

Notification of decision EU-support

The Managing Authority has on the 2025-06-24 made a formal decision to allocate 389 740 EUR from the European Regional Development Fund (ERDF) to the project. The support from ERDF is 65,00% of eligible costs

Project name	FLINC: Financing large-scale cross-border infrastructure - case Nordic Connector
Reference number	20373259
Priority	Better and more sustainable cross-border governance
Specific objective	Cross-border capacity building
Type of project	Regular project
Sub-area	Aurora
Lead Partner EU	Kvarkenrådet EGTS
Project start date	2025-04-01
Project end date	2026-12-31

Justification for decision

The Steering Committee of sub-area Aurora has on 2025-06-18 selected the project to be financed by Interreg Aurora.

The project meets the requirements set by the programme regarding cross-border cooperation, specific objective, sustainable development, partnership, logical, value for money and relevance for target group.

The Steering Committee recommends the beneficiary to check how the recently published report by the Finnish transport agency will affect the project.

Project summary

The territorial challenges of lacking east-west connectivity and security of supply in the northern Nordics are widely recognized. One reason for this is the absence of established methodology for assessing the wider benefits and the financing models of large-scale cross-border infrastructure. These studies are particularly important for sparsely populated regions, where traditional cost-benefit analyses are not sufficient to highlight the need for new large-scale infrastructure. The aim of FLINC is to create financial engineering and wider benefits assessment methodologies by using input data from Nordic Connector, a fixed link across the Kvarken strait.

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The Finnish Government has commissioned a feasibility study for Nordic Connector, which is conducted by the Finnish Transport Infrastructure Agency (FTIA) in collaboration with the Swedish Transport Administration. The investigative measures in FLINC have been specifically requested by the feasibility study's coordination group. FLINC will complement the FTIA's study by providing additional insights beyond its scope, ensuring a broader basis for decision-making for Nordic Connector and other large-scale cross-border infrastructure. For this reason, the FTIA financially supports the FLINC project, and both the FTIA and the Swedish Transport Administration are in the project's reference group and have provided letters of support.

The studies will be done in close collaboration with competent authorities in both countries in a way that strengthens the institutional capacity of cross-border infrastructure planning. Upon completion, the project will deliver comprehensive methodologies for financing and assessing the wider benefits of large-scale cross-border infrastructure. This will provide critical insights to decision-makers, authorities, and the public, enhancing cross-border institutional capacity and paving the way for improved regional connectivity.

Activities

Workpackages / Activities	Start date – End date	Cost
WP 1- Input & benchmarking	2025-04-01 – 2026-12-31	146 500
<p>WP1 will focus on establishing the right input data for the feasibility study to be utilized in further analysis in WP2. There will be two key inputs: Firstly, the broader feasibility study conducted by the Finnish Transport Infrastructure Agency, which establishes alternative solutions for Nordic Connector in terms of technical implementation, delimitations, price estimates, timeframes and potential risks. Secondly, a benchmarking study, which examines financing and delivery models on other reference infrastructure investments in Europe.</p> <p>The Kvarken Council will have the main responsibility for the implementation of the work package but will procure external expertise to conduct the study within work packages 1-3. The project leader will work with preparing the procurement documents, evaluating tenders and awarding the assignment. Thereafter, the project leader will also hold meetings with the contracted consultant to follow their work and will function as the bridge between the consultant and the rest of the project team as well as the steering group and the coordination group related to the FTIA feasibility study.</p> <p>WP1 communication activities focus on developing a comprehensive communication plan that clearly defines target groups, key messages and communication channels to ensure a consistent and cost-effective strategy. Graphic templates, such as handouts and presentations, will be created and reused throughout the various phases of the project, along with a project website. Internal target groups include project management and steering groups, while external target groups consist of political decision-makers, authorities, businesses, the general public and the media.</p>		
1.1- Comparison of alternative solutions	2025-04-01 – 2026-12-31	73 250
<p>To assess the financial feasibility, the most viable alternative solutions from the Finnish Transport Infrastructure Agency study will be selected. Thereafter, the key characteristics for the selected solution will be identified and summarized.</p>		

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This includes estimates of both capital expenditure (CAPEX) and operational expenditure (OPEX), which are expected to be available from the FTIA study. It will also include project revenues and projections, derived from estimated traffic flows and input from the study. Additionally, it will include an assessment of how wider economic impacts of the fixed connection can be linked to revenue streams to enable the investment. Here, the logic for connecting wider economic impacts to the financing model/structure needs to be described.

