



Northern Sparsely Populated Areas (NSPA) Forum 21-22 May 2012, Oulu, Finland

Tytti Tuppurainen, Member of the Finnish Parliament, Vice Chairwoman, Board of the Oulu Regional Council

Ms. Tuppurainen started by noting that there are three points she would like to make in her opening remarks:

1. **First, to thank the NSPA** for all the work done for the special allocation. Ms. Tuppurainen expressed that nobody could have foreseen the results that are at hand today: it would have been very courageous to say that it is possible to maintain the current level. There are 160 regions in Europe which are poorer than the poorest Finnish region, and it is clear that the Cohesion policy must address these regions. The European Commission proposed only 20 eur/person/year, which was a serious reduction compared to the previous programming period. In Ms. Tuppurainen's view, one should be really happy with the 30 euros that was reached. She pointed out that some have been saying that the Swedes were not as keen to promote the special allocation for NSPA... in the Northern part of Europe people have hard jobs; they have to not only convince the people in Brussels, but also in the national governments. This seems to have been the case in Sweden.
2. **What for?** Ms. Tuppurainen stated that it is important to keep in mind what the NSPA is all about: sparse population, harsh climate, long distances.. And yet, the NSPA region is a region with most capabilities. In Ms. Tuppurainen's view, there are four important points:
 1. The energy market is a key aspect. Ms. Tuppurainen pointed out that there will be demand for traditional energy resources as well and there is a need for renewable. Biomass, wind... even solar, which is less developed here.
 2. Raw materials. Despite the hard financial times, Ms. Tuppurainen requested for optimism. The global growth will continue sooner or later and the north can supply raw materials to the European market.
 3. Expertise and R&D: in the city of Oulu for example there is a lot of expertise with many centers of world scale R&D. That is a huge asset.
 4. Geographical location: Barents Sea provides a huge potential, and the connection to Russia. The proximity of Russia provides for a huge unleashed potential. This is why the special allocation was reached and this is why the European Commission believes that it is important. The European Parliament still needs to give its blessing.
3. **What now?** Ms. Tuppurainen emphasized the important of meeting the demanding problems. She said that in her view, the most important problem is unemployment. Political action is needed. This is why we there is the European Social Fund. Ms. Tuppurainen expressed her wish that it would be used for solving the problem of the youth unemployment. But also local actions are needed. The special allocation was earned for special reasons and now it is time to demonstrate that it will be used efficiently. Coordinate actions are required. It is necessary to be smart in specialization,

and to concentrate. On a thematic level and otherwise. It will be necessary to find out what are the smart specialization issues for NSPA.

Kari Aalto, Director, East and North Finland EU Office

Mr. Aalto stressed the importance of constant contact with the regions. He presented the persons involved in the work of NSPA:

Politicians:

- Satu Vehreävesa
- Tytti Tuppurainen
- Odd Eriksen
- Erik Bergkvist
- Åsa Möller / Robert Uitto

Officials:

- Marthe Olsen
- Riitta Koskinen
- Niklas Gandal
- Helena Gidlöf
- North Finland (tbc)

At the forum, Niklas Gandal was replaced by Fredrik Gunnarsson. The nomination for North Finland is under discussion.

The representation of the NSPA in Brussels is coordinated by:

- East and North Finland EU Office: Kari Aalto
- Mid Sweden EU Office: Kerstin Brandelius-Johansson
- North Sweden EU Office: Mikael Janson
- North Norway European Office : Åsunn Lyngedal

Mr. Aalto noted that concerning the NSPA and future challenges, discussions is focused on the next programming period. The results of the negotiation are more or less finalized - now it is time to focus on the implementation. The focus should be not only in the special allocation, which is very important, but also in the territorial cooperation, which will be one of the topics of the day. It is becoming very important to show what the NSPA is doing with the resources it has received. This is specifically important when keeping in mind that the resources for the old Member States are decreasing. The NSPA cannot compete with who is the poorest but should compete with who is the best. The conditions in the NSPA areas are shared (distances to the market etc). Each region in the NSPA has managed to tackle the challenges in their own way, now it will be necessary to think what can be done together.

