



# Northern Sparsely Populated Areas (NSPA) – *Uniquely working together!*

Mikael Janson, *North Sweden European Office*  
NSPA Breakfast 2012-06-05



# Northern Sparsely Populated Areas.

~ 2,5 million people (0,5% of EU27) on ~ 470 000 square km (11% of EU27 area)  
Average of 4,9 inhabitants/square kilometer (116 for EU in average)



Consists of northern Sweden and Finland within EU (getting cohesion fund) and Norway within EEA.

Mostly rural (forests and mountains), but also consisting of some cities between 50.000 and 100.000 inhabitants.

2007—2013 getting about 1% from EU cohesion fund.

NSPA is also in very much the same area as Lapland, the land of Sápmi, the Samic People.

There are, of course, also other sparsely populated areas (SPA) in Europe, but the scale for NSPA – geographically and in sparsity – gives another dimension to the phenomenon of SPA.

NSPA are also substantial parts of the Nordic countries (Sweden and Finland within the EU), rather than being smaller parts within a bigger context, still relatively close to agglomerations.

# Obstacles for NSPA.

## **Remote**

Long distances within the region and long distances to the markets  
= extra costs for communication and local/regional/external trade (*5 times less accessibility to hospital within 60 minutes, 14 times less accessibility to airport*)

## **Arctic**

Harsh climate and long dark nights during long winter  
= extra costs for heating, lighting and keeping roads and waterways open

## **Sparsely populated**

Very Sparsely in EU-terms means very few people on a very big area  
= extra costs for infrastructure and public/social/commercial service per inhabitant

## **Raw material dependent**

Big natural exploitable resources such as minerals, forests, water and wind power  
= vulnerable enterprise structure and revenue not coming back to local society

# The demographic challenge of NSPA.

## **NSPA in many ways fore-runners in demography of EU to come:**

- More and more elderly people to be supported by fewer in working ages

- The negative is having to deal with this over big areas with few people , not furthermore being able to lean on others experiences of this now accelerating!
- The positive is to be able to be a "test site" and give experiences to others – with however the need of support from others in return, such as EU!

## **NSPA on top of that having specific demographic challenges:**

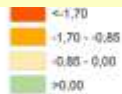
- Young people moving from the region, leaving the elderly left
- Women, not finding interesting jobs/education, leaving the men behind
- Educated people can not find suitable jobs to be able to move back
- The cost for each municipality to tackle this can not be financed by the few left

- The negative is that this is due to some permanent geographical handicaps!
- The positive is that there are things to do, however needing external support!

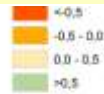
# Three perspectives of the challenge.

1. The overall **declining municipalities**, except for urban (still mostly rural)
2. The **decrease in working places** due to *f ex rationalization, no generation shift*
3. The **increasing dependency**; fewer have to feed more in need of social service *and by so giving*:
  - Decreasing income for the municipalities while the cost/capita is rising
  - Increasing labor competition need from public sector towards industry

