

Northern Sparsely Populated Areas' (NSPA) initial views on the EU's proposal for an overall EU fund under shared management

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).

Strong Communities, Stronger Europe

The EU's cohesion policy is more than an investment tool, it is a cornerstone for resilient and thriving communities across Europe. In the context of the NSPA regions, this dual role has become increasingly evident. Positioned as the EU's eastern and northern frontier in the European Arctic, the NSPA is important not only for the EU's green industrial transition and access to critical raw materials, but also from a security perspective. By enabling people to live, work, and innovate in the northern sparsely populated areas, cohesion policy strengthens local communities while contributing to Europe's wider geopolitical and economic stability. The NSPA therefore calls for a strong, modernized cohesion policy that remains true to its core principles, ensuring that EU funding truly makes a difference on the ground.

- **The NSPA welcomes** the efforts to improve coordination between different funds and the proposal for a common regulatory framework, but is **deeply concerned** about the proposal to establish one plan per country. The NSPA sees a clear risk that this will mean a limitation of local and regional influence and a displacement of necessary financing for regional development, in favour of short-term national political goals that fail to consider regional and intra-regional differences.
- **The NSPA**, like the Swedish and Finnish governments, **is critical** of the lack of earmarked funds for the Northern Sparsely Populated Areas (NSPA), and calls for its reinstatement in line with Article 2 of Protocol No 6 to the 1994 Act of Accession for Sweden and Finland, adjusted for inflation. The NSPA stresses the importance of these funds to address specific challenges such as sparse population, long distances to major markets, small local tax bases, and limited financial resources. The NSPA's strategic location in the European Arctic – serving as the EU's eastern and northern frontline and forming part of a globally significant border region – combined with the region's valuable assets for the EU's strategic autonomy and green industrial transition, makes the livelihood of communities in Europe's periphery a critical concern for the entire Union and essential for maintaining the Arctic as a low-tension area.
- **The NSPA is concerned** that a significant share of funding under the national and regional plans lacks regional allocation criteria and that the overall distribution model do not account for different territorial needs. Ensuring that regions with specific challenges have the appropriate tools and resources is essential. Regional pre-allocation and territorial distribution mechanisms are therefore necessary to prevent regions from having to compete against each other for resources – a situation that would allow already strong regions to secure the majority of funding at the expense of more vulnerable areas. No region should be

left behind, as failing to do so would contradict the Treaty objectives of cohesion policy and undermine the single market.

- **The NSPA believes** that regional chapters in the national and regional plans should be mandatory. With only sectoral chapters, the core principles of cohesion policy – a place-based approach, the partnership principle, and multi-level governance – risk being lost. The NSPA also **calls for** stronger guarantees for genuine implementation of the partnerships, so that measures are effective and can meet regional and local challenges. This should be done through tripartite partnerships, where the regional level is included alongside the national and EU levels, rather than the national level engaging separately with the regions and with the EU.
- **The NSPA supports** the ambition for simpler and more results-based financing, but at the same time wants to emphasize the importance of not disadvantaging small actors and innovative projects. For these, a simplified procedure may be necessary, with a focus on outcomes rather than strictly performance-based measures. It is also important that there are opportunities for alternative forms of financing that take into account local conditions, such as cost levels in sparsely populated areas.
- **The NSPA insists** on maintaining a long-term approach to addressing structural challenges. By investing in capacity building and strengthening innovation ecosystems, cohesion policy helps businesses and communities become more resilient and adaptable to future crises. In doing so, it serves as a dual-use tool that reinforces both EU security and competitiveness. To safeguard the long-term objectives of regional development, regional and local authorities must be actively involved when redirecting funds to manage exceptional or unforeseen situations, in line with the partnership principle. Furthermore, the NSPA **considers** the proposed 10-month decommitment period highly unfeasible, given the time required to operationalize programs and implement high-quality projects.
- **The NSPA stresses that** competitiveness is best achieved through a bottom-up perspective, where local communities can build on their strengths and invest in long-term capacity building, innovation, and renewal, in line with the EU's overall competitiveness priorities. Regional smart specialization strategies (S3) should continue to be a central tool to ensure effective measures that capitalize on the regions' comparative advantages and support capacity building to unlock development potential. Furthermore, the NSPA **calls for** flexibility in choosing between the specific objectives set out in Article 3. Given a constrained EU budget, it is unrealistic to expect regions to do more with less. Objectives should be prioritized based on regional need and EU added value to ensure measures achieve the greatest impact.
- **The NSPA recommends** a more active use of territorial tools such as CLLD and ITI, both in urban and rural areas, as well as in the connections between them. The common regulatory framework for the European Regional Development Fund, the European Social Fund+, and the Common Agricultural Policy creates improved opportunities for this. At the same time, the NSPA **is critical** of the wording in the CAP regulation, where LEADER is limited to agriculture-related measures. LEADER should be applicable in a much broader sense to address the complex needs that exist in various local and regional contexts.

- **The NSPA supports** the ambition for reforms to complement investments. To effectively address structural barriers to growth and development, reforms must be designed with consideration for local and regional conditions. The NSPA emphasizes the importance of close dialogue with local and regional levels and highlights regional smart specialization strategies as well as the 2025 OECD study of the NSPA regions as relevant foundations for policy design.
- **The NSPA emphasizes** that cohesion policy provides strength and incentives for NSPA regions to continue developing for the benefit of the entire EU. EU support has been crucial in developing the regions' economic structure, strengthening local communities, and increasing innovation capacity, while also contributing to support EU's common priorities. An implementation of the EU's cohesion policy similar to the Recovery and Resilience Facility would risk missing the potential that exists at the local and regional level.
- **The NSPA strongly believes** that from a democratic perspective, and for the EU's long-term legitimacy, it is of utmost importance that local and regional levels continue to be among the main actors in the shaping of cohesion policy. The current system is not without flaws, but it constitutes a cornerstone that brings the EU closer to its citizens. It also ensures that local and regional actors are not only implementers of EU policy, but also co-creators, actively engaged in shaping and legitimizing the European project.

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NSPA Steering Committee:

Jonas Andersson, Jämtland Härjedalen, Sweden; *CHAIR*

Isak Utsi, Norrbotten, Sweden

Rickard Carstedt, Västerbotten, Sweden

Jonny Lundin, Västernorrland, Sweden

Marianne Dobak Kvensjø, Nordland, Norway

Heidi Holmgren, Finnmark, Norway

Katja Sukuvaara, Kainuu, Finland

Jyrki Kaiponen, Central Ostrobothnia, Finland

Timo Ollila, Pohjois-Savo, Finland

Merja Olenius, South Savo, Finland

Contacts:

Mikael Janson, North Sweden European Office: mikael.janson@northsweden.eu

Nils Kristian Sørheim Nilsen, North Norway European Office: nils@northnorway.org

Kari Aalto, East and North Finland EU Office: kari.aalto@eastnorth.fi