

Evaluation of Nordic-Scottish Cooperation

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Abstract

Based on an evaluation report commissioned by Highlands and Islands Enterprise and The Scottish Office, the paper examines the experience of policy cooperation between Scotland and the Nordic countries over the past three years. It describes the background to the current programme of cooperation and assesses progress in the programme's key fields: IT, university networking, forestry and SMEs. In its conclusions, the study provides an overall assessment of cooperation at policy and sector levels with a view to drawing out lessons for future initiatives among regions and countries in the northernmost parts of Europe.

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1. INTRODUCTION

This paper is based on a report commissioned by Highlands and Islands Enterprise and The Scottish Office Development Department. The study was undertaken to examine cooperation between Scotland and the Nordic countries over the past three years, to identify the results and to highlight lessons for future cooperation activity.

The paper is structured as follows. It begins with a summary of the aim and objectives of the study and an outline of the methodology employed. It then provides a chronology of the Nordic-Scottish cooperation over the 1994-97 period and describes the progress made in each of the project areas - IT, university networking, forestry and SMEs. The report undertakes an overall assessment of the cooperation at policy and sector levels, concluding with a review of the lessons learned.

2. AIM AND OBJECTIVES

The aim of the study was to examine the experiences of cooperation over the past three years, particularly in the four different subject areas, and to establish the benefits which have arisen. Specifically the study was asked:

- to assess whether the co-ordinators were effective and efficient;
- to analyse the additionality of the financial support provided for the cooperation;
- to examine the main results achieved in the four sectors;
- to assess the spatial coverage of the cooperation;
- to establish whether cooperation provided added value in preparing Article 10 applications; and
- to identify lessons arising from previous cooperation projects that could improve the implementation of the Article 10 programme.

3. METHOD

The study employed two main sources of information. The research team undertook a desk-based examination of secondary source material provided by the Nordic Council of Ministers Secretariat, government departments/agencies in Scotland and the Nordic countries and the project co-ordinators. The material mainly comprised minutes or summaries of steering group meetings and reports from the co-ordinators for the annual review meetings. Subsequently, the team undertook an extensive interview programme, totalling over 30 interviews. Face-to-face meetings were arranged with government officials from Finland, Norway, Scotland and Sweden as well as with the Nordic Council of Ministers Secretariat and most of the project co-ordinators in Scotland and the Nordic countries. These were supplemented with telephone interviews with other officials or participants in the cooperation process at different

levels. All interviews were conducted on the basis that the interviewees would not be quoted directly; personal attribution only occurs with respect to remarks made in published documents such as the Nordic-Scottish Newsletter or the minutes of meetings.

The study experienced two main difficulties. First, there is no continuous, systematic and formal record of the Nordic-Scottish cooperation. The chronology in this study has been assembled from a mix of minutes, reports and the personal recollections of participants. Consequently, there may well be gaps or errors in the sequence and content of events described. Second, this study was officially commissioned on 18 June 1998 and was mainly undertaken over the period late-June to early September 1998. Fieldwork over the summer vacation period entailed considerable difficulties in making contact with all those involved in the cooperation process.

4. NORDIC-SCOTTISH COOPERATION

4.1 Background to the Cooperation

Cooperation between Scotland and Scandinavia builds on a long history of social and cultural ties, reflected in commonalities of language, traditions and outlook. Major Nordic companies have significant investments in Scotland, especially in fish farming and the oil, shipbuilding and paper industries. Peripherality, sparsity of population and fragile settlement structures present common challenges which are not always understood or appreciated in other parts of Europe. Scotland and the Nordic countries attach a high priority to economic development with a ‘thick’ institutional infrastructure of development organisations and instruments.

Nevertheless, until the 1990s there was no formal cooperation between Scotland and the Nordic countries in the field of regional development. The Nordic countries, of course, have been engaged in regional policy cooperation among themselves (especially through transboundary cooperation initiatives) under the auspices of the Nordic Council for over 40 years. Yet it is remarkable that many of the regional concepts and agreements that deal with ‘northern peripherality’ exclude Scotland, focusing more on the Barents Sea, the Arctic and Baltic Sea areas. The *Europe 2000+* document on European territorial development¹, for instance, locates Scotland as part of the Atlantic Arc (along with Ireland, Wales, south-west England and western France, Spain and Portugal) and the North Sea regions (along with Denmark, eastern England, the Netherlands and northern Germany). The recently published NEBI Yearbook², which claims to provide a “coherent picture of the new situation in northern Europe” makes virtually no mention of Scotland, apart from referring to Interreg IIc across the North Sea.

¹ *Europe 2000+ Cooperation for European territorial development*, European Commission, Luxembourg, 1994.

² *The NEBI Yearbook 1998 - North European and Baltic Sea Integration*, Lars Hedegaard and Bjarne Lindström (eds.) Springer Verlag, Berlin, 1998.

The impetus for the Nordic-Scottish Cooperation stems from the proposals for the 'fourth enlargement' of the European Community to include Finland, Norway and Sweden (as well as Austria). In the run-up to enlargement, there was considerable, spontaneous activity from the then applicant countries to explore Scotland's experience of the Structural Funds. In turn, the Scottish Office identified a long-term strategic interest in establishing a broad relationship in the applicant countries. For example, it represented an opportunity to increase the profile given to peripheral, sparsely populated areas (the Highlands & Islands) within the EU. At that time, the EU tended to view the problems of northern Scotland in terms of their rural or upland character - indeed grouping the Highlands with parts of Greece, southern Italy and north-eastern Portugal - rather than recognising their distinctive character³. Building up personal relationships between Scottish and Nordic officials was therefore seen as a potentially useful method for influencing the EU regional policy debate. Highlands & Islands Enterprise (HIE) also had a practical interest in building economic development links. Unsaid at this time - although certainly in the minds of both Scottish and Nordic participants in the cooperation - were the implications of possible Scottish devolution, on the one hand requiring Scottish governmental organisations to promote Scottish regional development interests more actively, on the other hand giving them more flexibility to engage in international links.

Preliminary exploratory contacts were initiated by Highlands and Islands Enterprise in early 1994, including several bilateral discussions and a meeting of officials in Nairn, leading up to the meeting of senior officials at Ackergill in October 1994. The Scottish initiative met with a positive response from the Nordic side, especially from Norway and Finland. Three factors in particular motivated the central government officials of the Nordic countries.

- First, given the commonalities in regional development problems, Nordic officials were keen to learn about the practical experiences of administering the Structural Funds in Scotland which had a good reputation of programme administration. During the early 1990s delegations of Norwegian, Finnish and Swedish national and local government officials were visiting Scotland to learn about programming and partnership, encouraged by the European Commission which regarded some of the Scottish programmes as 'flagship' examples.
- Second, the cooperation was seen as a means of getting access to the political expertise of Scottish officials with respect to dealing with EU institutions, especially in terms of lobbying, networking and negotiating regional development programmes.
- Third, a less tangible factor was the view (of some officials) that Nordic regional development cooperation had grown somewhat stale and that it needed new thinking and stimulus from outside.

These factors did not apply equally to all Nordic governments. Sweden was rather hesitant initially, primarily because of the uncertain outcome of the forthcoming

³ See, for example, *Europe 2000: Outlook for the development of the Community's territory*, European Commission, Luxembourg, 1991.

referendum on Swedish membership and the restrictions on central government officials in (being seen to be) actively preparing for EU membership. Denmark was unenthusiastic, although not opposed to the cooperation; as a country with very different regional development problems from other Nordic partners, it did not share the Scottish concern with remote, sparsely populated areas, and it was already a long-established member of the EU with its own experience of administering the Structural Funds. As a non-prospective EU Member State, Iceland also had less direct motivation for policy-level cooperation with Scotland. Early on, there was a general concern on the Nordic side that building links with Scotland might be unwelcome to the UK Government in London, a concern that was dispelled after contact with foreign ministries and the UK Department of Trade & Industry.

4.2 Ackergill: the launch of Nordic-Scottish Cooperation

The meeting at Ackergill Tower, near Wick, in October 1994 was attended by senior government officials from Scotland, Finland, Norway, Sweden and Iceland. Against a background of accession to the EU by some of the Nordic countries, the meeting confirmed that there were “great commonalities of interests between the Nordic Countries and the Highlands and Islands of Scotland”, notably with respect to severe physical and climatic conditions, high environmental quality, sparsity of population and fragmented settlements, transport and communication challenges, present and prospective reliance on quality of training and of higher education, a preference for SMEs as generators of economic development, and culture and community structure.

The meeting recommended:

- that a network be created under the auspices of, or in association with, the Nordic Council of Ministers as a vehicle for liaison and cooperation in the field of regional development between Scotland and the Nordic countries;
- the participants shall be representatives both of the relevant government departments and the economic development agencies of the respective countries, HIE, NUTEK, KERA and SND; and
- although addressing specific technical difficulties such as the development of a methodology for the measurement of peripherality and economic fragility, the focus of the group should be primarily operational.

Initial areas of action were identified, to include:

- cooperation in the development of SMEs, and between SMEs, within the context of peripheral economies;
- the practical application of information technology development, for the benefit of economic activity in peripheral areas;
- establishment and implementation of university networking focused on cooperation with business and rural development; and

- development of a forestry network with particular reference to private forestry.

The Ackergill meeting was, by all accounts, a seminal event in launching the cooperation. As the senior Scottish Office representative noted: “all the delegates were surprised at just how much they had in common”⁴. Four years on, all of the participants still refer vividly to the ‘personal chemistry’ between those present which quickly moved the debate beyond the question as to *whether* Nordic-Scottish cooperation should be undertaken to focus on *how* cooperation should work. The meeting produced the above declaration, identifying four areas of cooperation - IT, forestry, university networking and SMEs - in the context of a shared concern with regional development in peripheral areas.

Table 1: Chronology of Nordic-Scottish Cooperation

Spring 1994	Preliminary contacts initiated by HIE
May 1994	Nordic-Scottish Seminar, Nairn. Discussion of possible cooperation by Nordic and Scottish officials.
5-7 Oct 1994	First Nordic-Scottish Cooperation Seminar, Ackergill. Decision to start cooperation in four areas over a three-year period.
30 Nov 1994	Large Steering Group Meeting, Copenhagen Formal decision to start cooperation and select co-ordinators.
1 Feb 1995	NÄRP Meeting, Copenhagen. Allocation of Nordic funds and selection of co-ordinators.
Spring 1995	Start-up of cooperation projects
13 Dec 1995	Small Steering Group Meeting, Copenhagen Review of project status. Agreement on organisation of the process.
25-26 Apr 1996	Second Nordic-Scottish Cooperation Seminar, Kittilä Agreement to continue projects, with possible revisions in 1997.
13 June 1996	Small Steering Group Meeting, Copenhagen Confirmation of Kittilä conclusions
27 Nov 1996	Large Steering Group Meeting, Copenhagen Review of status of four cooperation project areas.
26 Nov 1997	Large Steering Group Meeting, Oslo Final reports from four cooperation project areas.

Subsequently a steering group meeting was held in Copenhagen in November 1994, involving officials of NÄRP⁵, the Scottish Office and HIE (the first of a series of annual review meetings) to formalise the agreement to begin cooperation in the four thematic areas and to select leaders and partners for each theme. On the Scottish side, the selection was managed by the Scottish Office and HIE; on the Nordic side, under the auspices of the Nordic Council of Ministers (NCM), each of the countries was invited to submit expressions of interest for possible co-ordinators with the aim of appointing one ‘Nordic lead co-ordinator’ for each theme who would liaise with partners in other Nordic countries. Based on submissions over subsequent months, the Nordic co-ordinators were agreed at a NÄRP meeting in February 1995 (see Table 2).

⁴ Sir Russell Hillhouse, quoted in the *Newsletter on Nordic Scottish Cooperation*, April 1996.

⁵ NÄRP - Nordic Committee of Senior Officials for Regional Policy, comprising one representative each from Denmark, Finland, Iceland, Norway and Sweden.

Co-ordinators in Scotland were selected by HIE and the Scottish Office. At least on the Nordic side, co-ordinators were made totally responsible for all aspects of the cooperation, especially publicising the cooperation and making it as open as possible. They were to report 2-3 times per year to the NCM and prepare a more substantial review in time for the annual top-level meetings of Nordic and Scottish officials.