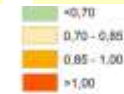
1. Population change/year % →2030



2. Employment growth/year % →2030



3. Dependency ratio 2030



Zero-base scenario

Source: WSP Sverige AB

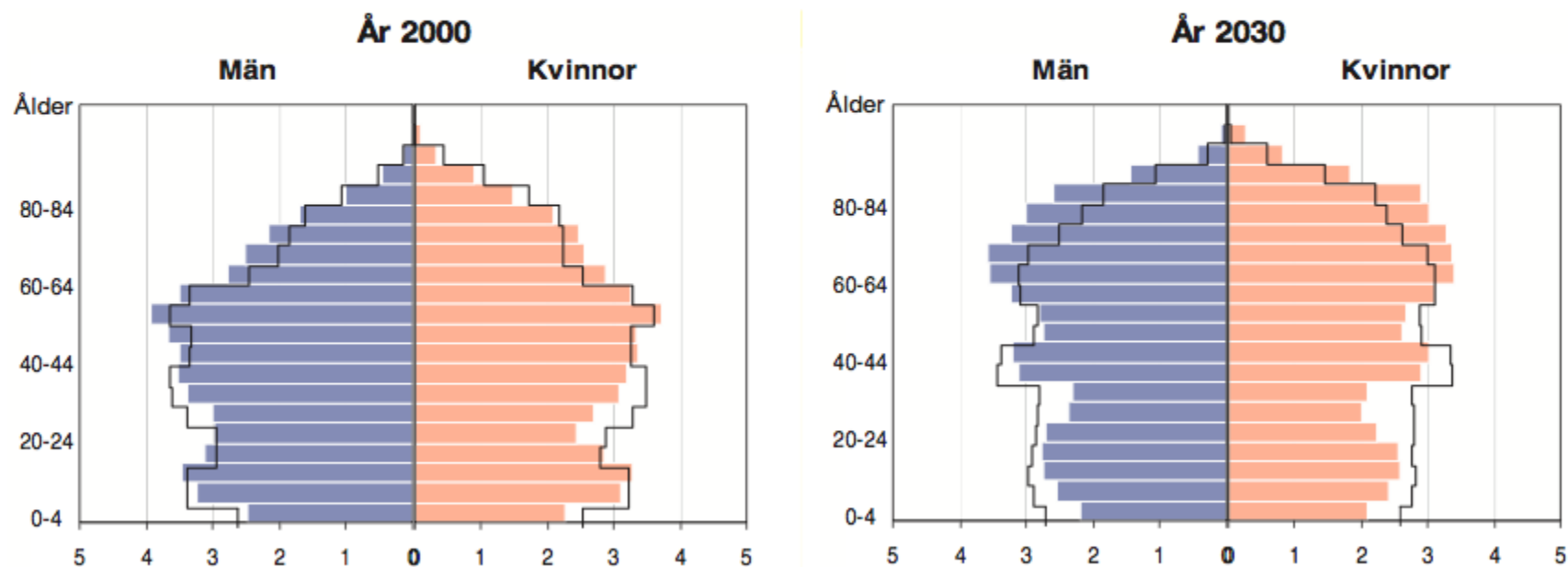
# Declining, ageing & male dominated future?!

