NSPA Steering Committee
30 October 2026

NSPA
Northern Sparsely Populated Areas

Northern Sparsely Populated Areas' (NSPA) position ahead of the interinstitutional negotiations on the MFF 2028-2034

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

The NSPA cover a vast European Arctic territory characterised by long distances, sparse populations and declining population. There are other sparsely populated areas in Europe, but the scale of NSPA – in remoteness and sparsity adds another dimension to the phenomenon. The EU defines very sparsely populated areas as regions with less than 12,5 inhabitants per km2; NSPA have about 5 inhabitants per km2. These permanent structural conditions create challenges related to labour supply, accessibility, service provision and long-term attractiveness.

At the same time, the NSPA plays an increasingly important role in Europe's competitiveness, green transition, security and strategic autonomy through its natural resources, renewable energy potential, strategic industries and geographic location in the European Arctic.

Cohesion policy has been instrumental in helping the region address these challenges while unlocking its development potential. As negotiations on the future MFF and National and Regional Partnership Plans (NRPP) progress, the NSPA seeks to contribute with constructive perspectives on how the future framework better can support both regional development and the EU's broader strategic objectives.

The NSPA network has previously set out its views in February 2025 ahead of the Commission's MFF proposal and in October 2025 in response to the proposal. Since then, negotiations have advanced considerably. The European Parliament has adopted its position on the MFF, draft positions on the NRPP and other sectoral legislations. Under the Cypriot and Irish presidencies, the Council has adopted a partial general approach on the NRPP and presented two Negotiating Boxes including specific figures.

The NSPA's ambition is to bring regional perspectives and practical experience to the negotiations, helping to shape smart and effective plans that can deliver on regional, national and EU goals.

Key messages:

- **Reinstate the NSPA allocation** and recognise its importance for the development of Europe's Arctic territories.
- **Strengthen the territorial dimension of EU governance** by ensuring that regional challenges and opportunities are reflected in the NRPP.
- **Deliver reforms and investments grounded in territorial realities** by designing measures in partnership with regional authorities, based on territorial evidence.
- **Effective plans require regions as genuine partners** in the design, implementation and monitoring of the NRPP.
- **Ensuring smart specialisation remains a strategy for regional competitiveness** through regional chapters

- **Guarantee predictable funding for all regions** through strong territorial safeguards and mandatory safety nets.
- **Strengthening regional capacity for effective delivery** by making use of the Technical Assistance and EU Facility
- **Results-based financing that rewards ambition, innovation and long-term development** by by reinstating the N+3 rule.

1. Reinstate the NSPA allocation and support a thriving and resilient European Arctic

The NSPA, like the Swedish and Finnish governments, is critical of the absence of a dedicated additional allocation for the NSPA in the Commission proposal. The NSPA therefore calls for the reinstatement of the allocation, in line with Article 2 of Protocol No. 6 to the 1994 Act of Accession for Sweden and Finland, and welcomes the proposal from the Parliaments NRPP rapporteurs to do so.

The NSPA calls on the Council to align with the Parliament's position during the interinstitutional negotiations. Preserving and strengthening the NSPA allocation is essential to ensure that the commitments made to the northernmost regions are honoured and that the EU retains the capacity to invest in the development of its own Arctic territories.

The NSPA allocation is not merely a budgetary question. It is a long-standing component of cohesion policy since Sweden and Finland joined the EU and a strategic investment in the EU's own Arctic territories. It enables investments in the long-term livelihood of communities that contribute directly to European prosperity and security. Supporting thriving and populated communities in the NSPA is not only a regional concern, but also a matter of European resilience and security.

As stated in the newly adopted EU Arctic Strategy, what happens in the Arctic directly affects Europe's climate, environment, security, connectivity, resources and economic resilience. The EU's ambition to work with people living in the Arctic and address the strategic vulnerabilities in the Arctic communities to ensure that Arctic resources and opportunities contribute to the prosperity of both the region and Europe as a whole, must therefore be matched by dedicated territorial funding. Reinstating the NSPA allocation would provide a concrete link between the EU's Arctic objectives and the resources needed to deliver them.

2. Strengthen the territorial dimension of EU governance

The NSPA supports stronger coordination between cohesion policy and the European Semester. However, the Country Specific Recommendations primarily focus on challenges and reforms at national level and do not always capture territorial disparities or region-specific development opportunities.

The NRPPs should therefore be based also on the broader Country Specific Reports and other relevant evidence sources. For the NSPA, it is crucial that geographically large countries such as Sweden and Finland are not viewed through a single national lens. Territorial realities differ significantly across and within regions, meaning that challenges, opportunities and policy responses cannot be assumed to be the same everywhere. A stronger territorial evidence base will help ensure that investments and reforms support both EU-wide priorities, national and regional development needs.

The NSPA highlights in particular the value of the 2025 OECD study on the NSPA, which provides detailed analysis of the demographic, economic and geographic realities facing northern regions and provides policy recommendations to regional, national and EU level to help address these challenges and opportunities.

3. Reforms and investments grounded in territorial realities

The NSPA supports the ambition to strengthen the connection between reforms and investments. Investments alone cannot address structural barriers to development, and reforms alone cannot generate growth without the resources needed for implementation. However, for the new framework to be fit for purpose, reforms must not be designed through a purely top-down process.