NÄRP agreed to make available Nordic funds DKr 3 million (c.£273,000) over the three-year period, allocated at DKr 1 million (c.£91,000) per year, and divided equally between the four project areas. Half of the allocated funds was to be used to fund project leader costs and half for other participants in the projects from the Nordic countries. Scottish funding was not allocated as formally or equally across the project areas; financial support - which eventually totalled actual or anticipated funding of £207,000 (DKr 2.3 million) - was provided in response to project bids.

Table 2: Sector co-ordinators

Sector	Scotland	Nordic
SME development	Frank Gaskell¹ Highlands and Islands Enterprise	Lars-Olov Söderström Norrland Fund, Sweden
Information technology	John Bryden University of Aberdeen	Ole Christian Bendixen and Kim Davies SINTEF, Norway
University networking	Robin Lingard ² University of Highlands & Islands	Hilkka Vihinen³ University of Helsinki, Finland
Private forestry	Bob Stubbs Highlands and Islands Enterprise	Erik BJORÅ, Norwegian Forestry Owners Association, Norway

Notes: 1: Original Scottish co-ordinator was Stuart Patterson, also of HIE. 2: Robin Lingard retired in 1998 and was replaced by Julie Cribb. 3: Original Nordic co-ordinator was Pirjo Siiskonen, also of University of Helsinki. Lead co-ordinating partners highlighted in bold.

From Spring 1995, the four project areas began to be developed with exchange visits by the co-ordinators, the establishment of contacts with other potential partners, the organisation of introductory seminars and elaboration of project ideas. The most rapid progress was made initially in the IT and forestry sectors, the latter defining the terms under which partners participate in projects as⁶: the process is one into which they must opt voluntarily; a free exchange of information should occur; discussions should lead to practical cooperation if possible; pilot projects should be explored with a group exchange of results; and after the first discussions, which are financially covered by the project, participants would cooperate on a self-financing basis.

Progress was reviewed at a seminar involving HIE, Scottish Office and NCM in December 1995 where several models for co-ordination were discussed. The meeting attempted to rationalise practical tasks, agreeing that the NCM Secretariat would co-ordinate reporting among the groups to avoid overlap and HIE would develop an information system to serve all group members with up-to-date information about ongoing important activities in the four project areas. The NCM Secretariat also undertook to take steps to involve Denmark and Iceland more actively. The

⁶Report by the Norwegian Forestry Owners Association, November 1995.

possibility of using Article 10 to develop cooperation interests was raised for the first time⁷.

4.3 Copenhagen-Kittilä-Copenhagen: Year 2 of the Cooperation

With many senior officials being keen to repeat the success of the Ackergill seminar, a second major meeting on regional development cooperation was convened for senior officials from Scotland and the Nordic countries by the Finnish Ministry of the Interior at Kittilä (Finnish Lapland) in April 1996. The conclusions of the meeting⁸ reaffirmed that project-based cooperation should continue and develop further, to involve not just government departments and economic development agencies but also local/regional authorities and other relevant organisations. The participants also decided to broaden the activities of the network beyond matters arising from EU membership with a potential exchange of information on a wider range of subjects. It was agreed that the network would be limited to four areas of action for ‘working cooperation’ at any one time with the objective of developing actions “to the stage where interaction between companies or other organisations can take place without the need for continued intervention by the network”. The four chosen sectors would continue with that objective, subject to review within 12 months and possible replacement from the following options:

- sustainable development of tourism in areas of economic fragility and environmental quality;
- involvement of universities and other educational institutions in the stimulation and development of SMEs;
- exchange of information on best practice of external services to SMEs and similar SME related issues; and
- exchange of information and experience regarding RITTS.

Like Ackergill, the Kittilä meeting is considered by the participants to have been a success. It reinforced the strong personal relationships between senior officials and gave new impetus to the cooperation agreement; a third conference in 1998 was also mooted. A follow-up Steering Group meeting in June confirmed the conclusions, noting that, while encouraging progress in discussions with the European Commission of the proposed Article 10 cooperation was being made, this mechanism should be utilised “in a way which did not detract from Nordic-Scottish cooperation by marginalising Nordic countries which are not EU members or by imposing inequitable financial burdens on them”⁹.

⁷*Summary of the Steering Group Meeting of the Nordic-Scottish Cooperation, Copenhagen, 13 December 1995.*

⁸*Conclusions by the Chairmanship, Second Nordic-Scottish Seminar on Regional Development Cooperation, Kittilä, 25-26 April 1996.*

⁹*Report of the Meeting of the Steering Group for Nordic-Scottish Cooperation, 13 June 1996.*

In the run-up to Ackergill the first (and only) 'Newsletter on Nordic Scottish Cooperation' was produced, providing an account of the policy cooperation underway and a description of progress being made in each of the four sectors. The Newsletter also reported that, in February 1996, the Nordic Council of Ministers and the University of Strathclyde had signed a Memorandum of Agreement (also involving HIE) establishing a Visiting Professorial Chair in Nordic Policy Studies at the European Policies Research Centre to enable senior policymakers and academics to study at the Centre, reinforcing the interchange of regional development expertise between the Nordic countries and Scotland.

The second annual review of the cooperation was held in Copenhagen in November 1996. The progress report submitted for the meeting summarised the situation as follows:

*“There was a slow start caused by the difficulties...on the Nordic side, in identifying contacts, co-ordinators and financial support arrangements and more recently some budgetary difficulties have arisen at the Scottish end but these are being addressed and significant progress has been made in each field”.*¹⁰

The phrase “some budgetary difficulties” refers to the problems experienced under three of the project areas (the exception being SMEs) in getting access to Scottish funding. The Nordic IT co-ordinator, in particular, was strident in his assessment of the unsatisfactory and slow project progress, wasted time and frustration caused by “half-hearted participation” and “the Scottish financial problem”¹¹. However, at the meeting the Scottish Office representatives declared that the financing problems had been solved with the award of £40,000 for the four project areas in the current financial year, the funds to be available immediately.

Despite the funding difficulties, it was clear that progress was being made in each of the project areas with fully established networks, an increasingly active programme of meetings and other activities as well as specific collaborative projects. Indeed, the meeting felt able to adopt the outline for an evaluation plan proposed by the NCM Secretariat to review the specific results achieved under the projects, to obtain advice about possible future project cooperation and to learn more generally about how this type of international cooperation should be organised and implemented in the future - especially given the ongoing discussions about preparing an Article 10 programme for submission to the EC.

4.4 Copenhagen to Oslo: Final Year of the Cooperation

The resolution of the funding difficulties improved the climate for practical cooperation considerably during the last year of the cooperation. Based on internal

¹⁰*Nordic Scottish Cooperation: Progress Report to the Scottish/Nordic Meeting, Copenhagen, 26-27 November 1996.*

¹¹*Report on the Project 'Application of Information and Communication Technology for Rural Development', SINTEF, Oslo, November 1996.*

evaluations provided by the co-ordinators, there was evidence of a clear profile being developed and significant, positive progress in each of the cooperation project areas, all of which had ideas for continuing the cooperation, for example in the context of the Article 10 programme. The third annual review meeting in Oslo in November 1997 confirmed that:

*“significant results had been achieved in all four sectors. Useful networks had been established....and a number of projects and seminars had been planned, which were well on the way to being implemented.”*¹²

The imminent reform of the Structural Funds had also provided a practical opportunity to exploit the network in the interests of securing a good deal for the sparsely populated areas of the Nordic countries and Scotland. At the initiative of HIE, a series of seminars was organised in Nairn and Brussels involving officials and researchers from Scotland, Finland and Sweden during the first half of 1997 to make a strong case for retention of EU support for the Highlands & Islands and the Objective 6 areas of Finland and Sweden. Supported by commissioned research¹³, the outcome was a lobbying document¹⁴ submitted to the European Commission and other bodies prior to the publication of *Agenda 2000* in July 1997.

As the final year of the three-year cooperation arrangement drew to a close, the way forward was unclear. Whereas Scottish representatives, supported by Iceland, were eager to expand the cooperation beyond the Article 10 programme, for example within the field of ‘sustainable tourism’, and to organise a biennial seminar programme beginning in 1998, the Finnish perspective was to await the results of the external evaluation before drawing any conclusions, while Norwegian representatives proposed that future Nordic-Scottish cooperation should be channelled through the Article 10 programme, pending the outcome of the evaluation. Danish officials noted that Denmark had been only marginally involved in the cooperation and that, reflecting their scepticism “from the outset” about the benefits of Nordic-Scottish cooperation, future Danish interest and involvement would continue to be limited. The meeting concluded by effectively suspending active cooperation during 1998 in favour of “reflecting on the experiences gained from the cooperation so far” and emphasising “the need for more detailed discussion within the Nordic countries” especially in the context of the planning for the 2000-2005 programme of Nordic regional political cooperation.

¹²*Minutes of the Nordic-Scottish Meeting, Oslo, 26 November 1997.*

¹³*The Potential Impact of the Reform of the Structural Funds on the Objective 1 and Objective 6 Regions of Northern Europe, Hallgeir Aalbu and John Bachtler, Report to HIE and the Scottish Office, EPRC, 1997. A New Peripherality Index for European NUTS II Regions, Andrew Copus, Report to the Highlands and Islands European Partnership, Scottish Agricultural College, 1997.*

¹⁴*The Northern Rim - Post 1999, Briefing Paper from the Finnish Ministry of the Interior, Swedish Ministry of Industry and Trade and The Scottish Office, 1997.*

4.5 The Northern Periphery Article 10 Programme

The development of the Northern Periphery Programme has been one of the most important outcomes of the Scottish/Nordic cooperation. As a joint pilot action under Article 10, it provides the framework for a transitional programme focused on the Northern Periphery in Scotland, Finland, Sweden and Norway. The Programme was first mooted during contacts which took place between the Scottish Office and regional policy authorities from the Nordic countries during the summer of 1995. Following this, pre-negotiations between Member States and the Commission took place in the winter/spring 1996. This then led to the first meeting of the Northern Periphery preparation group taking place in May 1996. By September 1996 a letter of intent had been submitted to the Commission outlining the preliminary definition of cooperation partners and areas.

The following March saw the Northern Periphery proposal finally submitted to the Commission. The first feedback from the Commission came in May 1997, resulting in a revised proposal being submitted in July 1997. In August 1997, Mr Mika Rantakokko from Oulu (Finland) was chosen as the first head of the Northern Periphery secretariat. The first meeting of the Programme Monitoring Committee took place on 13 January 1998 in Oslo at which time the Commission had signalled that the programme would be formally approved as soon as details on financial administration were submitted to the Commission.

The programme was jointly submitted by the governments of the United Kingdom, Finland, Sweden and Norway. Participation of other countries from the North Atlantic was envisaged as being possible on a project-by-project basis. Participation by Norway would be on the same basis as the participating member countries, except that the Norwegian elements of projects would not benefit directly from EU funding. The programme covers:

- in the UK: Scotland, with particular emphasis on Highlands and Islands Objective 1 area and adjacent Objective 5b areas of North and West Grampian and Rural Stirling and Upland Tayside;
- in Finland: the Objective 6 area and adjacent areas in the regions of Pohjois-Pohjanmaa, Keski-Pohjanmaa and Pohjois-Savo, with particular focus on the former;
- in Sweden: the Objective 6 area, and adjacent coastal areas, with particular focus on the former; and
- in Norway: the four northernmost counties: Nord-Trøndelag, Nordland, Troms, Finnmark.

Covering the period 1 July 1997 to 31 December 1999, the programme was produced by the above countries in consultation with relevant regional and local agencies. It is based on the development aims in the Communication to the Member States, taking into account perspectives and conclusions from *Europe 2000* and *Europe 2000+*, the

document *'Principles for an European Spatial Development Policy'* and informal ministerial meetings.