The activity also includes identifying the largest uncertainties and the risk profile. This will also be based on input from the FTIA study. The risks will be categorized into political, technical, and financial risks.

The main output of the activity will be a consolidated view of business case key characteristics for large-scale cross-border infrastructure as well as availability and potential gaps of key data for further business case analysis.

1.2- Benchmarking

2025-04-01
– 2026-12-31

73 250

A benchmarking study will be conducted in which alternative financing and delivery models for other large-scale cross-border infrastructure will be examined. The benchmarking study will focus on reference infrastructure projects globally, such as the Öresund Bridge, the Fehmarn Belt tunnel and Oslo-Stockholm 2.55.

The methodology for the study will be a combination of desktop study and interviews with selected representatives from the reference projects.

Issues that will be explored include governance and ownership, a revenue model and the financing structure, risk sharing between the public and private sector, and key partners involved in different phases of the reference projects.

The main output of the activity will be viable alternatives and lessons learned for mega-class transport infrastructure projects, such as ecological compensations and the importance of communication measures.

WP 2- Financial engineering analysis

2025-04-01
– 2026-12-31

146 500

WP2 will focus on analyzing the initial business case and investment bankability of large-scale cross-border infrastructure. This will be the main analysis of the project and where some of the key results will be produced.

The Kvarken Council will have the main responsibility for the implementation of the work package, but the analysis will be conducted by the procured consultant for the study in work packages 1-2. The project leader and project team will follow the consultants' work and will give input to it in meetings during the implementation, as well as to share both input and output towards the steering group and the coordination group.

WP2 communication activities focus on financial analysis and aims to make the technical analysis and process easy to understand for decision-makers and the public through written content and visual summaries such as presentations and, potentially, illustrations and infographics. Tailored handouts and presentations will complement the websites messaging for political decision-makers. Ongoing newsletters and social

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<p>media updates will keep stakeholders informed about the projects progress, optimizing the use of existing materials. Internal target groups include project management and steering groups, while external target groups consist of political decision-makers, authorities, investors, and the general public.</p>		
<p>2.1- Cashflow and risk analysis</p>	<p>2025-04-01 – 2026-12-31</p>	<p>73 250</p>
<p>The assessment of the business case will start off with an initial cash flow analysis for the investment. The basis for this will be the input from WP1.</p> <p>The analysis will also contain a quantification of the risks that were identified in WP1.</p> <p>Key parameters to quantify include return on investment (ROI), internal rate of return (IRR), and net present value (NPV).</p> <p>The main output of the activity will be an assessment of the bankability of the investment based on the cash flow analysis and the risk profile.</p>		
<p>2.2- Alternative financing structures and sensitivity analysis</p>	<p>2025-04-01 – 2026-12-31</p>	<p>73 250</p>
<p>In the second part of the analysis, alternative financing structures identified in the benchmarking study of WP1 will be analyzed.</p> <p>A sensitivity analysis will be made for the financial feasibility of the case.</p> <p>The main output of the activity will be an analysis of alternative ways of financing large-scale cross-border infrastructure.</p>		
<p>WP 3- Impact assessment of wider benefits</p>	<p>2025-04-01 – 2026-12-31</p>	<p>158 850</p>
<p>The aim of WP3 is to conduct a broad impact assessment of the wider benefits of large-scale cross-border infrastructure, as well as possible negative effects if the infrastructure is not built. In this WP, the University of Vaasa will assess the economic impact of the development of large-scale cross-border infrastructure for the Kvarken region and the northern Nordics. An EGTC can act as a single beneficiary and include its members in Interreg Aurora projects without additional partnership agreements. Therefore, as a member of the Kvarken Council EGTC, services by the University of Vaasa do not need to be procured. Some parts of the wider benefit task will be procured externally.</p> <p>The impact assessment in the WP will be done in five dimensions: labor market expansion, innovation-spurring effects, business area expansion, the development of national economies, and new investment potential. These will be assessed using cost-benefit analyses combined with regional mobility and benefits from innovations; data collection on regional GDP, industry structure, knowledge capital and patents, higher education, commuter patterns and linked employer-employee data; and case studies and comparative analysis of similar infrastructure projects and existing fixed links.</p> <p>The findings will be presented in a report on the economic impact of the case, summarizing the key findings and their significance and showing the implications for regional economic policy and infrastructure investment.</p>		

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WP3 communication activities will focus on disseminating findings from the impact assessment and will be integrated to the activities of WP4. In collaboration with WP4, multimedia content, such as videos, may be created to highlight the identified opportunities and growth potential that Nordic Connector and similar infrastructure enable. WP3 target groups include project management, political decision-makers, public authorities, businesses, media and the public.