Axel Rød, European Commission

Mr. Rød stated his happiness about being involved with the issues of the north, being Norwegian. He noted that he is really familiar with the issue concerning population density and the other NSPA issues. He pointed out that he had been asked to talk about the territorial cooperation and macro strategies. He stressed that he would mainly focus on the macro regional strategies, that topic being his dossier at the European Commission. The macro regional strategies started to

become a topic in 2005-2006. The Parliament asked for a Baltic Sea strategy in 2006 and the strategy was introduced in 2009. The Baltic Sea strategy, involving 8 countries around the sea, has had very little of funding when it was introduced, due to the point of time in the programming period. The strategy brought no new regulations and it did not bring any new funding. It meant that it has been necessary to use the funding that was available from other sources. During the last years there have been some initial results, the 8 countries have agreed on certain issues. The macro strategy has been lined with the Europe 2020 strategy. The strategy has also been reviewed, with 17 so called priority areas. The Council has asked the Commission to evaluate the added value of the strategy, as well as the Danube strategy. There is a huge amount of work to be done, as there was no extra funding for the exercise. Yet, of course there is an added value for 8 countries collaborating. ESF and ERDF and the Rural Development Fund should take into account macro regional development. This puts pressure on the managing authorities and also the European Commission. Mr. Rød informed that as a result, he has to read a lot about the Operational Programmes, which normally would be out of his portfolio. Because of this, he must read the Programmes of Finland, Sweden, Poland... His job is to see that these countries will implement what has been stated in the macro regional strategy. Mr. Rød noted that territorial collaboration is often a bit "slippery". The most common defining line is that "some issues are difficult to tackle alone". Yet, sometimes it is necessary to acknowledge that some issues are best dealt with alone. But some issues must be dealt with together: issues such as energy, connectivity... These are issues that need cooperation. Mr. Rød referred to a conversation with a captain of an icebreaker at a meeting in Helsinki on the previous week: the discussion concerned the northwest passage and its limitations. Mr. Rød stated that this kind of topic is something where collaboration is necessary. Result orientation is the word used a lot in DG REGIO. One must ask: "what do we need to do this for and why?" The strategy is there to tell us, what we want to do. We have a region here, the NSPA region, with large distances, huge resources, highly educated, but with few people. This region is in a good position to be successful in the future. We can mobilize the resources. If we look at this region in a Scandinavian perspective, we see opportunities that would not be there, if we only look at things in a national context. Murmansk is very close to the Finnish part of the NSPA, and it is a fairly big city. If you look at things in isolation your picture will be different, but if you look at the neighboring regions together, the picture changes.

Janika Luukinen, Special Advisor, East and North Finland EU Office

Ms. Luukinen pointed out that Smart Specialisation is not something new: it was introduced by the European Commission already some time ago. It comes from the background of the Europe 2020 strategy. It is important to understand that innovation concerns all regions. Ms. Luukinen stressed the importance of understanding where the NSPA is standing on a European context and global context. The NSPA must identify what it needs to do, to be globally competitive.

Ms. Luukinen informed that the national/regional Research and Innovation Strategies for Smart Specialisation are a pre-condition for the exploitation of ERDF in 2014-2020. The purpose is to strengthen research, technological development and innovation and to enhance access to and use of quality of ICT. The aims include increasing effectiveness of EU's structural funds as well as public and private research and innovation investments and to improve synergies between EU, national and regional level operations. Ms. Luukinen noted that this requirement naturally does not oblige Norway. The countries receiving ERDF funding are requested to introduce smart specialization strategies. They must show what they will do with the funding they are getting. Yet, smart specialisation is not only an ex-ante conditionality. Without a question it is something that forces the Member States and regions to think about their place in the global field of

innovation ecosystems, but it also serves as an opportunity to go smartly after the different funds, also other than the Cohesion funds. Ms. Luukinen explained that it is important to think how the NSPA can benefit from these different funding instruments through smart specialization. The NSPA should build capacity and link all the possible mechanisms to suit their needs. Regional innovation strategies are also nothing new to the NSPA regions, but what is new is the “outward looking attitude”. The NSPA can compare itself to others and what they are doing, keeping the big picture in mind. Through smart specialization, regions are looking at innovation ecosystems, not only fragmented sectors or only technical, scientific excellence. They are also looking at social innovations. Smart specialization should not only look at trendy issues. Not every region can become the next Silicon Valley. It will be very useful for the NSPA to see how it will be possible to go about smart specialization together.