The overall objective for the programme is to “contribute to the improvement of services and value creation in the Northern Periphery in ways compatible with the principles of sustainable development, through transnational exchange of experiences.” The types of activities included for support are threefold. The three thematic sub-actions are closely connected and interdependent:

- experiments to develop effective solutions for local service provision, experiments that aim at finding successful ways to exploit the regional business opportunities, and experiments to develop new models for land use and local spatial development planning - especially those highlighting issues concerning areas of declining population;
- documentation of the support projects through process-evaluation, and documentation of already existing examples of successful practice and adaptations in the same fields; and
- exchange of experiences through networking, conferences and research projects.

The management of the programme is undertaken by a joint management structure of limited size and complexity. The joint management structure includes: a Programme Monitoring Committee (PMC); regional advisory groups at the national level (NRAGs) one in each of the four participating countries; sub-committees established by the PMC as required; and a joint programme secretariat.

The total expenditure for the programme is c. 13.33 MECU with Community assistance of 5 MECU. It is expected that approximately 90 percent of total expenditure will be incurred within the Objective 1 and Objective 6 areas. The partners appointed the Regional Council of Northern Ostrobothnia in Finland to be responsible for managing the EU funds accorded to the programme.

The implementation of the programme is now well underway. A conference was held in Bødø to initiate the programme with a call for proposals and the first deadline for submitting applications was 3 April 1998. The PMC met on 15 June 1998 to decide on applications submitted by the first deadline. The second deadline for submitting applications was 31 July 1998 and the PMC will meet some time in October 1998 to decide on these applications.

5. PROJECT COOPERATION: INFORMATION TECHNOLOGY

At the heart of the Ackergill and Kittilä meetings was the desire to promote practical cooperation, initially in four sectors - information technology, university networking, forestry and SMEs. The following sections review the progress with project cooperation under each of the sectors in turn, beginning with information technology. In each case, the section discusses the background to the project cooperation, the

administrative and financial arrangements, the development of the sector and an assessment of progress.

5.1 Background

It is evident from the interview research that the choice of IT was uncontroversial and generally regarded as an obvious candidate for pursuing joint interests. The relevance of IT to peripheral regions - both in terms of new developments as well as the application of existing technologies - was widely recognised, as rapid developments in IT and communications technologies continue to reduce distance to markets as a factor in business development. The growth in IT markets offers new opportunities for peripheral regions to attract and develop software and IT service-based businesses, new economic activities that suit the development challenges of Scotland and Scandinavia.

The aim of the IT programme was to improve regional development in peripheral regions through IT applications, particularly in enabling enterprises and agents inside regions to make contacts outside. The business opportunities of firms in peripheral regions should be enhanced through commercial cooperation between Scotland and the Nordic countries. In operational terms, as in other programme areas, this entailed a survey of existing cooperation opportunities and potential partners in the participating cooperation countries and then the development of a series of joint projects and international networks, where the role of the cooperation programme would be to catalyse project possibilities and facilitate the early stages of project cooperation.

The lead agency contracted to co-ordinate the IT programme as a whole was the Arkleton Centre - a research institute specialising in research on rural development, now part of the University of Aberdeen - under the direction of Professor John Bryden. Professor Bryden was selected as co-ordinator in Spring 1995. Unlike the other three programmes, this was the only occasion in the cooperation as a whole where Scottish co-ordination was not contained within HIE. However, the Arkleton Centre had worked with the telecommunications group in HIE previously, having previously completed an evaluation of HIE's telecoms initiative. The Centre was a strong choice in that it had a good understanding of the IT sector in Scotland and its main players, as well as existing links to the relevant public sector bodies.

The Nordic countries selected SINTEF, an organisation based in Oslo which undertakes contract R&D for the private and public sector in a variety of technological areas and is one of Europe's largest independent research organisations. Within SINTEF, the Electronics and Cybernetics division had responsibility for co-ordination, through its industrial liaison services unit. Its choice was serendipitous: following initial difficulties by the Nordic Council of Ministers in finding a Nordic co-ordinator, SINTEF was contacted through other links to the Norwegian Ministry of Local Government and Regional Development. As research manager of industrial liaison services in Electronics and Cybernetics, Ole Christian Bendixen became the Nordic co-ordinator.

In addition, national co-ordinators for the individual Nordic countries were selected independently in each country (apart from Norway, where SINTEF informally acted as the national co-ordinator). IT cooperation among Nordic countries had a long-standing tradition through the extensive cooperation networks already existing - largely fostered by EC programmes such as ESPRIT, LEONARDO and BRIT- EURAM. The new cooperation between Scotland and Scandinavia - termed IT- SCAND by the co-ordinators - represented a new departure.

5.2 Administrative Arrangements

Administration of the IT programme was not centralised in any one institution, but distributed among a number of bodies. Financial arrangements for each country were largely the responsibility of the relevant Scottish and Nordic co-ordinating bodies - at least in terms of the disbursements for project expenses - though Scottish policy officials had a significant role in the financial administration of the project. Indeed, the IT programme was characterised by the strong involvement of Scottish policy officials at different stages of the programme, leading in some cases to confusion in administrative authority and delays in implementation.

Both the Scottish and Nordic co-ordinators reported strong levels of cooperation between their respective institutions which facilitated the operation of the programme when objectives and financing issues had been resolved. However, there appear to have been differences in the scope of authority of the different coordinators, resulting in problems in implementing the programme. In particular, the strong involvement of HIE officials meant that - at least from the Nordic perspective - the Scottish side of the programme was being directed by several bodies rather than concentrated in a single institution as it was with SINTEF on the Nordic side.

HIE's prominent and unclear role in the programme was associated with difficulties in several aspects of the programme. In the early phases of the programme's development - particularly after the selection of the Nordic co-ordination but before the Arkleton Centre had been awarded the contract on the Scottish side - it led to disagreements over the programme's initial aims as HIE effectively acted as the Scottish coordinator (though these difficulties were largely resolved by mid-1995). First, there was some initial suspicion on the Nordic side that cooperation was mainly designed to support companies entering each other's markets - such an overtly commercial approach to cooperation would have been difficult to 'sell' to Nordic companies, which had limited interest in accessing Scottish markets or encouraging Scottish companies to enter theirs. Second, SINTEF regarded it as important that large IT firms be allowed to take part in projects because of the technology transfer possibilities, while HIE seemed to prefer to restrict cooperation mainly to SMEs. Lastly, there were differences of opinion over the appropriate level of public policy intervention and subsidy in business cooperation. Scottish policy officials largely favoured an approach whereby the programme would provide opportunities for companies to meet - an approach that characterised the SME programme - but which limited more active 'hand-holding' by the programme in project development. The two main co-ordinating bodies believed that projects would not survive the difficult initial stages without greater advice and support from the programme.

On the Nordic side, relationships among the different national co-ordinators were perceived to be largely trouble-free in the view of both co-ordinators and other partners, apart from some problems with the Swedish co-ordinator. Sweden's involvement in the programme was weakened by the difficulties faced by its national co-ordinator in identifying Swedish companies interested in cooperation. Although a more effective Swedish co-ordinator was eventually selected, for much of the programme, the other co-ordinating bodies - particularly SINTEF - were compelled to take on part of the Swedish co-ordinator's role (such as partner identification).

Icelandic interest in the programme was expressed at one stage, and negotiations progressed between the Scottish and Nordic co-ordinators and Icelandic authorities. However, the inability of the latter to secure national support for their involvement undermined further cooperation.

As already noted, there was strong Scottish policy official involvement in the project, particularly from HIE and the Scottish Office, as demonstrated by their substantial representation at the programme's main meetings. The Arkleton Centre's role as designated co-ordinator appears to have been weakened by the ambiguous division of responsibility on the Scottish side. For example, although the Centre was appointed principal co-ordinator, Professor Bryden was unable to attend the annual cooperation meetings at which programme co-ordinators were meant to report to the sponsoring bodies, apparently because of a lack of resources. This meant that the responsibility of reporting to the Steering Group was left to SINTEF, the secondary co-ordinator.

At the same time, problems were also experienced with Nordic policy officials, although these did not interfere with the programme's implementation to the same extent. In Norway, SINTEF had difficulties in acting as both Nordic co-ordinator and (informal) Norwegian national representative as a separate Norwegian representative had not been selected. Also, as noted above, there were difficulties in maintaining Swedish involvement because of financial problems.

5.3 Programme Development

The IT programme was divided into two major stages. In the first stage, the co-ordinating agencies undertook a survey of existing IT infrastructure, activities and key companies in the peripheral areas of the participating countries. The results of the survey - conducted with the assistance of the national representatives - enabled the identification of the main areas of potential cooperation. The twelve areas are shown below, with the priority areas identified in bold:

- **electronic marketing and trade (including tourism);**
- **teleworking, distance working and call service centres;**
- **industrial development, SMEs, networks and IT&T;**
- **distance education and training;**
- internet access and 'points of presence';
- telemedicine, health-care and care of the disabled;
- public information services;
- navigation, tracking and positioning;

- cultural and environmental issues;
- telecottages;
- regulatory issues; and
- a series of miscellaneous topics, including judicial, energy, language engineering and meteorological.

The Stage 1 report was submitted to the cooperation partners in November 1995. Following the delay caused by Scottish funding difficulties, implementation of Stage 2 was designed around two large meetings to which potential project participants were invited to discuss the development of project networks. In preparing for the meetings, the co-ordinators identified agents in each country which would be interested in taking part in projects in the four priority areas. The IT field in each country is small and bound together by existing cooperation ties, so it was not difficult to identify appropriate participants. There was some initial difficulty on the Nordic side in securing the involvement of Nordic companies. It was not immediately obvious to many companies what benefits could be gained from cooperating with Scottish firms, though most of these doubts appear to have been dispelled by the perceived success of the first international meeting.

Both co-ordinators identified early on that the key area of programme support should be assistance to firms in the opening stages of project cooperation, particularly travel expenses to SMEs, which often did not have the resources for this kind of speculative development. A funding gap was identified in the early stages of such projects, as other types of R&D funding - notably EC programmes - tend to focus on the later development stages of projects rather than the initial preparatory work.

With this in mind, the first international meeting was held at Bergen in March 1997. With the participation of approximately 20 firms and research institutes (as well as a number of public policy officials), the meeting focused on the four priority areas and generated eight separate project ideas to be developed. As with the later Nairn meeting, the conference was organised around a single large gathering with a series of smaller workshops on particular project ideas. A group of participants was formed for each idea with a designated project co-ordinator. Feedback from the meeting - as expressed in a survey of participants - showed an overwhelmingly favourable attitude to its organisation and results, with over 80 percent of respondents believing that the meeting had been excellent in achieving its aims, providing adequate time for discussion and being well-structured. Although there was disappointment in the absence of Swedish companies (owing to difficulties in Swedish co-ordination), the strong participation from Scotland and other Nordic countries and ease with which project networks were developed was encouraging.

During the period between international meetings, the aims and content of each project were further developed and an additional project from the telemedicine field was introduced. At the same time, the possibility of using Article 10 funding for the projects arose, a development with important implications for the rest of the programme. From this point on, IT-SCAND's activities were largely subsumed into assisting the projects to apply for Article 10 funding. When the second meeting took place at Nairn in September 1997 - again involving approximately 20 project participants (including some Swedish participants by this point) - its key feature was

discussion on the suitability of the projects for Article 10 applications and advice from a Scottish Office official on the procedure for application. Again, when evaluated, the Nairn meeting was very positively rated by participants.

In the original costing of Stage 2 of the programme - at least, on the Scottish side - the completion of the Nairn meeting was meant to be the last major activity by the programme. However, it became clear to the two co-ordinators that the projects would not be able to apply for Article 10 funding without continuing support from the programme, and, in the absence of such funding, it seemed likely that the project networks would dissolve. Most project participants were SMEs which were not familiar with EC funding application procedures and had difficulties in securing the necessary matching funding unaided. As a result, the two co-ordinators - with the approval of their public policy sponsors - hired a PhD candidate attached to the Arkleton Centre - Caspian Richards - to assist the projects with Article 10 applications (the costs were split equally between the two co-ordinators). During 1998, Mr Richards advised project leaders, helped in interpreting and drafting applications, and assisted in identifying project partners and sources of matching funding. At present, six projects have survived to the point at which Article 10 applications have been made or are being put together.