3.1- Labor market assessment

2025-04-01
– 2026-12-31

31 770

The improvement of traffic accessibility between regions enables professionals to both search for employment and work in a wider area, promoting the meeting of the demand and supply of labor and the availability of specialized labor. The improvement of accessibility increases the flexibility in choosing the location of housing and workplace, which improves the functionality of the labor market. This, in turn, increases the employment rate and lowers unemployment. Better employer-employee matches include matches between inventors or scientists and high-tech firms, increasing innovativeness within a region.

The labor market assessment will illustrate the effects which large-scale cross-border infrastructure, such as Nordic Connector, will have on job search, employment rates, spread of knowledge, inflow of specialized labor and new job opportunities in a region.

In this WP, labor market expansion will be assessed from three perspectives:

Accessibility: Evaluation on how improved traffic accessibility affects job search and employment rates.

Employee mobility: Assessment of the impact on employee mobility and the spread of knowledge and innovations.

Human capital inflows: Analysis of the impact of inflow of specialized labor and its effects on unemployment, non-labor force participation and new job opportunities.

3.2- Innovation-spurring effect assessment

2025-04-01
– 2026-12-31

31 770

Innovations increase as knowledge flows more efficiently into the region. The relative importance of the innovation-spurring effect has important and distinctive implications for policy, since higher innovations bring new added value and do not just attract human capital. Transportation infrastructure affects innovations and hence productivity, and while cost-benefit analyses yield a certain net return, gains from new intangible and human capital are significantly higher when performance-based evaluations of new human and intangible capital are used. This shows that investments in transportation infrastructure directly affect the rate and timing of knowledge exchange between places by reducing travel costs.

The innovation-spurring effect assessment will show the effects of large-scale cross-border infrastructure, such as Nordic Connector, on increased innovation and productivity in a region and in its neighbouring cross-border regions.

In this WP, innovation-spurring effects will be assessed from two perspectives:

Knowledge flows: Assessment of how potentially reduced travel costs enhance knowledge exchange and innovation, i.e., potential new patents, product-, process- and

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environmental innovations, and new intangible capital.

Productivity: Evaluation of the impact of increased innovation on regional productivity such as new value added created from new job relations.

3.3- Business area expansion assessment

2025-04-01
– 2026-12-31

31 770

Improved accessibility enables the expansion of companies' market areas into new areas for companies whose market area depends on the smoothness of movement and requires personal communication throughout the market area. Improving accessibility promotes networking between regions, increasing cross-border subcontracting and the use of expert services from companies in other regions. The expansion of market areas also leads to increased competition, as the local monopoly power of companies weakens as accessibility between regions improves. Competition increases productivity but also leads to the weakening of uncompetitive companies and their exit from the market. The improvement in accessibility allows for increased employee mobility between companies and locations in different regions. This increases the spread of knowledge, know-how and innovations. Mobility can manifest itself as increasing contacts and network relationships between regions, but also as job changes between companies and regions.

The business area expansion assessment will examine how large-scale cross-border infrastructure, such as Nordic Connector, improves and expands the companies market area and promotes networking in a region. Further, the assessment will examine the effects that such infrastructure will have on competition and productivity of companies.

In this WP, business area expansion will be assessed from two perspectives:

Market Areas: Examination of how improved accessibility expands companies market areas and promotes networking.

Competition: Analyzing the effects of increased competition on productivity and the exit of uncompetitive companies.