Ms. Luukinen presented possibilities for NSPA cooperation:

- Common specific challenges and characteristics: similarities in existing dominant industries and regional skills base → potential for diversification and knowledge spill-overs within related sectors → complementarities
- Specific knowledge sectors: common branding to obtain visibility and attract international investment
- Building critical mass via cooperation of which the NSPA regions already have a long tradition

Ms. Luukinen explained that the Smart Specialisation Platform has 121 registered regions. Norway has also one registered region. Many of the NSPA regions are registered. Ms. Luukinen referred to the following presentations and explained that they will demonstrate some examples of what is being done in the NSPA concerning smart specialization and that it will be possible to use these examples as potential ways to bring the NSPA together to face future challenges.

Mikko Väisänen, Manager for Research and Development, Council of Oulu Region

Mr. Väisänen started his presentation by providing some key figures about the Oulu region. He noted that the Oulu region, with its 37 000 square kilometers, is almost the size of the Netherlands. The city of Oulu has about 190 000 inhabitants. The Oulu region is nationally in the top league of R&D expenditure: in 2011 the expenditure was 4 279 €/inhabitants, whilst the national average was 1330 €/inhabitant. The total R&D investment in 2011 in the Oulu region was over 1 billion euros, the private sector input being over 80 percent.

The Oulu region has had 20 years of ICT success. In the few last years, the Oulu region has been driving for a stronger input and focus in other clusters and themes. One example is the Oulu Innovation alliance. It brings together research and companies, consisting of 5 centers which have own working practices and project portfolios. The OIA has created new knowledge and competence in the areas of expertise which are expected to be important in businesses in the future. Under the OIA, the following entities have been created:

- Centre for Energy and Environment (CEE), which brings together environment and energy businesses; researchers, developers and investors. CEE is a knowledge hub creating efficient connections between business expertise, top research; and investors and the R&D&I projects;

- PrintoCent: a business and production environment for companies to manufacture components, products and solutions based on Printed Intelligent processes. Around 180 professionals working in the PrintoCent community;
- Center for Internet Excellence (CIE): a research and innovation unit at the University of Oulu, which combines leading-edge Internet research, innovation processes and new infrastructures;
- The Centre for Health and Technology (CHT): a regional research and business-driven Innovation centre, which associates universities, research centers, enterprises and regional authorities. Main interest is to develop next generation social and health care technologies, processes and services in close co-operation with companies

Mr. Väisänen presented the Readi for Health-project as an example of a FP7-project. It will start in September 2013 and the aim is to produce regional agendas for healthcare. The participating regions are Murcia, the Oulu Region, Skåne, and Centré. The key areas of R&D will be:

- Enabling Technologies
- Interoperability (Standards, Test beds)
- Cloud Technology (enabler for services)
- Access to information anytime anywhere safely (smart devices, usability and safety)

The Smart Specialisation process started started in february 2013. In the Oulu region, smart specialisation is a part of the regional development plan and part of the structural funds programme 2014-2020 preparation. The region has received guidance from the ministry of Employment and Economy and is a member of the S3 Platform. A SWOT analysis of the regions' strengths and weaknesses has been carried out, and the first draft strategy was sent to the Ministry last week. Mr. Väisänen explained that what is needed in the Oulu region is a critical mass of companies, world class expertise, support by other processes and key projects. The key priorities are:

- ICT
- value chain in basic industries (mining, steel and processing industries, wood industry: it is necessary to control the whole value chain, at the moment only part is controlled)
- clean technologies (incl. energy)
- health and wellness technology

The process continues, and diversification is required. The Oulu region is very strong in R&D, but more concrete services and products are needed in the future. It also takes time to develop clusters.

Benedicte Solaas, Nordland, Norway

Ms. Solaas started her presentation by the key characteristics of the Nordland region, including:

- 240 000 inhabitants
- Geographical challenges – 800 km from Bindal in the South to Andenes in the North
- One University, two University Colleges, 3 research institutions
- R&D-activity on the rise

As Norway is not a member of EU, it is not an obligation to have a smart specialization strategy. Nevertheless, the region has considered the exercise useful and is therefore taking the step. Nordland is a very export orientated county with a lot of metals, which is the main export product. The export of metals has traditionally been about 60 percent of total exports. Nordland has faced difficulties due to the economic crisis, but some growth is expected in 2013. There is optimism and with the power surplus and minerals in Nordland, there is optimism: the revenues reached a record of 129,3 billions (NOK) in 2011 and revenues increase more in Nordland than the national average.