IT-SCAND continues. Assistance is being provided to the existing projects to develop applications for Article 10 funding, while a start has been made in considering other sources of potential funding, such as the forthcoming EU Fifth Framework Programme. In addition, there are plans for a third international meeting to develop projects in the other areas identified in the Stage 1 report.

Funding for the Nordic and Scottish sides of the programme was organised separately. On the Nordic side, DK 250,000 was allocated in annual instalments from the Nordic Council of Ministers. Of the total of DK 750,000 over the three-year period, two-thirds was used for salaries and general administration, and the remainder for travel expenses, the establishment of a Website for publicity purposes, and various other services.

The Scottish Office and HIE provided separate financial support for IT-SCAND - £29,500 from the Scottish Office, £23,500 from HIE for the period up to 1998-99 (a total of £53,000 over the three-year period). Expenditure to date has been £28,427 with expenses having broken down into approximately 45 percent in travel costs, and 55 percent administrative and staff costs.

While SINTEF was provided with a three-year funding block for the programme as a whole, in Scotland, tranches of funding were linked to different stages of the project. No difficulties were experienced with Stage 1 funding, but (as noted below) problems developed for a period during 1996 with respect to the Scottish financial arrangements for Stage 2.

5.4 Individual Projects

5.4.1 Virtual Call Centre

The project involves the development of 'virtual' Call Centres on a transnational basis with built-in language capability. This will enable new markets to be tapped and work to be distributed to remote and peripheral areas. An application for Article 10 funding is currently on hold owing to internal restructuring in the project leader company. (*Project leader: Charles Sweeney (TSC, Scotland). Other partners: YPK (Finland).*)

5.4.2 Northern Activities Net

The Northern Activities Net project aims to develop an innovative travel booking system which will promote tourist facilities using an activity-driven search, thereby allowing little-known, small-scale businesses in remote areas to compete on an equal footing with larger-scale activities in globally-renowned tourist resorts. Building on existing databases and systems, the project partners will pilot a travel information and booking system where proposed destinations are generated by activity rather than by region. An initial application for Article 10 funding was turned down, mainly because of its presentation. With Mr Richards' assistance, the project has submitted a new bid, but this was weakened by the difficulties in securing matching funding for the Scottish partner (a chance that HIE could provide such funding foundered because the project was deemed too similar to another project receiving Scottish public sector support). In an interview for this evaluation, the project leader expressed his satisfaction with the assistance provided through IT-SCAND, noting that the cooperation project would not have taken place without the programme. The support in producing the Article 10 application was particularly useful. (*Project leader: Rauno Hannola (Pehmo-Kuusamo, Finland). Other parties: JSOP (Finland); Media Visjon (Norway); Top Destination (Norway); Lapland Server (Sweden); Gael-net (Scotland).*)

5.4.3 Shared Virtual Office

The project aims to develop a single web server to operate virtual office software with commercial applications. At present, the project is undergoing a rethink in the light of new technologies now available and a new project definition is being undertaken. It is hoped that an application for Article 10 funding will be made in the December 1998 round, though this would require Nordic participants. (*Project leader: Michael Wolff (Ki-Net, Scotland).*)

5.4.4 Virtual Worker Model Agency Support Mechanisms

The project aims to develop, test, implement and provide a range of facilities and procedures which will enable individuals and groups operating in remote geographic locations to participate effectively in collaborative IT projects. In addition, these new methods of working will make IT more accessible to small businesses in peripheral areas, by developing forms of remote interaction allowing accessible and cheap

technical support and tuition to be made available to SMEs. The project leader will act as the focal point for the project, and the participating partners will assist with the review and testing of the various components, as well as with the development, testing and implementation phases of a selected pilot study. A draft application has been prepared, and the aim is to submit a bid for Article 10 funding in the next round. (*Project leader: Eric Cordiner (Pinnacle Business Solutions, Scotland). Other parties: Ki-net (Scotland); Media Visjon (Norway); Kemi-Tornio Polytechnic (Finland).*)

5.4.5 National Heritage

The National Heritage project will develop and pilot a means of using IT and the Internet as a direct interface between local and global communities. By making use of existing local history resources prepared by amateur historians and historical societies in the Northern Periphery to create an Internet-based resource, the project aims to provide a means of counteracting the difficulties of geographical isolation in order to draw together communities with a common cultural basis, thereby helping to forge a stronger and more participatory sense of local identity in remote communities. The nature of the resource to be developed is such that communities should also be encouraged to draw on their heritage as a social, cultural and economic asset which may be used to develop global relations and thereby attract people into these regions, while the project partners will be developing models for further exploration of similar projects on a commercial basis. A draft application has been prepared, HIE is considering the provision of matching funding for the Scottish partner, and the aim is to submit a bid for Article 10 funding in the next round. (*Project leader: Sam Maynard (Eolas, Scotland). Other parties: Nord-Trøndelag College (Norway).*)

5.4.6 Evaluation of the Effectiveness of Telemedicine and Medical Education in Peripheral Areas

The aim of the project is to facilitate delivery of rapid and equivalent health-care to the peripheral areas. Specifically, it will examine the use of video-conferencing as a mode of delivery for consultants and health-care workers, and the effect on remote care by providing specialised advice from a remote trauma centre. Its application for the first round of Article 10 was successful, although the award was less than the amount requested. Ideas for a project and a network of Nordic contacts pre-dated IT-SCAND involvement, but the catalyst for developing an international cooperation project was the Nairn meeting at which the project leader, Eileen Brebner, attended. Moreover, active IT-SCAND and Scottish Office support subsequently assisted the early stages of forming a project consortium (*Project leader: Eileen Brebner (University of Aberdeen, Scotland).*)

5.5 Assessment

Although IT-SCAND is continuing, it is possible to identify encouraging results from the programme to date. Foremost among these is evidence of the scope of collaboration between the Scottish and Nordic IT sectors. On both sides, there has been a 'conversion' of earlier views about the complementary capabilities of the

sectors in each country, as demonstrated by the strong cooperation ties emerging from the programme. These ties are not only seen in the projects that have emerged from the programme, but in the more informal links and information exchange between companies arising from the two international meetings.

In specific terms, the main result of the programme has been to generate a series of projects (six of which have survived since the Nairn meeting in September 1997), which are being shepherded to the point at which they can become self-sustaining (mainly through successful awards of Article 10 funding). The individual project results have been listed in the previous section, though as all are still in preparation, these are measured in terms of their success in continuing progress (eg. in generating project funding). It is worth noting here that an additional output has been the development of a Website to publicise progress and results of IT-SCAND, under the direction of Kim Davis in SINTEF.

The main problem in this project area was the availability of funding from Scottish sources. Funds were not allocated to the Scottish co-ordinator for the whole three-year period of the programme, but attached to the different stages of the programme. At the end of the first stage (in December 1995), when the project areas had been determined, financial resources to carry through the subsequent stages were not forthcoming from the Scottish side, as noted in section 4.3. The delayed release of the required funds for project continuation led to extensive consultations by the Nordic side, the use of Nordic resources to 'get the Scots on board' and eventual intervention by the NCM Secretariat. The problems of what was termed a 'lost year' were sufficiently serious for the Nordic side to consider abandoning cooperation in this theme or continuing without Scottish participation, but after several meetings between Scottish and Nordic officials, progress was made in releasing funds by autumn 1996.

Several other problems arose with the funding arrangements. First, from the perspective of the co-ordinators, it appeared that expenditure on the Scottish side was often closely tied to the sponsors' own budgetary timetables rather than the budgetary requirements of the programme. Funds were occasionally only 'earmarked' to the project, with restrictive time limits on the authority of the co-ordinator to use the funds. Second, it was not clear which bodies were responsible for which aspects of funding in Scotland; for Stage 2 of the project, there were two funding sources in Scotland - the Scottish Office and HIE. Third, public policy support in assisting projects within the programme to secure development funding - especially from the Article 10 programme - was erratic. The co-ordinators found that there was little initial advertising of the possibilities of Article 10 funding to IT-SCAND beforehand and weak follow-up support from officials. Less significant funding problems were also experienced in Sweden. Compounding the Swedish co-ordination difficulties outlined above was the increasingly limited availability of financial support arising from reductions in Swedish central government assistance for cooperation as part of wider budget cuts.

Finally, in the course of the programme there was some discussion as to whether IT should exist as an independent programme area, with suggestions that the project area could be combined with the SME programme. Indeed, the Scottish and Nordic IT co-ordinators did take part in the SME conference at Luleå in Sweden, where they held

an IT-related workshop and made contact with companies interested in the IT programme. However the experience was not judged to be positive as the IT project reports to the Steering Group meeting make clear; the co-ordinators remain of the view that the SME programme approach would not lend itself well to IT. As with other R&D projects involving firms with limited resources, the early stages of project development require more intensive and sector-specific support than the generalised assistance available at Luleå-style conferences.

6. PROJECT COOPERATION: UNIVERSITY NETWORKING

6.1 Background

As agreed at the Ackergill meeting, this area of action was to look at the establishment and implementation of university networking focused on rural and regional development. Similar in style to the IT cooperation, the university networking project aims to gather existing academic and professional expertise and experience on aspects of Higher Education which contribute to the promotion of industries, economic life and living conditions in remote rural areas. Given the wide-ranging nature of this cooperation programme, university networking can be viewed not only as a collaborative theme in its own right but also as an underpinning of the other three themes.

The university network has a number of key objectives. It offers a platform for sharing experiences and good practice, and for evaluating benefits from the wider introduction of opportunities for higher education in remote rural areas. Further, the network emphasises rural development as an interdisciplinary and practical activity. The precise aims of the university networking project are:

- to encourage good practice in education, research, and the exchange of practical experience relating to rural and regional development throughout the countries participating in the network;
- to pioneer new approaches to education and training for development in rural areas;
- to foster research relating to rural issues and to develop new ways to disseminate rural research information; and
- to increase links between the academic community and the community of practitioners as a means of influencing rural and regional development.

6.2 Administrative Arrangements

Like other sectors, the university networking programme has two main co-ordinators. Appointed in 1995, the overall Scottish co-ordinator has been Robin Lingard from the University of the Highlands and Islands Project (now retired and replaced by Julie

Cribb). The Nordic co-ordinator is Hilikka Vihinen, appointed in early 1996 to take over cooperation duties from Pirjo Siiskonen (who continued as the representative of Finland); both are members of the Mikkeli Institute, University of Helsinki. Each Nordic country also has a contact person representing national academic circuits in the network. The overall network consists of the following national partner institutions - notable for the fact that it is one of the few aspects of the co-ordination process where all Nordic countries are represented:

- Mikkeli Institute for Rural Research and Training; University of Helsinki, Finland
- South Jutland University Centre, Denmark
- Centre for Rural Research, University of Trondheim, Norway
- The University of the Highlands and Islands (UHI) Project, Scotland
- Department of Social Work, University of Gothenburg, Sweden
- Department of Business Administration, University of Akureyri, Iceland

As with other programme areas, responsibility for discrete parts of the programme has been allocated to different institutions within the framework of the programme. Scottish participation has principally been organised and funded by the Scottish co-ordinator, while the Nordic co-ordinator has overseen Nordic participation, with the main responsibility for the programme falling to the Nordic co-ordinator, Hilikka Vihinen. Several people based in the colleges which form the UHI project have also been actively involved in the cooperation programme. None of these participants has worked on the project on a full-time basis, and both the Scottish and Nordic co-ordinators have had to undertake the tasks associated with the programme on a part-time basis with minimal resources.

Interviews with project participants suggests that the Scottish initial co-ordinator had difficulty in committing sufficient time to the cooperation process at the outset of the cooperation programme, leading to some inertia and delays in developing new ideas and initiatives. Due to these early 'teething troubles' changes were made to the system of Scottish coordination. Following a visit to the Mikkeli Institute by Professor Brian Duffield in September 1997, the UHI decided that the main contact people for the network in Scotland were to be Gordon Dargie (co-ordinator) from Shetland College and Frank Rennie (scientific representative) from Lews Castle College. A related problem was that Nordic participants initially found it difficult working with the embryonic university since UHI is not a university as such, but a collection of colleges working towards university status. Now that personal relationships are developing this problem has diminished.