## County of Norrbotten (Northernmost county of Sweden)

Population % share age-groups; Men / Women, Year 2000 and 2030

Staples = County of Norrbotten

Lines = Average for Sweden

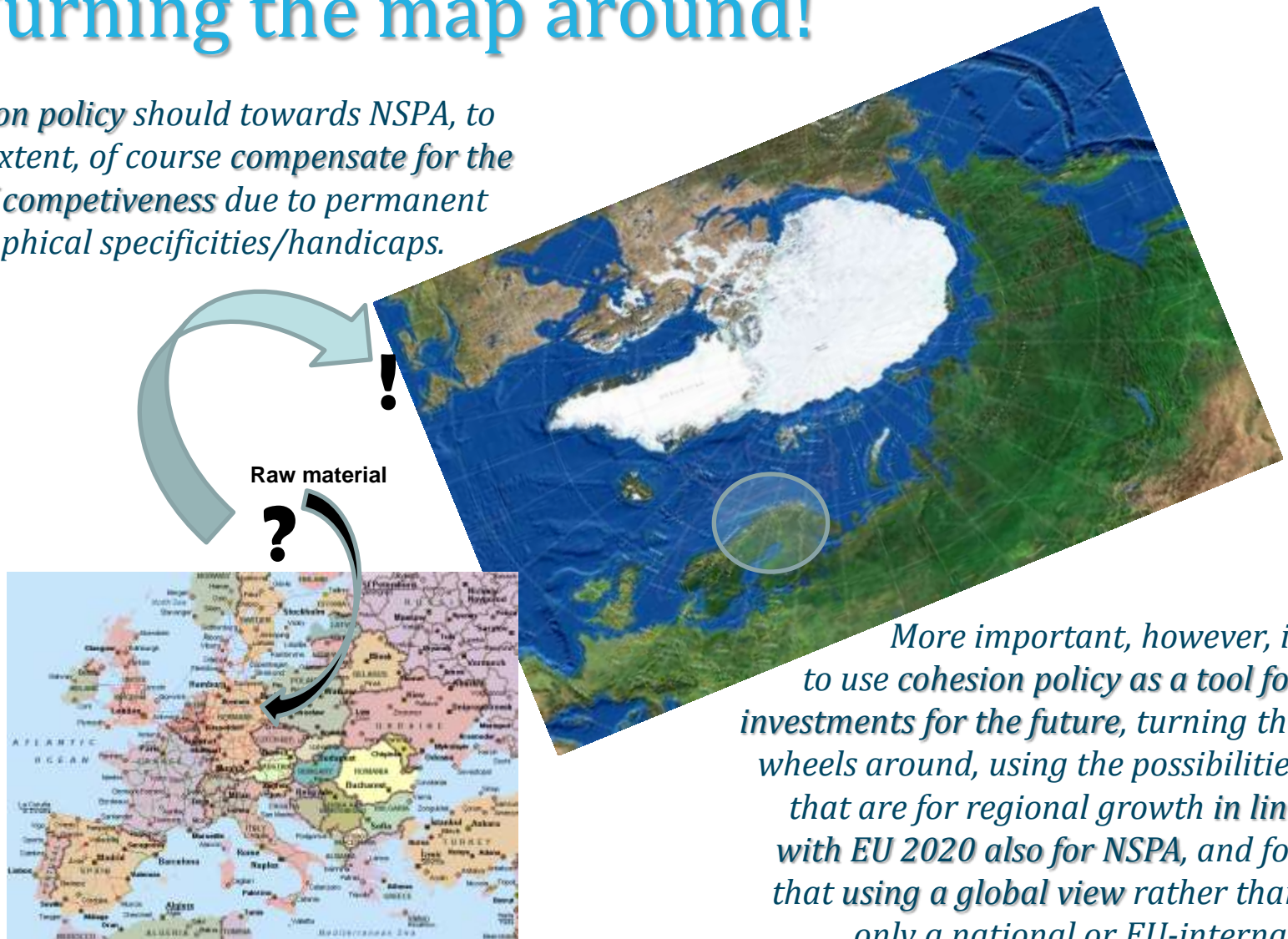


*"If policymakers do not intervene net outmigration will most likely continue until many regions are effectively abandoned, in terms of 'normal' civil societies"*

Nordregio working paper 2011:9

# Turning the map around!

*Cohesion policy should towards NSPA, to some extent, of course compensate for the lack of competitiveness due to permanent geographical specificities/handicaps.*



*More important, however, is to use cohesion policy as a tool for investments for the future, turning the wheels around, using the possibilities that are for regional growth in line with EU 2020 also for NSPA, and for that using a global view rather than only a national or EU-internal.*

# Gold rush for Gold curse?!

→ Being *rich in natural resources*, such as within NSPA having 88% of EU:s iron oar, is *not the same as being a rich society!*

- The companies exploiting the resources is there for their owners revenue. As NSPA is remote areas with few people it is not possible to get local capital for big investments and therefore the revenue in main part also goes somewhere else.
- The raw material industry can be like oil platforms: The workers is shipped out to work and then shipped back **not really giving sustainable growth to the local community**, still needed for the daily service in the area, as it in the same time destroys the natural beauty for example possible tourism.
- Mining and forestry is high-tech today, needing lot of workers setting the facilities up, then heavy rationalized when up and running, creating **difficulties for the local society to keep up with those ups and downs**, especially municipalities with maybe only 0,7% inhabitants per square-km.
- The salaries paid in the industry is often high and by so making it **difficult to compete for other sectors in the area**, lowering the possibilities for a differentiated and vivid labor market, not least also closing possibilities for women, as raw material industry is still much a branch for men.
- Raw material dependence means also to be **dependent on macro economical changes** and conjuncture cycles of booming and closing.

