

COOPERATION AGREEMENT
BETWEEN
REGIONAL DEVELOPMENT ORGANISATIONS
FOR ESTABLISHING THE
ARCTIC INVESTMENT PLATFORM

The present Cooperation Agreement is the continuation of the work undertaken under the network of the Northern Sparsely Populated Areas (NSPA). With this Agreement we, Governors and Councillors of NSPA Regions of Finland, Norway and Sweden, herewith jointly agree to continue the work towards the establishment of an Arctic Investment Platform (AIP). This initiative is welcomed by the international community and most importantly echoes the needs and opportunities faced by our regions and their businesses.

I. PREAMBLE

- A.** The NSPA network represents the regional governments of the seven northernmost and eastern regions of Finland (Lapland, Oulu Region, Central Ostrobothnia, Kainuu, North Karelia, Pohjois-Savo, South Savo), the four northernmost counties of Sweden (Norrbotten, Västerbotten, Jämtland Härjedalen, Västernorrland), as well as the two northernmost counties of Norway (Nordland, Troms and Finnmark). The NSPA forms the Arctic regions referred to in this Agreement.
- B.** As representatives of NSPA regions, we acknowledge that climate change and geopolitical trends have made the Arctic a strategic area. Arctic regions have thus become the centre of current and future political but also economic concerns. Various countries have acknowledged the threats over the independent governance of the area and highlighted the crucial need for reinforced economic cooperation across the Arctic, a position strongly supported by the Arctic Council and prestigious organisations such as the European Commission and the Organisation for Economic Co-operation and Development (OECD).
- C.** The NSPA regions are concerned with common challenges which encompass long distances, sparse populations and small home markets. The sub-optimal level of capital available in the NSPA regions was recently flagged by expert assessments and confirmed by a wide range of stakeholders across the three countries. Different factors contribute to this weak access to capital. These include for example the lack of critical mass in single regions and countries as well as geographical distances and their impact on the weak link with urban investment hubs. Our regions recognize the financing gaps and information asymmetries, as a reason to intervene.
- D.** A constructive way to tackle these challenges is to join forces and present our regions as one large business area. By creating a joint vision and joint representation of the business potential in our regions, the area is expected to develop sufficient investment deal flow. In order to ease the above-mentioned challenges, there is a need for new investment vehicles to operate in the area.
- E.** Thus, our regions decided to answer the general call for an AIP, an initiative welcomed by independent experts and organisations such as Nordregio. This initiative comes as an opportunity to rise and align further with the new European priorities. The AIP fits the renewed ambitions of the European Union which concretized into the Green Deal and the new Multiannual Financial

Framework for 2021-2027. The AIP relates among others to the revised Cohesion Policy package and the broader innovation policy of the European Union as well as its efforts to drive sustainable cross-regional investments.

II. PURPOSE

- F.** The AIP aims to create the joint vision and associated actions on how to strengthen the NSPA as a vibrant business and innovation area with attractive investment opportunities. It should coordinate this promotion as well as tackle information asymmetries between investors and SMEs with growth potential.
- G.** The regional development organisations signing this Cooperation Agreement wish to work together with the ambition to establish an Arctic fund of funds with fund managers in the NSPA. The setup of the fund must meet the requirements of the European Investment Bank Group to participate as an investor. Therefore, with this Cooperation Agreement, the signatories wish to highlight the importance of working together to improve conditions for bridging investment gaps for SMEs with growth potential.

III. IMPLEMENTATION

The signatories recognize the importance of continued commitment from the regional development organisations in the work toward establishing the AIP. Therefore, we strive to:

- i. Work in a collaborative fashion to facilitate the actions implied in the present Cooperation Agreement;
- ii. Keep each other informed about matters possibly related to the interest and/or affecting (whether positively or negatively) the AIP and its sustainable development;
- iii. Where relevant, communicate externally about the AIP and its objectives;
- iv. Together with the other signatories, finance a Project Manager in charge of coordinating the work for establishing the AIP, for the term of the present Cooperation Agreement¹;
- v. Engage local business development organisations and other key stakeholders to play an active role in establishing and developing the AIP;
- vi. Engage in discussions about how to set up a fund of funds as a part of the AIP, while acknowledging that commitment to funding such a fund of funds will require a separate agreement.