With respect to finance, the Nordic side granted Dkr 250,000 per year for the three years of the project; about 60 percent of the Nordic funding was used for staff and administration costs, 20 percent for external services and 20 percent for travel and administration. Unlike the other sectors, virtually all of this funding was used by October 1997. Scottish funding came entirely from the UHI budget, with support of £10,000 in 1996-97 and £20,000 (anticipated) in 1997-98.

6.3 Programme Development

The university network programme was slow to develop initially, mainly because the Nordic co-ordinator was not chosen until early 1996. There was also an initial lack of interest in the programme among Icelandic university departments. However, the members of the network came together for the first time in September 1996 with a meeting taking place at Lews Castle College, the Isle of Lewis, Scotland. The purpose of the first meeting was to get all the participants acquainted with each other, to decide about the aims of the cooperation and to agree on practical procedures as to how the network would operate. The first actions decided by the programme participants were:

- to generate a register of interests of those wishing to participate in the network;
- to construct a Website to publicise the network and to supply contact points for the participants;
- to examine UHI courses to determine possibilities for academic cooperation on joint course development;
- to investigate existing and potential links between the network and other trans-European networks which are relevant to the fields of cooperation; and
- to list potential research issues for Nordic-Scottish collaboration.

A key problem at the outset was the fact that Scottish participants had problems obtaining the necessary finance to participate at the initial meetings, which may explain why the initial meeting in the Western Isles was poorly attended by other representatives from colleges on mainland Scotland. This was seen as disappointing by the Nordic network participants. However, the bursaries offered by UHI in 1997 to the college representatives have enabled a much greater level of attendance than was the case at the outset of the cooperation programme.

After beginning slowly, the University networking cooperation programme is now well established, actively promoting improved communication between institutions and people engaged in rural development in the Nordic countries and Scotland. The mainstay of the cooperation is the network's annual conference. So far, there have been two Nordic-Scottish seminars on rural and regional development. The first was held at Ristiina in Finland in 1997 and involved some 54 participants, representing all the participating countries. The network met again in September 1998 at the Shetland College of Further Education in Scotland with a third seminar scheduled for 1999 in Norway. The members of the network consider that the conferences provide an important forum for discussing common issues, preparing applications for Article 10 funding, and planning the practicalities of cooperation and future issues for the network. Cementing personal relationships through face-to-face meeting is regarded as essential for driving forward the cooperation effectively. The conference is also a good vehicle for publicising the network further afield and a selection of keynote and workshop papers from the first conference have been published as a book – partly funded by the UHI.

Other initiatives have been undertaken to publicise the workings of the programme. First, the network has a homepage to publicise the network and to supply contact points for participants. Second, a listserver was established to extend discussions of the group to an enlarged network of members interested in the issues concerned. There are now about 100 people involved in the listserver. Third, reports of the meetings have been widely circulated to potential partners of the network. All participants forward names and contact points of known existing links between the Nordic countries and Scotland in this subject area.

6.4 Assessment

Based on experience to date, there is evidently both a need and demand for university-based, interdisciplinary cooperation on rural and regional development in the Nordic countries and Scotland. After a slow start, the network is now perceived to be working very effectively. From the Nordic perspective, those who are involved in the cooperation feel that the project is bringing substantial benefits for the partners participating in the university network. For example, there appears to be fruitful progress towards the exchange of experience through the annual conference. Other concrete achievements include the new listserver and Website established by the programme. From a Scottish perspective, those involved feel that they have greatly benefited from cooperating with Nordic partners and claim that the network offers future scope for marketing and exporting educational products in the field of rural and regional development training and research to the Nordic countries.

Among other benefits, the most important is that the network has brought people together to pursue Article 10 funded projects. In total, there are more than 20 Article 10 projects, in various stages of preparation, which have developed from the network. These projects are in a variety of different areas but most try to encourage greater education-business links in new technology areas such as GIS and tele-medicine.

There have been a few problems associated with the university networking programme. First, the nature of the Scottish partner, UHI, has made the network difficult to co-ordinate. Given the fact that UHI is a group of different institutions, the internal division of tasks and communication encountered some early problems. Indeed, as noted earlier, Nordic participants have sometimes been confused about who actually co-ordinates the Scottish side of the programme and who could make financial decisions on behalf of UHI. This problem seems to have been remedied with the appointment of Gordon Dargie as the Scottish UHI representative.

Second, curriculum development, one of the main tasks of the network, has proceeded slower than expected. The main obstacles have been the scarcity of financial resources, the fragmented nature of existing rural development education, differences between the education systems in the participating countries and language barriers. These factors have undoubtedly made curriculum development one of the most difficult aspects of cooperation amongst the network's institutions. However, in order to overcome these barriers in this important area, the network is organising a summer school for 1999. The summer school aims to bring together representatives from the network in order to promote curriculum development. Personnel exchanges are

another area being looked at as a means of stimulating more in terms of joint curriculum development.

Looking to the future, it has also become clear that the network could benefit from additional core resources to enable more meetings between participants who wish to develop joint Article 10 funding applications, which are often complex and time-consuming. The lack of available co-finance within universities may prevent face-to-face discussions which are vital to develop new Article 10 projects. Finally, the programme has begun to promote research collaboration in addition to education and training, with two joint research plans underway.

7. PROJECT COOPERATION: FORESTRY

7.1 Background

According to some Ackergill participants, the selection of forestry as one of the four themes of cooperation was perhaps surprising, but, once the debate had been concluded, a forestry programme was quickly put into place. The smallest of the four cooperation programmes, a detailed remit for forestry cooperation was not devised at the Ackergill meeting, leaving space for the co-ordinators to develop the programme. As with information technology, the overall objective was agreed as the encouragement of international projects around forestry issues of common concern to peripheral regions, with a view to increasing the commercial capacity and prospects of the sectors in the participating countries.

Two co-ordinators were chosen in early 1995. The overall co-ordinating institution was Norges Skogeierforbund (the Norwegian Forestry-Owners Association) with Erik Bjørå as the lead partner. The Association was approached directly by the Nordic Council of Ministers in January, and a formal contract was signed by March. The Association was an obvious choice: through its members, it had extensive knowledge of the sector in the different Nordic countries (made possible by the small size of the sector) as well as experience with international cooperation among the Nordic countries particularly in the Baltic area and through Interreg programmes). The Association itself was keen to develop cooperation in the wake of the Norwegian referendum on EU membership, seeing it as an opportunity for Norway to maintain ties with sectors in EU countries.

Bob Stubbs of HIE was designated the Scottish co-ordinator, mainly because of his background within agriculture and rural issues. Like the overall co-ordinator, he has not worked full-time in developing the programme. Use of an external consultant was considered, but it was decided to maintain Scottish co-ordination within HIE because to do otherwise was felt to be too impersonal.

Motives for participation differed among the partners. On the Scottish side, it was hoped that cooperation would assist the Scottish forestry sector to learn from the experiences of the Nordic countries, which have highly-developed, large-scale forestry

sectors. From the Nordic perspective, cooperation was driven by an interest in learning how to interact with the EU on forestry matters and how to secure financial resources from the EU.

The co-ordinators quickly established clear goals in cooperation: the programme would assist firms to meet and develop cooperation, provide advice in key areas (such as funding), but withdraw as soon as project networks were up and running. The key objectives for the forestry cooperation were devised by the co-ordinators during twice-yearly meetings in the early phases of cooperation, at which the main foci for cooperation were determined as: small-scale timber processing, landscape design and timber-related training. Over time, the scope of cooperation on the forestry side has widened into areas such as deer management and timber transport-related issues, giving it a flexibility that is considered a strength of the programme's development. Notwithstanding this trend, the original intention was to make the foci as relevant to businesses as possible.

In this respect, there was wariness of the programme becoming just a 'travel agency' for project participants to meet each other - though subsidising travel remains the central aspect of its work - but to ensure that the programme enabled the projects to get the necessary advice and support to become self-sustaining. As a result, the co-ordinators decided to avoid the use of 'large conferences' to bring together participants, partly because of concern that the limited budget would disappear quickly. Instead, the use of project-specific workshops and meetings was favoured.

7.2 Administrative Arrangements

As with other programme areas, responsibility for discrete parts of the programme was allocated to different institutions. Scottish participation has principally been organised and funded by the Scottish co-ordinator, while the Nordic co-ordinator has overseen Nordic participation. The main responsibility for the programme has fallen to the Nordic co-ordinator who has worked full-time on the project whereas the tasks of the Scottish co-ordinator were undertaken on a part-time basis.

The co-ordinators appear to have had an effective 'hands-off' relationship with policy officials. Official involvement has been limited at the different national government ministries. At local level, particularly in the Nordic countries, regional authorities have provided useful forestry and agricultural contacts in developing project participation. The main policy contact has been through the annual meetings where the overall co-ordinator reported to the Nordic Council of Ministers and Scottish sponsors, along with other programme co-ordinators.

The relationship between Norges Skogeierforbund and HIE in the cooperation has been seen as effective by both sides although more active input from HIE would, at times, have been desirable from the Nordic perspective. Most organisation has taken place by phone and fax, though the two co-ordinators had face-to-face meetings twice a year to review progress. In addition, it is worth drawing attention to the Forestry Commission, which has been an active Scottish participant, both as a source of project ideas as well as through involvement in projects. In selected interviews carried out for the evaluation, approval of both co-ordinators was found to be strong. Their support

in initiating cooperation in the different projects was acknowledged as having been essential and, overall, their administration of the forestry programme and assistance in making funding applications were regarded highly.

With respect to funding, the Nordic side allocated DKr 750,000 (or DKr 250,000 for each of the three years of the programme). The Scottish Office and HIE have jointly funded the Scottish contribution - £21,136 in total. To date, 95 percent of the budget has been spent, with considerable commitments to assisting projects prepare Article 10 applications. An approximate breakdown of costs is: 10 percent of the budget to external services, 25 percent to travel costs and 65 percent to staff and administration costs.

The distribution of finance has been the responsibility of each programme co-ordinator: Nordic and Scottish-related costs have been handled separately by the respective co-ordinators. They have operated under certain restrictions laid down by policy sponsors. For example, not more than 25 percent of the budget could be used on external services, and expenditure on long-term capital equipment was not allowed. As a result - and in order to maximise the impact of a limited budget - a high proportion of expenditure comprises the travel costs of potential participants. Sometimes this would involve a full subsidy, often depending on whether the participant had attended a number of programme workshops already. Once a project was underway, no further expenses were covered through the programme, though the co-ordinators continued to provide advice on applications for funding (eg. Article 10).

7.3 Programme Development

The programme was organised in close collaboration with some other institutions, notably the Forestry Commission in Scotland and similar forestry-owner bodies in the Nordic countries. In the early stages of the project, they were consulted in determining the areas of cooperation and identifying contacts of potential project participants. The project ideas 'selected themselves' to some extent, in that there were obvious areas of common interest and developmental possibilities. As a result, it was not necessary for the programme co-ordinator to evaluate formally the likely gains or viability of specific project ideas. The programme would support the project up to the point where a project plan, leader and strategy had been determined - if a project was going to proceed beyond that point, participants were expected to take it forward using their own resources.

Project participants were selected for particular project ideas and approached about project involvement by each national body. There were initial difficulties in finding participants with a long-term interest in collaboration - in the Nordic countries, it was not clear to companies how networking with firms in Scotland (characterised by a small market and limited forestry) could bring benefits. More positive engagement followed once the project-specific workshops were held, as the Nordic companies came to appreciate the extensive complementarities that existed between Scottish and Nordic sectors, making project cooperation workable. No formal criteria have been established to select suitable projects: some *ad hoc* monitoring of projects has taken place whereby the co-ordinators have followed up discussions with participants to see what progress the various parties are making.

For each project idea, initial workshops involved discussions of overall aims and the practical steps that could be taken through the projects. Once a project leader had been designated, the individual had responsibility for reporting to the overall co-ordinator after each meeting, while workshops continued to be organised with the assistance of the programme co-ordinators. Successive workshops in each project were held in different countries, and the travel costs of participants were subsidised. So far, approximately 30-40 different organisations have been involved in the programme. However, the co-ordinators admit that the success of the programme has varied considerably across different areas and the level of company participation to date has been fairly limited in all aspects of the programme.

