

## Northern Sparsely Populated Areas' (NSPA) position and response the European Commission's consultation on the *Right to Stay Strategy*

*The Northern Sparsely Populated Areas network, NSPA, represents the interests of the four northernmost regions of Sweden (Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland), the seven eastern and northernmost regions of Finland (Central Ostrobothnia, Kainuu, Lapland, North Karelia, Northern Ostrobothnia, Pohjois-Savo and South Savo), as well as the three northernmost regions of Norway (Nordland, Troms, Finnmark).*

### Empowering all regions to navigate transitions and shape their future

The European Commission's initiative to develop a Right to Stay Strategy represents an important step towards addressing the demographic and structural challenges facing many regions across Europe. By emphasising that people should have the opportunity to live, work and build their future in the place they choose, the initiative reinforces the importance of territorial, economic and social cohesion as foundations for regional competitiveness, resilience and long-term prosperity.

The NSPA believes that the Right to Stay should be understood as more than a strategy to prevent outmigration. It should create the conditions for people and businesses to choose to stay, return or relocate, while enabling regions to navigate transitions, build capacity and unlock their development potential. Achieving this requires a long-term, place-based European approach that connects competitiveness, cohesion, connectivity, skills, innovation and resilience. Success depends on a combination of measures tailored to regional and local circumstances and better coherence across policy areas.

### The NSPA context: challenges and opportunities

The NSPA covers a vast European Arctic area marked by long distances, sparse populations and demographic pressures. These structural conditions manifest in limited critical mass, ageing populations, labour shortages, infrastructure gaps and uneven access to services, all of which affect long-term attractiveness and development opportunities.

At the same time, the NSPA holds significant potential and already plays a strategic role in Europe's competitiveness, green transition, security and strategic autonomy. Through its natural resources, renewable energy potential, knowledge assets, ongoing industrial transformation and strategic location at the EU's northern and eastern border, the region contributes substantially to Europe's future prosperity and resilience.

The OECD 2025 report *Navigating Transition in European Arctic Regions: Lessons from 14 NSPA Regions* highlights key challenges and opportunities for strengthening regional capacity and multi-level governance. Its main findings include:

- **Demography:** Shrinking and ageing populations increase pressure on local services and reduce the tax base.
- **Competitiveness:** Sustainable growth requires stronger entrepreneurship, innovation and the uptake of digital and green technologies. SMEs need stronger links to innovation systems.
- **Infrastructure and connectivity:** Weak transport and digital infrastructure constrain economic development and quality of life.
- **Green transition:** The NSPA is a leader in renewable energy and holds significant potential in the green transition, which must be fair, inclusive and socially sustainable.
- **Governance and cooperation:** Stronger cooperation across policy levels is needed, while smaller actors require support to build capacity for managing complex transitions.

To navigate these challenges and opportunities, Cohesion Policy remains instrumental for development across the NSPA. The specific NSPA allocation in the EU Cohesion Policy established through the accession treaties of Sweden and Finland is essential in helping regions overcome the constraints associated with sparse populations and long distances while strengthening their capacity for sustainable growth and development.

### **Attractive, innovative and resilient regions**

Putting the Right to Stay into practice begins with supporting regions in creating attractive and viable places to live, work and invest. For the NSPA, this means building on regional strengths and untapped potential – such as natural resources, renewable energy and knowledge assets – while addressing structural barriers to development.

While the NSPA produces significant economic value, most of that value does not stay in the region. Strengthening the links between value creation and regional reinvestment is therefore important for ensuring that growth contributes to attractive and resilient communities. The NSPA's long-term competitiveness depends on innovation, entrepreneurship and economic renewal. The NSPA needs stronger innovation ecosystems, higher value-added production and more knowledge-intensive activities capable of attracting investment, talent and new business opportunities. A sustainable development also depends on diversified regional economies that offer a broad range of employment opportunities and are more resilient to fluctuations in raw material prices, technological shifts and other economic shocks.

Innovation systems in the NSPA operate under different conditions than those in more densely populated areas and therefore require adapted policy instruments. Existing provisions for sparsely populated areas within the State aid framework remain essential for enabling these regions to compete on more equal terms within the Single Market. Moreover, several measures proposed under the EU Strategy for Eastern Border Regions are relevant for the NSPA as a whole, including dedicated financing platforms, simplified support mechanisms for small businesses and support for cluster development.

Long-term development also requires building smart communities and strengthening the capacity of smaller actors. Improved cooperation across distances and borders, participation in collaborative networks, and the use of digital and distance-independent solutions can help maintain welfare services and make more efficient use of limited resources. In a cross-border context, access to services, labour mobility and skills sharing are particularly important for smaller and more isolated communities.

### **Skills, labour markets and demographic renewal**

The NSPA welcomes the Commission's recognition of demographic decline, youth outmigration and workforce shortages as major regional challenges but underlines that effective responses require a broad understanding of local labour market dynamics.