Many of the barriers affecting competitiveness, labour market performance, demographic development and service provision are territorial in nature and require solutions adapted to regional circumstances. However, due to constitutional arrangements in Sweden and Finland, legislative reforms are proposed by the national level. Therefore, for NRPP reforms to complement investments and support competitiveness, resilience and cohesion in all territories, the NSPA calls for reforms to be developed in close dialogue with regional authorities and informed by both national and territorial evidence. A genuine partnership approach will ensure that reforms are realistic, implementable and capable of delivering lasting results.

4. Effective plans require regions as genuine partners

The NRPP proposal offers important opportunities to improve coordination between European, national and regional policies. However, this potential will not be realised unless regions are recognised as genuine partners throughout the entire policy cycle. The NSPA therefore welcomes the calls from the co-legislators to safeguard the role of the regions but warns that additional safeguards must be in place to guarantee genuine partnership.

Finnish and Swedish regions are not merely stakeholders. Despite not having regional managing authorities, the regional authorities coordinate development strategies, mobilise public and private entities, co-finance investments and possess detailed knowledge of territorial needs and opportunities. Their active participation is therefore essential for ensuring that measures respond to local realities and contribute effectively to European objectives. This is also echoed in the EU Arctic Strategy which states that EU's presence in the Arctic is carried at local level and that the EU will work with local players, including regional representatives, making sure that EU action benefits people in the Arctic and aligns with their own vision for their home.

5. Smart specialisation, an important strategy for regional competitiveness

The NSPA welcomes signals from the co-legislators regarding the continued role of Smart Specialisation Strategies (S3). Europe's competitiveness depends on its ability to mobilise the strengths of all regions and S3 have proven successful in identifying regional competitive advantages, supporting innovation ecosystems and strengthening collaboration between industry, academia and public authorities.

For S3 to remain effective, regions must play a meaningful role in shaping and implementing the NRPP. If plans are developed through a centralised approach with sectoral chapters, S3 risks becoming a tick-box exercise rather than a strategic tool for place-based development. Therefore, where constitutional arrangements allow, Member States should be required to include dedicated regional chapters in their plans. Such an approach would strengthen ownership, improve

implementation and better reflect Europe's territorial diversity. The regions should be acknowledged as co-creators to achieve EU objectives , translating them into action through place-based regional and sub-regional S3 strategies, supported by tailored cohesion funding.

For the NSPA, it is important that strategic investments in raw materials, clean energy, and digital infrastructure also strengthen regional value chains, refinement capacity, the participation of micro-enterprises, SMEs, research and innovation, and skills. S3 should guide how these investments generate lasting regional benefits, while respecting environmental standards and the rights of Indigenous Peoples.

6. Predictable and guaranteed funding for all regions

To unlock regional growth potential and enable effective long-term planning, all regions must have access to predictable and guaranteed funding.

The NSPA therefore calls for making the Commission's proposed safety nets for transition and more developed regions mandatory in the final legislative framework.

Stronger territorial safeguards are necessary to provide regional and local actors with the certainty required to mobilise investments and deliver on European priorities. In regions such as the NSPA, where multiple transitions are taking place simultaneously, including demographic change, industrial transformation, climate adaptation and increased security requirements, long-term and predictable funding is essential to implement measures tackling challenges and unlocking development potential.

7. Strengthening regional capacity for effective delivery

The success of the future NRPP will depend not only on financial resources, but also on the administrative and strategic capacity of regional and local actors. Given the NSPA's extreme sparsity, limited critical mass and small isolated local entities, this is particularly important. The region's long-term development relies on building smart communities and strengthening the capacity of smaller local actors. This is essential for enabling cooperation across distances and borders, increasing participation in European collaborative networks, and unlocking development potential.

The NSPA therefore calls for the Technical Assistance support and the EU Facility to be made more accessible and relevant for regional and local authorities, including through support for strategic planning, policy design, platform building to lower thresholds for beneficiaries with small own resources and capacity, overall implementation capacity and interregional cooperation. The future framework should ensure that dedicated resources are available to strengthen regional capacities necessary for the effective preparation and delivery of the NRPP.

8. Results-based financing that rewards ambition, innovation and long-term development

The NSPA supports the ambition for simpler and more results-based financing. However, a stronger focus on results should not lead to a focus on the easiest achievable outcomes. While measurable results are important, complex challenges often require long-term investments, experimentation and innovation, where outcomes cannot always be guaranteed from the outset.

In regions such as the NSPA, investments through EU structural funds aim to address long-term challenges linked to demographic change, skills shortages, accessibility, innovation capacity and industrial transformation. The NSPA therefore sees a risk that overly rigid performance

measurements may favour low-risk projects with easily measurable outputs, while discouraging initiatives that tackle more complex challenges. The NRPP must continue to create space for innovation and transformation, including projects where the risks may be higher, but where the potential benefits are significant and where measurable results may only become visible over time.

In this regard, the NSPA considers the proposed 10-month decommitment period highly unrealistic given the time required to establish programmes, mobilise partnerships and deliver high-quality projects. A shorter timeframe risks encouraging a stakeholder "run for the money" perception of quick spending rather than a system-approach for strategic investments with lasting impact. The NSPA therefore welcomes the European Parliament's proposal to reinstate the N+3 rule and calls on the Council to align with this position. A smart EU budget should reward quality and long-term results, not simply the speed of expenditure.

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