7.4 Individual Projects

7.4.1 Network on Integrated Forest Planning

The objective is to raise competence in the planning of diversified and long-term utilisation of woodland, by establishing a network among leading units in forest management planning. After seminars held in 1996 and 1997, it was concluded that further collaboration should take place and be based upon the exchange of knowledge and personnel and testing the transferability of methods. A joint report is to be presented at a seminar in early 1999; attention will be given to identifying R&D areas of mutual interest, with the aim of developing projects which could be EU funded. To date, the most urgent areas are data capture, joint planning and guidance in conjunction with plans. The project has already made efforts to apply for funding. An initial application submitted to the EU FAIR programme was unsuccessful, being viewed by the FAIR authorities as premature. However, subsequent funding for the project has been obtained from the Nordic Council of Ministers. (*Project leader: Markus Lassheikki (TAPIO, Finland). Other parties: Det Danske Hedeselskab (Denmark); Skogsstyrelsen (Sweden); Ressursplan A/S (Norway); Forestry Commission (Scotland); Iceland Forest Service).*)

7.4.2 Visual Effects on Forestry in the Broad Landscape in the Northern Periphery

The project aims to provide a forum for exchange of knowledge and techniques regarding different approaches to forestry landscaping. It has submitted a bid and received Article 10 funding. (*Project leader: Minna Komulainen (University of Oulu, Finland). Other parties: Skogsstyrelsen (Sweden); Ressursplan A/S (Norway); Forestry Commission (Scotland).*)

7.4.3 Skills Development in Forestry

The objective is to develop skills among field managers, workers and contractors in forestry by disseminating good practice within the Northern Periphery area. One project will build on a LEONARDO project which has been established between the Norwegian Forestry Employers Federation and the Forestry Contracting Association in Scotland for trainees and young workers. (*Project leader: Knut Berg (Forestry*

Employers Federation, Norway). Other parties: Forestry Contracting Association (Scotland); Forestry Employers Federation (Sweden)). A second project on Management of the Northern Forest involves dissemination of good management and harvesting practice is to be further elaborated, and an application will be made for Article 10 funding. (Project leader: Knut Berg (Forestry Employers Federation, Norway). Other parties: Forestry Contracting Association (Scotland); Burträsk College (Sweden); Kalix College (Sweden).

7.4.4 Deer Management

The project has several objectives: investigating common challenges connected with science-based deer management; reviewing hunting and shooting from a commercial viewpoint; relating deer management to tourism and to venison values; and developing collaboration in deer management among woodland owners. Partners have agreed on a project timetable and anticipate making an application for Article 10 funding before the end of 1998. *(Project leader: Lasse Edlund (Jämtlands Hunters Association (Sweden); Other parties; Inn-Trøndelag Skogierforening (Norway); Scottish Deer Commission).*

7.4.5 Adding Value to Low Value Timber

The project aims to enhance the value of low to mid-grade timber by the dissemination of practice, innovative product design and production techniques in SMEs, and by developing the skills of craftsmen and managers. Collaboration started in 1995 and continued through 1996 with a series of seminars; there were two projects (both with Highland Birchwood as project leader), one R&D-oriented, the other for exchanging trainees in woodworking SMEs. Both stalled because of problems in project leader commitment, with the result that the Nordic participants established a collaboration with Germany and Austria. A new group was formed in summer 1998 under a Forestry Commission initiative, with the goal of submitting an Article 10 application in the autumn. *(Project leader: Derek Nelson (Forestry Commission, Scotland). Other parties: SLU Umeå (Sweden); Joensuu Research Station (Finland); Local SME sawmill networks in Namdal (Norway)).*

7.5 Assessment

The programme was originally intended to be completed in 1997, but delays in getting projects started led to extensions through 1998, using the balance of 1997 budgets. One of the reasons for the slow process of developing projects has been the time-consuming nature of developing personal relationships between project participants, a problem exacerbated by the fact that different countries have different approaches towards the whole concept of partnership. Overall, though, cooperation in the forestry sector has helped to bring together agents in the Scottish and Nordic sectors to develop actions which otherwise would not have taken place, often making use of hitherto-unknown complementarities. As project participants have noted in interviews for this evaluation, cooperation between Scottish and Nordic sectors would probably not have taken place without the impetus of the programme. From the Nordic

perspective, the cooperation has assisted Nordic countries in gaining knowledge of the procedures and politics of bidding for EU funding (in total, there have been six bids for Article 10 funding in the forestry sector and two LEONARDO bids).

No external evaluation has been undertaken of the programme or the individual projects. Indeed, in project terms, it is too early to say if projects have been successful. The goals of the projects are not easily measured, as they involve more qualitative impacts such as the transfer of experience and knowledge among participants. Eventually, a full dissemination of results will be made through published reports and open seminars, which are the responsibilities of the project leaders. As yet, no projects have been completed so no final reports have been forthcoming. The main dissemination of progress and results of projects has been through the Scottish Website devoted to the cooperation as a whole, from which the project descriptions have been partially drawn.

Co-ordinators and other partners regard cooperation as having been largely successful, though again, it is perhaps too early to measure fully its impact. Much will depend on the ability of forestry projects to secure development funding, particularly from the Article 10 programme. In this respect, forestry can adapt well to Article 10 rules, not just in terms of timber production but in general land use.

Consequently, the programme organisers feel that cooperation should continue, having established the scope of cooperation between the Scottish and Nordic sectors. Nevertheless, from a Nordic perspective, forestry priorities will remain the deepening of cooperation in the Baltic region - particularly through concern at competition from lower-cost Russian and developing English markets. There are established Interreg programmes between the Nordic countries, and long-running collaboration experience between Nordic foresters. In this context, Nordic-Scotland cooperation is considered relatively minor. Its chief value is less as a potential market than as a source of advanced knowledge in some areas, especially from research bodies. As a result, there is some wariness on the Nordic side about expanding commercial collaboration, whereas the Scottish side has been disappointed at the relatively low level of participation from businesses rather than research groups and trade associations in the programme. In general, the Nordic view is that the Nordic countries have more to learn from Scotland in terms of research, while Scotland has more to learn from the Nordic countries in terms of commercial applications of forestry.

Although the forestry theme is the smallest aspect of the Nordic-Scottish cooperation, ideally more resources would be devoted to the programme, particularly in enabling the Scottish side to invest more time in the cooperation programme. In future, there is a feeling that resources could also be directed more towards assisting companies with the unfamiliar task of applying for EU and national funding for projects.

8. PROJECT COOPERATION: SMALL AND MEDIUM-SIZED ENTERPRISES

8.1 Background

As SMEs form the mainstay of employment and output within the peripheral areas covered by the Nordic-Scottish cooperation programme, the decision to include SMEs as one of the elements within cooperation was probably the least surprising and contentious of all four project areas. One of the main reasons for selecting the programme was to try to get SMEs within the countries to adopt a more international perspective and to encourage companies to collaborate and explore the opportunities for greater business internationalisation. Another objective of the SME cooperation is to disseminate 'good practice' regarding SME development issues.

8.2 Administrative Arrangements

HIE was given responsibility for overall co-ordination in Scotland and for the project area as a whole, with the Swedish agency Norrlandsfonden having responsibility for the Nordic countries. Initially, HIE elected Stuart Patterson of the HIE Business Assistance Section to run the programme; due to lack of time he was subsequently replaced by the Head of European Affairs of HIE, Frank Gaskell. In Sweden, the initial Nordic-Scottish cooperation was first undertaken by the national actors, the Ministry of Industry and The Swedish National Board for Industrial and Technical Development (NUTEK). NUTEK were responsible for asking Norrlandsfonden if they wished to become the co-ordinators of the SME project. The main motivation for Norrlandsfonden becoming involved in the cooperation programme was their desire to learn more from the activities of similar regional organisations in Scotland and other Nordic countries. Lars-Olov Söderström, the Managing Director of Norrlandsfonden, led the Nordic co-ordination and selected the most appropriate bodies in other Nordic countries to participate in the programme: the KERA development bank in Finland and the *Statens Nærings - og Distriktsutviklingsfond* (SND) development fund in Norway. Iceland did not take part for financial reasons.

The first meeting between the Scottish and Nordic co-ordinators took place in October 1995. Owing to the change in the Scottish personnel responsible for the cooperation programme, the SME cooperation did not get off to good start. Personnel changes at HIE led to some early 'teething' troubles in terms of management and leadership from the Scottish side at the very outset of the programme, but the administrative arrangements have now 'settled down' and there is generally mutual confidence among the agencies involved in the programme.

According to both the Nordic and the Scottish co-ordinators, the cooperation between the two has been effective and successful. The cooperation started with face-to-face meetings between the participating actors but is now conducted by phone and fax. Broadly speaking, the agencies contact each other on a quarterly basis. Contacts are very informal and the agencies do not have formal reporting mechanisms. Indeed, the informal nature of the cooperation is viewed as one of the strengths of the programme.

Very few instructions were given to the main SME co-ordinating bodies, HIE or Norrlandsfonden, by policy officials in Scotland and Sweden. The only framework for action specified to the Nordic co-ordinator was the budget for the programme; no guidance on, for example, project selection was given to Norrlandsfonden. Nevertheless, external commentators consider that the co-ordinators have understood the objectives of the Nordic-Scottish cooperation programme.

Finance has not been a major issue. The Nordic countries allocated DKr 750,000 to the sector for a three-year period but, by October 1997 only about half of the allocation had been withdrawn. The Scottish financial support - £103,000 - was provided entirely by HIE, more than half of the total being committed in the first year of the cooperation. No restrictions or guidelines were laid down as to how the co-ordinators were to spend the money allocated to the programme. The bulk of the support was used for travel costs for bilateral meetings between HIE and Norrlandsfonden and to enable SMEs to attend the international business fora. In future, funding will be sought from the Article 10 programme to enable attendance of firms at future fora, although it is hoped that eventually SMEs will be able to finance the costs of attendance at the international business fora themselves.

8.3 Programme Development

The SME programme was developed by the main actors involved in the programme (i.e. HIE, Norrlandsfonden, SND and KERA). However, the most important actors in developing the 'way forward' for SME cooperation was HIE. During the early discussions between the Scottish and Nordic co-ordinators, the idea of running an International Business Forum was promoted by HIE. Such business fora had already been in operation in Scotland. Based on the Massachusetts Institute of Technology concept, they involve groups of SMEs meeting together to discuss their businesses, along with external experts from banks, development agencies and venture capital organisations, with other similar firms from elsewhere. The fora get SMEs from different countries round a table to discuss various matters such as marketing, exporting, venture capital, growth strategies, subcontracting, skills development and external SME services. The fora involve very close analysis of participating companies and a forthright discussion of the problems the companies face.

Table 3: International Business Forum, Nairn, October 1997 - Participant list

Name	Organisation
Trond Rørtveit	Nofi Tromsø AS, Norway.
Gunnar Thranning	Nofi Tromsø AS, Norway.
Steinar Høgaas	N/Eringslivets Hovedorganisasjon Nordland, Norway.
Tore Andreassen	Innovation & Technology Dissemination in Northern Norway.
Sveinn Tveiten	Nordic Comfort Products AS, Norway.
Olav Dyrnes	Norwegian Industrial & Regional Development Fund (SND).
Stein Ulve	Båtsfjord Industrier AS, Norway.
Arne Amundsen	Hepro AS, Norway.
Stewart Graham	Gael Force Marine Equipment Limited, Scotland.
Calum Davidson	Business Information Source, Scotland.
Ken Beer	Kildrummy technologies, Scotland.

Laurence Young	Freedom of the Glen Family of Hotels, Scotland.
Betty Lambie	Speyside Heather Centre & Nursery, Scotland.
David Bingle	Database Direct (Scotland) Limited, Scotland.
Robert Beattie	HIE Ventures, Scotland.
Norman Lauritsen	Mansfield House Hotel, Scotland.
Iain Robertson	Highlands & Islands Enterprise, Scotland.
Ragvald Jakobsen	Norwegian Industrial & Regional Development Fund (SND)
Ole Sylling	Norwegian Industrial & Regional Development Fund (SND)
David Henderson	Highlands & Islands Enterprise, Scotland.
John Bryden	University of Aberdeen , Scotland.
Peter Timms	Flexible Technology Limited, Scotland.
Peter Kelly	Diagnostics & Measuring Systems, Scotland.
Chris Jones	Norfab Products Limited, Scotland.
Rob MacDonald-Parker	Clan Donald Lands Trust, Scotland.
Sandy Catto	Scotlog Sales Limited, Scotland.
George Miller	Judane Limited, Scotland.