IV. TERM

This Agreement is valid from 01/10/2020 until 31/12/2021.

The parties may agree to welcome more parties to take part at a later stage as well as revise or widen the scope of the present Cooperation Agreement. Either party may withdraw from the Cooperation Agreement by giving a four weeks' written notice to the other signatories. The working language will be English.

¹ ANNEX I: Tasks, liabilities, cost calculations and recruitment process of the project manager

V. COUNTERPARTS

This Agreement is signed electronically by the following on behalf of their respective organisations.

Mika Riipi

Regional Governor

Regional Council of Lapland

Signature

Pentti Malinen

Regional Governor

Regional Council of Kainuu

Signature

Jyrki Kaiponen

Regional Governor

Regional Council of Central Ostrobothnia

Signature

Risto Poutiainen

Region Mayor

Regional Council of North Karelia

Signature

Nils-Olov Lindfors
Regional Councillor
Region Norrbotten

Signature

Rickard Carstedt
Regional Councillor
Region Västerbotten

Signature

Elise Ryder-Wikén
Regional Councillor
Region Jämtland Härjedalen

Signature

Glenn Nordlund
Regional Councillor
Region Västernorrland

Signature

Bjørn Inge Mo
County Councillor
County Council of Troms and Finnmark

Signature

Tomas Norvoll
County Councillor
Nordland County Council

Signature

DRAFT - ANNEX I to AIP Cooperation Agreement

Tasks

The Project Manager is hired to coordinate:

- Setting up of information-sharing across the participating regions to optimize the information available
 - leading to better coordination of technical and financial advisory services for companies, while minimizing duplication of regional actors' work
- Participation in match-making events and partnerships, further strengthening the common deal flow of the participating regions
- Setting up a tangible work plan and budget for the Secretariat, to be put in action after the term of the Cooperation Agreement ends, if deemed useful by the participating regions
- The process of setting up an Arctic fund of funds until terms and conditions for the fund management team have been agreed upon

The coordinated cooperation ensures:

- Continuous added value for the participating regions
- Leverage in external communication
- The creation of a financial instrument suitable for the participating regions, while making use of the EU level interest

Liabilities

The Project Manager reports to the signatories of the Cooperation Agreement, forming the AIP Steering Committee.

Cost calculations and recruitment responsibility

The Project Manager will work mainly from home office but in close connection to the NSPA regional offices in Brussels.

The expected cost will be 80 000 € for the 15 months term of the Cooperation Agreement. This includes the salary and travel expenses of the Project Manager as well as administrative costs. The calculation is based on the assumption that interns of the North Norway, North Sweden and East & North Finland EU Offices participate in the work of the Project Manager when possible in tasks such as social media updates and writing of meeting minutes.

All Regional Development Organisations signing the Cooperation Agreement will share the cost based on the inhabitants of the participating regions. Based on preliminary expectations of participating regions at the moment of writing this Annex, the total costs per region have been estimated in the below table.

Region	Inhabitants	Share of total	Estimated cost
Central Ostrobothnia	68 158	4 %	3 377
Jämtland Härjedalen	130 810	8 %	6 482
Kainuu	72 306	4 %	3 583
Lapland	177 161	11 %	8 779
Nordland	243 385	15 %	12 060
North Karelia	161 211	10 %	7 988
Troms and Finnmark	244 326	15 %	12 107
Västerbotten	271 736	17 %	13 465
Västernorrland	245 347	15 %	12 158
Total	1 614 440	100 %	80 000

Regional Council of Lapland takes the administrative responsibility of hiring the Project Manager. Each participating region shall pay ½ of their total expected cost to the Regional Council of Lapland latest on 31.1.2021. The second half is to be paid by the end of the project on 31.12.2021. The final cost per region will amount to the maximum of the above mentioned and might be lower, e.g. in case other NSPA regions decide to participate during the project or total expenses end up lower than expected. The final cost will be calculated by the end of the project.