effectively developed, explored and exploited with NORA partners acting as a group, as opposed to separately, to undertake the time-consuming and often costly process of developing

international links. An internationally well-connected, proactive and experienced organisation offering a facilitation/brokerage role between NORA partners and external organisations would be required to ease the process of co-operation for individual organisations, especially during the initial stages.

Conclusions

For the NORA territories, the ability to boost domestic initiatives and address development opportunities in new ways through NORA-based co-operation is particularly important owing to their remoteness, small populations and the fact that, unlike other Nordic territories, they are not EU members. Territorially based arrangements also allow the organisations involved to develop an approach that is appropriate to the needs of the region, as opposed to relying on external co-operation initiatives. A wide range of co-operative efforts are already under way. However, it is possible to highlight a rationale for continuing to “widen and deepen” co-operation in the region, based on the specific and shared needs of the NORA territories. Co-operation offers the NORA territories the opportunity to increase their international profile and could be used to send important messages to outsiders about the specific development needs and concerns of the region. Additionally, where domestic resources are limited, co-operation offers an opportunity to pool institutional and financial resources and to extend networks for learning and exchange. With this in mind, it is important that future co-operation efforts look at where they can fill gaps and usefully complement existing arrangements.

There remains considerable scope for reinforcing NORA-based co-operation, which could make a valuable contribution to the continued economic and social development of the region. However, in order to add value, such co-operation should have clearly expressed objectives. Activities should be strategically planned and implemented, and co-operation efforts should take into account existing arrangements. Follow-ups to such initiatives, with a view to maximising their impact and lesson learning, will also be critical. Beyond that, it will be crucial to gain the member territories’ further involvement in and support for the NORA co-operation project. For this, it will be crucial to promote effectively the benefits and outcomes of territorial co-operation. The process of designing a long-term strategy for the region with high-level political participation from the different NORA territories could provide an opportunity to gain key stakeholders’ “buy-in” for regional co-operation, to increase their interest and involvement, and indeed to create a strong, agreed rationale and purpose for co-operation in the region.

Notes

1. Scandinavian Defence Alliance, Nordic Customs Union, Nordic Economic Union (NORDEK).
2. Switzerland is the only EFTA member to remain outside the European Economic Area, the integrated market formed by the EU and EFTA economies. Switzerland's economic relations with the EU are regulated by bilateral agreements.
3. Euroregions generally do not correspond to any legislative or governmental institution, do not have direct political power, and their work is limited to the competencies of their constitutive local and regional authorities. They are usually arranged to promote common interests across the border and to co-operate for the common good of the border populations.
4. In an interview with Greenland Radio on 13 November 2009, the Head of the Greenland Health Department, Anne Birkekjær Kjeldsen, estimated that the evacuation of one patient from Greenland to Denmark costs around DKK 400 000, and that the costs to Iceland could be half of that.
5. Additionally, a range of activities and policies that are unrelated to climate change will have a considerable impact on resources and activities in the region. For instance, the size and growth of fish stocks in the North Atlantic Ocean depends on exploitation rates determined by fisheries policies in the NORA territories.

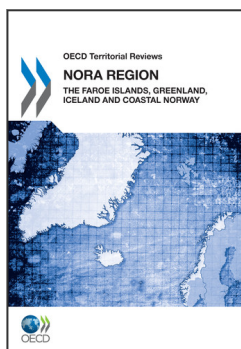
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From:

OECD Territorial Reviews: NORA Region 2011

The Faroe Islands, Greenland, Iceland and Coastal Norway

Access the complete publication at:

<https://doi.org/10.1787/9789264097629-en>

Please cite this chapter as:

OECD (2011), "Governance and co-operation in the NORA region", in *OECD Territorial Reviews: NORA Region 2011: The Faroe Islands, Greenland, Iceland and Coastal Norway*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264097629-5-en>

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