→ It is crucial for NSPA to address these issues and in one sense do *EU have a responsibility* as big amounts of the raw material is set for the European markets and European interests, by so also as a common obligation I return *make local revenue and development possible*.



# Unleashing the regional EU-2020 potential.

## **Cohesion policy as injection for using the obstacles in an innovative way**

- Arvidsjaur: The center of the car industry winter testing
  - Rovaniemi: The home of Santa Claus
  - Jukkasjärvi: The starting point for the Ice Hotel
- Luleå: The first site outside US for gigantic servers for Facebook
- Haparanda: The first IKEA north of Polar circle, reaching 5,5 million Barents people
  - Developing E-health and other tools is also know-how export possibilities

## **Cohesion policy as help in transition out of being pragmatic**

- The city of Kiruna is on top of new mining possibilities, so the whole city will be moved
  - Not all villages can grow, but some can if accepting structured partly decline
  - Mining is mainly male business, in Pajala mine the goal is set for 40% females
- If lack of people, make people from abroad come and live, getting job in mines and forest
- If we are few people here, then let us work together with the whole NSPA-region and neighbors

## **Cohesion policy as partner for expanding clusters of smart specialization**

- Upgrade broadband to connect rural IT-companies and spread-out clusters to academy and the world
  - If functioning infrastructure, also small cities can be motors for surrounding regions
  - Work strategically with the knowledge in base industry for entrepreneurial growth
- Use the huge natural areas as spots for climate research, space center, wind parks and niche tourism

# Commission proposal cohesion fund.

## NSPA pointed out getting an extra allocation

→ however **decreased with approx. 40%** compared to today's allocation, in contradiction to what is stated as main objectives for cohesion policy = incorporating EU regions with permanent handicaps such as sparsely populated areas plus the processes on its way in NSPA towards EU 2020 with help of the cohesion fund (*should at least keep the level*).

## The thematic concentration in general suited for NSPA

- however **to narrowed for infrastructure and ICT/broadband** investment in remote areas with costly distances within and to markets (is not covered by CEF).
- **Unclear how flexible in reality, making integrated program** including ESF, ERDF and Horizon = extra allocations should be more open *for addressing interventions towards geographical areas specificities*, such as remoteness, demography and lack of critical mass.
  - Stronger focus on results is good, but **risk for projects that focuses on short-sighted measurable goals** rather than long-term regional development.

## Welcoming the increase in territorial cooperation

→ **NSPA need to cooperate over borders**, as Haparanda(SE)-Tornio(FI) forming one municipality in two countries, and to have possibilities to work with all of EU, and *not least the neighboring countries that is also part of the Barents/NSPA/Northern Dimension (Norway/Russia) as a common market and as partners working together solving common challenges.*

# Legal aspects of extra allocation/treatment.

## Article 174 of the Treaty

- Puts forward a policy and by so also funding **for regions with permanent natural or demographic handicaps**, where-off sparsely populated areas is pointed out in the article.
- It is however a **broad definition** that have to be more specified to be functional in also allocating extra resources on an EU-level, not only nation-wise, as the commission have done for the sparsely populated areas, pointing out **very sparsely populated areas** (less than 8 inhabitant per square km) for the extra allocation.

## Article 111 in the general cohesion regulation and article 10 for ERDF

- **Confirming the article 174** and the need for at national level to define and distribute funds with special notice of areas with **severe and permanent natural or demographic handicaps**.

## Protocol 6 of the Accession Treaty for Sweden, Finland and Austria

- When Sweden and Finland joined EU, the **NSPA was acknowledged as special areas that need extra treatment** out of extreme geographical specificities being an own category (Very Sparsely Populated defined as less than 8 inhabitants/sq.km); therefore also given extra allocation in the cohesion proposal (*however unfortunately substantially decreased*).



*Strong, Specific and Promising*