It was decided that the fora should be open to all sectors of the local business community, including SMEs engaged in high-tech, services, tourism and manufacturing. Participating companies are identified by the local knowledge of the business community of the partners involved in the programme. In Scotland, SMEs were identified by Local Enterprise Companies within the HIE network. In the Nordic countries the partner institutions selected the most appropriate SMEs. In Sweden, a conscious effort was made to select companies with good business skills and decent English language skills. No formal criteria were drawn up to help the selection process.

Two forum meetings have been organised to date in Luleå, Sweden and Nairn, Scotland. A third is planned for autumn 1998, due to take place in Bødø, Norway. An indication of the range of enterprises involved is provide by the participant list for the Nairn meeting in Table 3.

8.4 Assessment

There has effectively only been one SME development project thus far - the international business forum concept - but it is considered to be successful by both Nordic and Scottish partners as a vehicle for bringing together SMEs, development agencies and a panel of expert business advisors. It is seen as an effective device for getting SMEs to collaborate and learn from each other.

No formal targets or measurable outcomes were set at the outset of the project, therefore it is difficult to quantify the impact that the fora have (had) on the participating SMEs. Although there is not a formal monitoring process of the project, participating SMEs were surveyed following one of the recent fora. The feedback has been very positive with most firms claiming that the project has helped them to develop their businesses better. The survey found that 100 percent of the participants found the event useful, with most of the SMEs making, or at least planning to make, changes to their organisations' as a direct result of attending the forum. Some 40

percent of Scottish companies anticipate increased orders as a result of attending. Although these survey results must be viewed with some caution, at least until verified by objective analysis, they do suggest that firms attending the fora find the exercise productive.

One unexpected outcome of the project is the fact that similar fora are now being run in some of the Nordic countries. For example, in Sweden a forum on female entrepreneurs was recently held in the northern part of the country. The SME programme has spread to other cooperative actions: one of the Nordic organisations, KERA, examined the opportunities of exchanges for SME managers. Although this initiative has not yet come to fruition, it shows how the fora act as a catalyst for other networking opportunities for the participating firms.

No real problems have arisen with the SME cooperation programme, but some modifications have been made to the project. For example, IT issues were discussed at the first conference in Luleå, but this was felt to be too narrow an issue for the participating SMEs and has now been dropped from the fora. Another potential problem is that the fora are treated by SMEs as 'one-off' events rather than an on-going process to encourage SME internationalisation. It could be important, therefore, that the sponsoring countries try to develop the concept further, possibly through actions funded by the Article 10 programme.

To date, the co-ordinators at HIE and Norrlandsfonden feel that cooperation under the SME programme has been effective and useful. Judging by anecdotal information obtained from participating SMEs, the project's beneficiaries have also found the exercise to be useful. Given that only two fora have been undertaken, an assessment of the more concrete benefits from this type of cooperation is difficult to make at this early stage. Notwithstanding this, owing to the perceived success of the programme both co-ordinators feel that Scottish/Nordic cooperation should continue. Agreement between co-ordinators was also reached on the nature of future cooperation, and both felt that the programme should remain broadly as it is, with Scottish and Nordic agencies cooperating on a relatively informal basis. The imposition of a rigid organisation or secretariat would not be appropriate for this type of cooperation.

Disagreement did emerge, however, between the co-ordinators over the resources necessary to pursue cooperation in the future. While the Nordic co-ordinator felt current resource levels were sufficient, the Scottish co-ordinator maintained that greater resources would enable the programme to undertake more 'follow up' whereby companies which showed particular interest in pursuing cooperation were assisted with these endeavours. Neither co-ordinator felt that the sectoral or geographic coverage of the cooperation programme should be widened. One change advocated is for greater 'institutional learning' to be built into the cooperation programme to enable more learning and exchange about the activities undertaken by the various regional organisations in the programme, especially bodies such as HIE which have a much wider economic development remit than Norrlandsfonden and KERA which are primarily geared towards SME financing issues.

9. CONCLUSIONS

The overall assessment of the Nordic-Scottish Cooperation is overwhelmingly positive. Virtually all partners in the process - government officials, co-ordinators, project participants - have a high regard for the cooperation and are keen for it to continue. Notwithstanding some organisational problems, the cooperation can point to important achievements: a completely new cooperation process has been established at policy level and in four sectors (IT, SME, university networking and forestry), and has made significant progress in all areas, with limited funding, within three years. In summarising developments, it is useful to distinguish between the policy-level cooperation and the practical project cooperation.

9.1 Policy-level Cooperation

At the apex of the cooperation is the personal relationship between senior officials from NÄRP and Scotland, mainly the Scottish Office and HIE, developed through the extended meetings at Ackergill and Kittilä in particular. What has the policy-level co-operation achieved in practice? At this level, the impact of exchange of experience is difficult to assess - many of the benefits are intangible and long-term in nature - but there are several specific outcomes that can be identified.

First, for some of the Nordic participants, the cooperation has delivered political and practical insights into the workings of the European Commission and the administration of the Structural Funds. Especially around the time of Finnish and Swedish accession to the EU, Scottish officials provided “valuable advice” on negotiating with the European Commission and administrative arrangements for preparing regional development programmes and operating the funds. Over the subsequent period, Scottish views on the political aspects of the reform of the Structural Funds (Agenda 2000) have also been highly regarded.

Second, from a Scottish perspective, the cooperation has helped to advance Scottish economic development concerns. The regular exchange of views and policy experiences with countries sharing regional problems of peripherality and sparse population is considered to have been beneficial for policy thinking and development. Politically, the joint preparation of a briefing paper in July 1997 to lobby the European Commission in the run-up to the publication of Agenda 2000 is viewed as major achievement, giving a higher profile to the Highlands and Islands by linking it to the policy priorities of two Member States.

Third, the links between policy officials provided support for a continuing series of exchanges (3-4 ministerial visits per year) between government heads and politicians from Scotland and the Nordic countries, including the Finnish President and Prime Minister, Secretary of State for Scotland and Secretary-General of the Nordic Council of Ministers. Operational exchanges have also been arranged with secondments of personnel between the central government administrations of the Ministry of Interior (Finland), Ministry of Labour (Sweden) and Scottish Office Development Department.

Lastly, the involvement of high-level officials in the cooperation process created the framework for practical cooperation in the four sectors (see below), spreading the links to include development agencies (HIE, Scottish Enterprise, KERA, SND, Norrlandsfonden, SINTEF etc), university departments and research institutes, sector organisations and enterprises. It also laid the groundwork for the preparation and establishment of the Article 10 'Northern Periphery' Programme.

In the light of these achievements, it is evident that the policy-level objectives of the cooperation (outlined at the start of this paper) have been substantially met. There appears to be common agreement among NÄRP and Scottish officials that the cooperation should continue with some kind of 'policy dimension'. However, there seems to be a lack of thinking and common agreement on the basis or purpose of future policy-level co-ordination outside the Article 10 Programme. This reflects several problems.

- The aim and objectives of the cooperation have not been formulated explicitly. At times, it has been difficult for those officials not directly involved in (for example) the Ackergill or Kittilä meetings to understand the motivation for the cooperation. This has constrained putting the policy-level cooperation on a secure longer term footing - a point highlighted already by the Chairman of NÄRP in 1996¹⁵.
- A related point is that the Nordic countries have been vague about their strategic reasons for engaging in future policy-level cooperation with Scotland. In part this reflects the varied opinions and interests among the five Nordic countries, as noted earlier, but it may also reflect the unwillingness of some Nordic countries to be explicit about their strategic motivation for engaging in cooperation with Scottish officials. Certainly, there is disquiet on the part of some Nordic civil servants over the perceived lack of initiative of their administrations, relying heavily on the impetus coming from the Scottish side to move the cooperation process forward.
- The cooperation lacks a single secretariat to manage the cooperation. Responsibility has been split between the NCM Secretariat (responsible for all the Nordic countries) and, variably, the Scottish Office and HIE in Scotland. Although this arrangement has been administratively efficient, for the most part, and has allowed the cooperation to evolve with minimal bureaucracy, there has not been a strategic 'driver' capable of managing the cooperation more pro-actively.
- The policy-level cooperation is highly personalised. This is both a strength and a weakness. All cooperation networks ultimately depend on the effectiveness of personal relationships built on characteristics such as mutual trust, confidence and commitment among the participants. These relationships have been strong in the case of the Nordic-Scottish cooperation, but are dependent on the continued involvement of key people, some of whom have moved (or are moving) to other posts. In the absence of a secretariat, there is a justifiable concern that the cooperation is not firmly 'embedded' within the participating government

¹⁵ *Newsletter on Nordic-Scottish Cooperation, April 1996.*

departments; anecdotal evidence suggests a surprising level of ignorance among regional development officials not directly involved in the cooperation process.

9.2 Project Cooperation

At a different level, evaluation of the cooperation process in each of the four project areas enables several preliminary conclusions to be drawn. The following sections provide an assessment of cooperation activity, the results of cooperation, the role of the co-ordinators, the financial support provided, spatial coverage, and the added value of cooperation in preparing Article 10 applications.

9.2.1 Cooperation activity

Despite initial problems, all four areas of cooperation have become established during the three-year period of the cooperation agreement. The speed of development varied: IT-SCAND and forestry made quick progress, while university networking did not get going until late in 1996. All participants have stressed the time required to develop effective working relationships¹⁶. The project areas typically evolved through several stages, beginning with meetings of the key partners, the allocation of responsibilities between co-ordinators and other partners, a survey of activity and deficits in the project area, the identification of priorities, and the organisation of a series of specific activities. Research to date suggests that the project areas differ in the degree to which they have taken (and followed through) a strategic approach to cooperation: the IT-SCAND and forestry project areas appear to have had more focused strategies with clear goals and priorities energetically translated into several promising projects.

The nature of cooperation activity varies greatly between the project areas. Whereas IT-SCAND has six separate projects underway, and the forestry project area has five individual projects, the SME sector has focused on a single (but highly innovative) project concept - the international project forum - with two conferences organised to date. The university networking project areas has also promoted conferences (two meetings to date), providing opportunities for higher education staff to meet and develop their own projects. One concern is the wide range of different projects under IT-SCAND, which covers 12 different areas of cooperation with four priority areas, ranging from distance learning to electronic marketing, and under the forestry sector which encompasses innovative product design, deer management and forestry landscaping. By comparison with the SME project area - concentrated on a single concept - the diffuse project types may inhibit efficient management of cooperation projects and limit possible synergies between projects (although it is too early to make a definitive assessment).

The importance of clear lines of management and organisation is evident. Initially the slow progress made in the university networking field was at least partly (on the

¹⁶The time-consuming nature of international cooperation should not be underestimated. The *IQ-Net* (Improving the Quality of Programme Management Through Exchange of Experience) network of 13 Objective 2 regions, managed by EPRC, took over 12 months of planning and preparation until it was established and at least a further year (and 2-3 meetings of partners) for the cooperation to be working well.

Scottish side) a consequence of inadequate resources for managing the network, the disparate mix of institutions involved in the UHI project and the difficulty of organising a large network of partners. Stronger central coordination of the network by UHI has now dealt with these problems.

9.2.2 Results

In terms of results, the main outcomes are twofold. First, new networks and relationships have been created between Scotland and the Nordic countries in each of the project areas. An ongoing programme of exchanges of information, experience and ideas is underway through regular conferences and seminars supported by publicity and dissemination arrangements such as Websites. Second, there is evidence of new collaborative projects being initiated, especially cooperation between the Scottish and Nordic IT and forestry sectors. Participants maintain that new opportunities are being exploited which would not have taken place without the cooperation. In the SME sector, survey research suggests that the international business forum has prompted specific organisational changes among participating firms and anticipated increases in orders for a significant number of companies. Encouragingly, the fora are being emulated in a national context in at least one Nordic country, and it would be important to develop the concept further, sharing the experiences with institutions and organisations interested in implementing such events.