NSPA regions face severe demographic pressures that weaken labour markets, reduce the tax base and strain municipal finances, creating a negative cycle in which declining service provision reduces attractiveness for residents, workers and investors. NSPA regions require workers across all sectors and qualification levels. Industrial transformation, green transition investments and the provision of public services all depend on access to a sufficient workforce. The Right to Stay Strategy should therefore address the broader risk of human capital loss and recognise that retaining and attracting people of diverse backgrounds is essential for sustainable development. Long-term resilience cannot rely solely on fly-in fly-out labour models, which contribute little to local communities and do not support demographic renewal.

At the same time, conditions vary significantly across the NSPA. While some municipalities struggle to maintain the population base necessary to sustain essential services, others face major industrial investments that generate labour demand far beyond current supply. Both situations challenge long-term community viability and require tailored policy responses. Stronger links between education systems and regional labour market needs, continued support for trainee programmes and local talent ecosystems, and effective migration policies that facilitate the attraction and integration of workers are therefore essential components of a successful Right to Stay Strategy.

### **Connectivity and infrastructure**

For the NSPA, connectivity is a prerequisite for economic development, territorial cohesion and long-term resilience. Despite structural challenges related to long distances, fragmented infrastructure and harsh climatic conditions, the NSPA has become increasingly important for Europe's green transition, industrial resilience and strategic autonomy.

Investments in transport, energy and digital infrastructure are therefore essential for enabling industrial development, attracting workforce and sustaining resilient communities. Priority should be given to east-west and cross-border transport connections, beside the main core corridor network that connect NSPA to continental Europe, and energy infrastructure supporting electrification and industrial transformation. For remote and scattered societies broadband roll-out and secure digital infrastructure, as well as Airport infrastructure and connections need also to be put into the core context of possibilities for people to stay and live and create businesses in these regions.

These investments should strengthen both economic development and strategic resilience. The NSPA must not be viewed merely as a resource base, but as a living region where communities, businesses and Indigenous peoples have long-term opportunities to thrive.

### **Recognising local realities to shape effective solutions**

Effective policy measures require an understanding of local realities. Aggregated indicators often conceal the challenges facing vast regions, where national welfare systems or large industrial investments can mask underlying demographic decline, limited critical mass and difficulties in maintaining essential services. It entails both a need of attractive societies that deliver possibilities to stay and move to, but also in many case to build strategies for so called "smart shrinking" in the meaning of finding new smart ways to deliver services and for the local needs in remote small communities with over time relatively less resources and people.

Furthermore, many small organisations and municipalities in the NSPA lack the administrative capacity needed to navigate complex EU funding programmes. Simplification and tailored measures are therefore not merely technical issues but prerequisites for equal participation and effective implementation, supported by EU Cohesion Policy and building ties to EU's other support instruments for all parts of the EU to be able to release their potentials to the gain of all EU. Locally targeted initiatives such as LEADER in the rural policy and integrated with EU's other capacity building tools for regional and urban development via local regional and sub-regional strategies led by engaged stakeholders should be put in this context of actions for the right to stay, while, at the same time, addressing the uneven distribution of resources, so that rural people can have access to services and welfare without also be needing to pay and make it all themselves to have it.

Ensuring that regional development measures effectively respond to local needs requires both simplified implementation and a stronger evidence base. Through initiatives such as the OECD NSPA study and the Granular project that aim to deliver better data on rural and sparsely populated areas, the NSPA has actively contributed to improving knowledge and understanding of sparsely populated regions and strengthening the evidence base for place-based policymaking.

NSPA Steering Committee  
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## Conclusion

The NSPA Network welcomes the European Commission's ambition to strengthen the right to stay and address growing territorial disparities across Europe.

The Right to Stay is inseparable from competitiveness, resilience, security and cohesion. As the EU pursues the green transition, strengthens its industrial base and enhances its strategic autonomy, the role of regions such as the NSPA becomes increasingly important. The NSPA already contributes significantly to these objectives through its natural resources, renewable energy potential, industrial transformation and strategic location. Supporting thriving and populated communities across the European Arctic is therefore not only a regional concern, but also a matter of European resilience and security.

A successful Right to Stay Strategy should:

- Be long-term, place-based and integrated, connecting competitiveness, cohesion, connectivity, skills, innovation and resilience.
- Build on Cohesion Policy, multi-level governance and regional development capacity.
- Support regions in managing transitions through tailored and locally driven solutions.
- Strengthen the conditions for people and businesses to stay, return and invest by improving attractiveness, connectivity and access to opportunities.
- Strengthen the synergies between place-based regional capacity building tools and other instruments that aim to deliver innovation, competitiveness and security in all of the EU.

The NSPA Network stands ready to deepen the dialogue with the European Commission and contribute to a strategy that ensures every region can both benefit from and contribute to Europe's future prosperity, resilience and competitiveness.

*Adopted by the NSPA Steering Committee 10 June 2026*

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