Nordland has also aquaculture and fisheries, which are the 2nd biggest export, last year 34 percent of the total exports. Then there are the processing industries of the fisheries and tourism. Tourism has probably created the most cross sectoral clusters, also with the R&D. The vision for tourism industry is that Nordland will deliver world class experiments and adventures. The landscape will create this. To reach this goal, Nordland will collaborate with sustainable tourism companies. There are two oil fields just off the coast. There is an ongoing debate about opening Lofoten. It is necessary to educate more engineers and due to the high cost levels, it is necessary to increase innovation.

Ms. Solaas explained that R&D is of crucial importance to Nordland and presented the following key characteristics of R&D in the region:

- Nordland was the first county in Norway with its own R&D strategy (2005);
- The R&D sector is small;
- There is a low level of education compared to the national level;
- There is a need to strengthen Nordland's trade and industry sector to become more competitive internationally;
- It is necessary to supplement to national policy;
- R&D important for recruiting and keeping young people in Nordland.

There has been significant progress in the last few years:

- A university was established in Bodø in 2011;
- Businesses and institutions in Nordland received 35 % more funding from the Research Council of Norway in 2011 than in 2007;
- There has been an increase in publication rates and more qualified staff within R&D institutions in Nordland;
- The Narvik University College was accredited as a scientific college and received approval for doctorate in Applied Mathematics and Computational Engineering;
- The trade and industry sector has increased its R&D focus and thus making use of their R&D competence in close relation with the R&D sector.

Ms. Solaas explained that the main goal of the research and development strategy in Nordland for 2013-2025 is to increase the R&D-activity within the trade and industry sector, the public sector and R&D institutions, in order to reach national average. The most important steps will be to strengthen the cooperation and to develop regional innovation systems, develop the university and university colleges cooperation with the trade and industry sector further and to enhance Nordland's competitiveness for national and international cooperation and research funding Innovation in the public sector.

There is a range of financial means to promote R&D in Nordland:

- Nordland County's financial instruments
 - Stimulation to R&D fund
 - Regional development fund
 - VRI (regional innovation fund)
- Innovation Norway
- Regional Research Fund Northern Norway

Ms. Solaas explained that the benefits for Nordland build a smart specialization strategy is that a regional innovation system is being built and Nordland is benchmarked towards Europe. Instruments to prioritize are being created and as the EU is Nordland's most important trade partner, smart specialisation allows Nordland to cooperate with strategic regions. Smart specialisation also facilitates participation in Horizon 2020, a programme available for Norway, also in a coordinating role. Nordland sees it important to work with regions that are similar.

Nordland started its work on smart specialization by visiting Brussels and by registering to the Platform. Nordland is currently drafting its strategy and intends get peer-reviewed. A triple helix dialogue is being carried out in the region. One of the challenges is that smart specialization is "no-one's baby". Nordland will collaborate with Österbotten and the analysis will give Nordland a tool to prioritize politically, also concerning the use of different funds.

After the presentation, Ms. Anne Rännäli asks Ms. Solaas, what role cities play in smart specialization, as in Finland cities are an important player. Ms. Solaas responds that in Nordland cities do not have a role as such, they are participating through the region.

Lars Wikman, Senior Adviser in European Affairs, North Sweden European Office

Mr. Wikman called the audience to note that outside Horizon 2020 there is no other research and innovation EU programme allowing for cooperation between all NSPA regions. The HORIZON2020 Research and Innovation programme suits collaboration between the NSPA due to the following

- A minimum of 3 countries should participate (= NSPA)
- Partners can be researchers, industry (incl. SME) and society
- All NSPA (and EU and Global) countries can be a partner. Norway is full member of H2020 and can also coordinate

Mr. Wikman draws attention to the fact that participating in Horizon 2020 is much simpler than participating in projects funded from the Structural funds. He presents some NSPA relevant fields financed from Horizon 2020, pointing out that it took 10 years to get them into the Framework programme:

Process Industrial Automation sectors:

- Pulp and paper;
- Metals;
- Mining and minerals;
- Oil and gas;
- Chemicals;

- Energy & power.