There appear to be no *measurable* impacts as yet. In part, this reflects the short timescale of cooperation and the fact that many projects are still in a development phase. Indeed, the outcome of several initiatives is cited as being applications for funding under the Article 10 programme, or being able to sustain the cooperation initiative using own resources. Also, as noted with reference to the forestry sector, in the early stages of cooperation programmes projects tend to 'select themselves' in the light of obvious areas of common interest and possibilities for joint development. In these circumstances, formal evaluation of gains or project viability may not be feasible or necessary. As cooperation networks become established, and the projects begin to be completed, more systematic monitoring of project results will become possible with an attendant requirement for co-ordinators to be more rigorous in areas like project selection.

9.2.3 Role of co-ordinators

The process of selecting co-ordinators and establishing their responsibilities was not easy. On the Nordic side, a spread of lead responsibilities across the Nordic countries had to be achieved. In several cases (on both sides) the originally selected co-ordinator had to be replaced, usually because of lack of time/commitment. In the IT sector, in particular, ambiguity over co-ordination leadership responsibilities in Scotland caused difficulties (see 5.2). Working relationships took time to become established, especially given the varied motives and experience of the partners and the different funding arrangements applicable in Scotland and the Nordic countries. The lack of a formal aim and objectives for the overall cooperation agreement also had operational implications: initially, not all the project co-ordinators were given formal instructions

as to how the cooperation should proceed; and their role and responsibilities were not always well-defined. In part, this arose because of the ambition of giving co-ordinators maximum flexibility to define their own priorities, structures and procedures without top-down pre-determination. It also reflected ‘teething problems’ during the start-up phase which disappeared as the participating organisations adapted to their roles and relationships. The more general concern over objectives was remedied at Kittilä where the objective of ‘working cooperation’ was defined and a review mechanism established (see section 4.3).

By the end of the three-year period the process appeared to have ‘bedded down’ effectively. The co-ordinators were generally exercising their responsibilities successfully, and there was increasing mutual confidence between the Scottish and Nordic co-ordinators in their respective contributions and abilities. This view is supported by interviews with other project partners which - with some exceptions, noted earlier - have been mostly complimentary about the role of co-ordinators in initiating and supporting the development of projects.

A major constraint on the Scottish co-ordinators, in particular, is that they have been expected to undertake their co-ordination tasks on a part-time, or almost voluntary basis by comparison with the Nordic co-ordinators whose input has been part-financed by the NCM. This explains some of the problems such as the delays in taking forward university networking ideas on the Scottish side.

9.2.4 Finance

Bearing in mind that a comprehensive evaluation of financial aspects is beyond the scope of this study, it is not possible to make definitive comment on such topics as the additionality of the support provided. The level of funding has been relatively small scale and much of it used to fund activities such as conferences, travel, signposting and the costs of co-ordinators. Three observations can be made.

First, it is clear that the funding provided by Scottish and Nordic sources played a critical role in getting networks organised and developing dialogue and working relationships between potential project partners. Although projects may ultimately be financed from own resources or other funding sources, the basic networking and preparatory work is heavily dependent on external support; several co-ordinators remarked that the networks could collapse without funding.

Second, the level of funding provided appears to have been largely adequate. Although several project participants mentioned the need for more substantial funding to support cooperation initiatives, there is no clear evidence that additional financial support was required overall; indeed, two of the sectors recorded a significant underspend in their Nordic grant allocation (although this may be due to delays in accounting for expenditure). The possibility of viring funds between sectors should be explored. More significant is the need to ensure clear and predictable financial management, and to review constraints on certain types of spending (eg. travel expenses). The perceived failure to commit finance to the IT sector at an early state in the Scottish side caused serious delays (see 5.5).

Third, a key issue is the targeting of assistance, notably on project formation, contract development and funding applications. Many projects, especially in the IT sector, require significant ‘hand-holding’ in the early stages and are not easily quantifiable in output terms. This would not necessarily require additional resources in future, but perhaps a more targeted use of funding.

9.2.5 Spatial coverage

The identification of the four project areas was undertaken in the context of a shared concern with the problems of peripherality. Although the orientation of cooperation has been on the Highlands and Islands area in Scotland and the northern parts of Norway, Sweden and Finland, the spatial focus has not been applied dogmatically; in both Scotland and the Nordic countries cooperation has involved agencies whose areas of operation are outside the peripheral regions. Given the nature of the areas concerned, there is a limited population of actors (institutions, agencies, enterprises) willing and able to engage in cooperation in the sparsely populated areas. However, while there is some evidence of difficulties in finding participants with a long-term interest in international cooperation, this appears to have been more prevalent in the initial stages of cooperation and does not (at present) suggest that the focus on peripheral regions is unsustainable.

9.2.6 Article 10

It is clear from preceding sections that the financial support provided under the cooperation programme has been insufficient to fund project development entirely, and many projects cited in the detailed review of the four project areas (see sections 5 to 8) involve preparatory work for Article 10 submissions. It is also evident that project cooperation has played a valuable role in supporting the Article 10 programme; several co-ordinators and other participants noted that the cooperation process had created the framework of contacts, networks and preliminary project development work without which an Article 10 submission would no be possible.

10. LESSONS AND RECOMMENDATIONS

The preceding sections have provided a comprehensive account of the origins and evolution of the Nordic-Scottish cooperation at policy and project levels. Each of the project areas has been discussed in detail and an overall assessment has drawn together some of the preliminary conclusions. This final section identifies the lessons learned and recommendations for future cooperation

- (a) Nordic-Scottish has proved its value at both policy and project levels. There is strong support among policy officials from both Scotland and three of Nordic countries (Norway, Sweden, Finland) as well as co-ordinators and project partners for the cooperation to continue.
- (b) Scottish and Nordic officials should provide a clear statement of their respective future interests in cooperation between Scotland and the Nordic countries with a

view to establishing explicit aims and objectives. In particular, the ‘Scottish dimension’ should be considered by NÄRP as they prepare the next planning period of Nordic cooperation. Clarity in aims and objectives should serve as a yardstick for assessing the development of the cooperation process and ensure that new participants understand what the networking is intended to achieve.

- (c) The Ackergill/Kittilä policy-level meetings are important in catalysing and reinforcing personal relationships between high-level officials. The periodic engagement of such officials is also important for the credibility and oversight of the project cooperation. However, regardless of the future direction of project-based cooperation, the policy meetings have an important independent role. The policy-level seminars should take place at least once every two years as originally proposed, alternating between Scotland and the Nordic countries and arranged according to a planned timetable. The Structural Funds continue to provide common interests for Scotland, Sweden and Finland, but there may be tactical limitations to the level of cooperation. Also, the focus of meetings should be on wider regional development themes that are of topical interest for all participating countries.
- (d) The scope of project cooperation should be reviewed. Project cooperation should continue to be promoted outside the Article 10 programme to support the basic contact generation, networking and preliminary project development which is essential for the generation of good-quality Article 10 applications. Within the project areas, good progress has been made in all four sectors (to varying degrees), and many projects are looking to the Article 10 programme for future funding, so it should be possible to identify one or two new areas of activity for project support. Tourism and regional innovation/technology transfer were already highlighted at Kittilä as ‘front runner’ candidates. Both of these would be ideal: tourism policies/strategies are being reviewed in several countries; and all the Nordic countries and Scotland have current or recent experience with (some 15) RITTS, RIS or RTP initiatives.
- (e) Institutional participation in the cooperation should be widened to involve local/regional authorities more actively in the process (as envisaged at Kittilä). Many are already active in international cooperation. For example, local authority links have taken place across the North Sea; Structural Fund seminars organised by CoSLA¹⁷ have attracted local authority representatives from Sweden and Finland; Swedish, Finnish and Scottish regions all participate in the *IQ-Net* consortium
- (f) The cooperation process should be managed and organised strategically with a recognised secretariat responsible for driving the process forward. Of particular importance is that the Scottish side nominates/seconds a single individual as a counterpart to the NCM Secretariat; there would also be merit in a small ‘co-ordination group’ being created on the Scottish side involving not only the Scottish Office and HIE but also other agencies or institutions with an interest in Nordic-Scottish cooperation. The delegation of authority and allocation of responsibilities

¹⁷ CoSLA - Convention of Scottish Local Authorities

between policy officials and co-ordinators should be based on a clear management structure. Efforts should be made to 'embed' the cooperation within participating government departments and agencies to lessen dependence on the availability of key individuals. All aspects of the cooperation should be systematically monitored and recorded to assist periodic review and evaluation.

- (g) A specific lesson from the project cooperation is that the availability of finance should be planned and predictable 2-3 years ahead. The eligibility of expenditure should be determined at the outset, bearing in mind the availability of co-financing, the potential for generating private sector support and the needs of co-ordinators and project participants to engage in travel. Co-ordinators on the Scottish side should receive similar operational support to their Nordic counterparts to enable them to work on the cooperation more intensively. Many projects need intensive nurturing or 'hand-holding' in the early stages, with intensive advice and (sometimes) pump-priming financial support. Internal monitoring and evaluation should be a standard feature of project cooperation.
- (h) Information dissemination and awareness should get a higher priority. The cooperation process should be publicised much more widely through a combination of Websites, press releases and coverage in Nordic and Scottish media outlets. The *Nordic-Scottish Newsletter* should be published annually at least. The lessons from cooperation programmes and projects should be recycled across the networks to promote 'institutional learning' and exchange of experience with managing cooperation. Some form of induction for new co-ordinators would be advisable as part of this process.
- (i) With respect to timing, it may be that 1999 should be regarded as an 'interim' year. Currently the regional policy departments of the national administrations of Finland and Sweden (like Scottish government departments) are absorbed in Member State negotiations over the future of the Structural Funds and national aid areas; inevitably networking is focused on London and other EU capitals and within COREPER. In addition, over the coming year the Finnish policy community will be fully stretched preparing and managing the Finnish Presidency of the EU. Hence, without stopping practical project cooperation, it may be timely to 'relaunch' the next phase of Nordic-Scottish cooperation with a joint seminar in early 2000 with a programme running over 5-6 years.
- (j) Finally, there are several lessons for the operation of the Article 10 Northern Periphery programme which could help to improve the efficiency of cooperation projects.
- Most important is the need to disseminate information and experiences (both positive and negative) among existing and potential project leaders and partners. At the most basic level, newsletters and other print media should be exploited - not just cooperation-specific media (such as a revived *Newsletter of Nordic-Scottish Cooperation*), but a wide range of business/regional development publications and communications eg. the communication channels of the Structural Fund programmes, local authorities and business associations. As the four sectors have demonstrated, Websites and 'information brokerage'

opportunities can be used to good effect to publicise projects, to assist partner searches and to facilitate dialogue and feedback.

- For project leaders and promoters, networking and training is particularly important, partly to ensure they understand the realities of transnational cooperation (ie. labour intensive, time-consuming and occasionally painful) and partly to help them with the process of preparing and managing Article 10 projects. For example, while post, fax or Internet contact can be used extensively once projects are underway, it is important to build in sufficient opportunities for regular and frequent face-to-face contact during the early stages to promote mutual personal trust and confidence in working relationships. Methods for providing advice/training to project leaders would include: a basic partner manual or guide with step-by-step advice and case studies; initial induction seminars on ‘good practice’; and periodic exchange-of-experience meetings.
- Ensuring that the programme management structure and lines of communication are clear and well-understood is critical. Partners should be clear about the level of backing being provided at higher levels.
- Partners need to take a realistic, strategic view of the long-term, self-sustaining possibilities of project ideas - not just whether the cooperation is valuable *per se* but that it is (at least partly) economically viable when funding comes to an end. The project should be integrated within the budget and operational plans of the partner organisation.
- Lastly, monitoring, feedback and evaluation needs to be built into the system (as opposed to being seen as external or externally imposed) to facilitate a ‘virtuous circle’ of programme and project management - beginning with the marketing of the programme and encompassing, project generation, project submission, project appraisal and award, project implementation and project monitoring, the results feeding back into the organisation and focus of the programme.