3.4- Development of national economies in potential logistics scenarios

2025-04-01
– 2026-12-31

31 770

With substantially increasing maritime fuel costs, demands on green transport routes, increasing competition in global logistics, and a new geopolitical situation, the Nordic economies desperately need to view the competitiveness of existing and future transport routes from a wide perspective. What routes are used today, and adding factors such as increased fuel costs and new geopolitical realities, what routes might be the smart choices tomorrow? One route might be a very competitive logistics route right now, but when different potential factors, such as fuel costs, military needs and security of supply are taken into account, other routes might rise in importance in the future. Broadening the different East-Western route options might have a substantial impact on the future development on the economies of Finland, Sweden and Norway.

In this WP, the national economic and comprehensive security impact of large-scale cross-border infrastructure, such as Nordic Connector, is evaluated by looking at future logistics scenarios with different factors in play.

This WP will be conducted by a produced consultant.

3.5- Assessment of new investment potential	2025-04-01 – 2026-12-31	31 770
<p>Well-functioning transport routes spur the potential for industrial investments in an area, both by existing businesses and newcomers in the region. With its low cost of green energy and knowledge hubs, the Interreg Aurora region is known for being a frontrunner in green transition investments. By strengthening its cross-border infrastructure, the region could attract even more foreign direct investments and safeguard the needs of already established local actors.</p> <p>In this WP, large-scale cross-border infrastructure's impact on attracting new investments is assessed by case studies and comparative analysis of already existing infrastructure projects. These will be mirrored with case Nordic Connector.</p> <p>This WP will be conducted by a produced consultant.</p>		
WP 4- Methodology and results validation, generalization and dissemination	2025-04-01 – 2026-12-31	147 750
<p>The aim of WP4 is to validate the findings from WP1-WP3, while also generalizing them into methodologies for financial engineering and wider benefit assessment for large-scale cross-border infrastructure. Both the case-specific and the general findings will be shared in WP4. The activities include private sector hearings, public sector dialogue meetings, and results dissemination.</p> <p>The Kvarken Council will have the main responsibility for the implementation of the work package, but the validation and the generalization will be conducted by the procured consultant for the study in work packages 1-2. The consultants will also contribute to meetings arranged in WP4 when necessary. The project leader and project team will follow the consultants work and will give input to it, acting as a bridge towards the steering group and the coordination group. Since the work package will contain a summary of results and methodologies, it will be important to make sure these meet the standards and expectations of the project objectives, so that they can be included in the FTIA feasibility study.</p> <p>WP4 communication activities support stakeholder engagement through private sector hearings and public sector dialogue meetings where stakeholders, including private sector representatives, political decision-makers and public authorities discuss the projects' financial and wider benefits assessment models and methodologies. Materials including handouts and visual presentations will be adapted to summarize results effectively. Target groups include both internal (project team, steering group) and external audiences (political decision-makers, private sector, media, general public). The project will gain visibility through participation in major conferences and potentially through a campaign featuring videos on "Financing large-scale cross-border infrastructure" to highlight growth opportunities and regional cooperation (read more about the external communication in section 4.3).</p>		
4.1- Private sector hearings	2025-04-01 – 2026-12-31	26 938
<p>In this activity, hearings will be held with representatives from the private sector. The target group for these hearings include contractors, financiers, lenders, and other actors that can have insights valuable for the process.</p> <p>At the hearings, the initial business case and analysis of bankability from WP2 will be presented. Also, alternative financing solutions from the benchmark study in WP1 will</p>		

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<p>be presented along with the wider benefits results and methodology of WP3. The invited actors will get to discuss and give their input to the financial feasibility and bankability of Nordic Connector as well as their views on how risk sharing between the public and private sectors can be handled in general in large-scale cross-border infrastructure projects.</p>		
<p>4.2- Public sector dialogue meetings</p>	<p>2025-04-01 – 2026-12-31</p>	<p>26 938</p>
<p>The Kvarken Council will arrange meetings with the reference group for the feasibility study, consisting of the Finnish Transport Infrastructure Agency, the Finnish Transport and Communications Agency, the Finnish Ministry of the Environment, the Swedish Transport Administration, Kvarken Council EGTC, Region Västerbotten, and the Regional Council of Ostrobothnia. These meetings will be important to make sure that the relevant authorities are informed about the project progress, results and methodologies, and to make sure that the output of WP1-3 will meet the necessary standards to function as basis for further decisions and planning.</p>		
<p>4.3- Results dissemination</p>	<p>2025-04-01 – 2026-12-31</p>	<p>56 936</p>
<p>In addition to the private sector hearings and public sector dialogue meetings, results dissemination will be done in other forums as well. This includes external communication about results from WP1-3 via the project website, press releases, newsletters, and social media updates. To inform about project results and spread information about the proposed methods of financing and assessing large-scale cross-border infrastructure to a wider audience presentations about the project will be made at external conferences and in meetings with individual actors. The results will be distributed in international networks that the Kvarken Council EGTC is part of, such as Scandria Alliance, the Nordic cross-border regional committees, the Nordic Council of Ministers, the European Cross-Border Platform, the Conference of Peripheral Maritime Regions, The Directorate-General for Regional and Urban Policy, and European Week of Cities and Regions. The project will be presented at Almedalsveckan in Sweden, Suomi Areena in Finland, Wasa Future Festival and the Scandria Alliance General Assembly.</p>		
<p>4.4- Summary of findings</p>	<p>2025-04-01 – 2026-12-31</p>	<p>36 938</p>
<p>The findings from the analysis in WP2 and the hearings in WP3 will be summarized in a report that includes the validated business case and bankability of Nordic Connector, as well as the private sectors view on initial risk sharing. The report will also include a further developed financing structure for Nordic Connector and methodologies on financial engineering and wider-benefits assessment for similar large-scale cross-border infrastructure investments. Conclusions will be drawn from the analysis and validation in the project, and recommendations for the next steps will be outlined. The report will be an important addition to the FTIA feasibility study of Nordic Connector and other large-scale cross-border infrastructure.</p>		

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Output indicators	Target value
Solutions for legal or administrative obstacles across border identified	2
Strategies and action plans jointly developed	2
Organisations cooperating across borders	11

Contributions to the result indicators

Result indicators	Target value
Joint strategies and action plans taken up by organisations	2
Legal or administrative obstacles across borders alleviated or resolved	2
Organisations cooperating across borders after project completion	11

Budget EU

Cost categories	Kvarkenrådet EGTS	Total
Staff cost	200 000	200 000
Office and administrative costs 15%	30 000	30 000
Travel and accommodation costs 15%	30 000	30 000
External expertise and service costs	339 600	339 600
Sum costs	599 600	599 600

Financier	Kvarkenrådet EGTS	Total
Lapin liitto	146 902	146 902
Kvarken Council EGTC	62 958	62 958
EU-support	389 740	389 740
Total financing	599 600	599 600

Appeal

This decision can not be appealed.

Decision-making officer

Tina Nilsson has made the decision after a presentation by Veronica Estling.

Reporting and payment applications

The payment application regarding the EU-funding is submitted in Min Ansökan by the Lead Partner EU with a joint progress/final report for the whole project. For instructions on how to report, please see www.interregaurora.eu

Period	Start date	End date	Date for submission
1	2025-04-01	2025-09-30	2025-11-30
2	2025-10-01	2026-03-31	2026-05-31
3	2026-04-01	2026-09-30	2026-11-30
4	2026-10-01	2026-12-31	2027-02-28

Questions

For questions regarding this decision, please contact Niko Auer.

Lead partner EU is responsible for distributing this notification to all project partners.

ANNEX:

General conditions – support from Interreg Aurora (EU - ERDF)

All partners shall make sure the project is implemented in accordance with the regulations of the European Union, the national laws, any other provisions and documents applicable to the EU support, as well as the programme manual for Interreg Aurora and in particular:

- keep separate accounts for the project (not applicable to flat-rates)
- pay the expenditures of the project within deadlines for reporting
- follow the regulations regarding public procurement
- keep all project documents and accounts available for a period of seven years following the end of the calendar year when the project was formally closed by the Managing Authority, or longer if it is stipulated in other rules applicable to the project partner
- repay to the Lead Partner any amounts unduly paid
- highlight the support from EU, and upon request, make communication and visibility material available for use by Union institutions, bodies, offices or agencies.

The Lead partner shall, in particular:

- conclude a partnership agreement with all partners of the project,
- ensure implementation of the project within the project period,
- ensure that the expenditure presented by all partners has been paid in implementing the project and corresponds to the activities in the decision of EU-support to the project,
- deliver progress- and final reports regarding the implementation of the project
- make payment applications regarding the EU-support for the project
- ensure that the other partners receive their part of the EU-support
- as soon as known, inform about any changes regarding the implementation of the project
- repay to the Managing Authority any amounts unduly paid.