Further R&D fields of importance to the NSPA in the future could be, according to the Europa Forum Norra Sverige position:

- Big data (cold climate, clean energy = all of NSPA);
- Biobanks (including Troms and Oulu and...?);
- Indigenous peoples research;
- Forestry and bioeconomy (all of NSPA);
- Smart (rural) Regions = NSPA (enabling technologies for e-health, e-government, e-business etc).

Mr. Wikman noted that the European programmes and platforms for Smart Cities focus strongly on continued urbanization, i.e. large cities. On the contrary, the EFNS (and NSPA) region have few, relatively small towns. Most of the region is sparsely populated, but has needs for smart, inclusive services and products for citizens, the community and companies, as an important component in developing sustainable development with sustained growth. The EFNS view on Smart Cities and Smart Regions is that a European Innovation Partnership should be set up for Europe's sparsely populated regions (corresponding to that for large cities). It should focus on smart technologies, services and products and inclusion in the e-community.

Mr. Wikman called for the EFNS and NSPA region to be provided Commission support in the work to coordinating collaboration with other European sparsely populated regions, for developing a European "demonstration and pilot environment" for innovative applications with direct relevance to sparsely populated regions both in Europe and internationally. The work of the partnership could also be coordinated with regional and national programmes and Structural Funds, and strategies such as Smart Specialisation, to achieve synergies with calls for proposals in Horizon 2020 and the Digital Agenda.

Mr. Wikman proposed the following actions:

1. NSPA Position on Smart Regions/H2020;
2. Smart partnerships with other European and International (as Canada) rural regions;
3. Short term lobbying in Brussels for specific Smart (rural) Regions calls in H2020;
4. Long term lobbying in in "Brussels" for a specific Smart (rural) Regions programme and funding.

In order to proceed, Mr. Wikman stated that it will be necessary to seek for support from the NSPA friends in regional, national and EU organisations (such as EFNS, AER, ERRIN etc) and the Brussels lobbying offices. Support should be also sought from MEPs and DGs of the European Commission (DG Regio, DG Research/Innovation and DG Enterprise).

Discussion:

Mr. Aalto pointed out that it is also important to think about possibilities of that the macro regional strategies provide and how smart specialization strategies could be exploited within the ETC.

Mr. Rød noted that the Smart Specialisation strategies are really quite good tools for obtaining what needs to be achieved. In terms of ETC programmes it is really up to the regions and

depends on what objectives will the regions choose for their individual ETC programmes. Whether it is the Northern Periphery programme, the Kolarctic... Mr. Rød stated that the smart specialization strategies can have an important role in telling what kind of projects should be implemented.

Mr. Aalto expressed that Oulu has a long experience of the innovation programmes. Oulu has been following the development of the smart specialization discussions and the Oulu region has been developing this kind of strategies already since a long time. Mr. Aalto asked Mr. Väisänen if the European Smart Specialisation strategy initiative brought something new? Mr. Väisänen replied that when he first heard about the smart specialization strategy initiative he thought: "this is good, we have done it". At the start of the process it was discovered that there were some limitations: one of the problems is that each region is expected to do the exercise in the same way: the regions are told to do how to do things. But as a whole, the process has been useful.

Mr. Risto Poutiainen expressed his support for the idea of Smart specialization for the NSPA lobbying as a good way to go forward. He also stated that the idea of creating a big demonstration site of Europe within the NSPA is one to be supported. The NSPA should show how it using the structural funds. He asked Mr. Rød if there is something that the Baltic Sea region could learn from other macro regions?

Mr. Rød replied that for the most parts it is the other macro regions that could learn from the Baltic macro region. The Danube strategy has had its review, perhaps it could be interesting for the Baltic Sea region to look at it. There is also the Ionioan strategy coming up and the Atlantic strategy. The Danube strategy includes a lot of candidate countries. The evaluation process told us that the macro regional strategy can be a good way to "enlarge the club". In the Baltic Sea strategy one of the important points is how to include Russia (energy infrastructure, state of the environment...) possibly the Danube region has made some progress in this field: how to work with structures that are not internal European. You could learn something from this.

Mr. Aalto asked Ms. Solaas about the added value of the smart specialization for Nordland? Ms. Solaas responded that the way of thinking was new. Nordland's main objective in this regard is to join the rest of Europe. Nordland is already working together with the NSPA and other networks, but smart specialisation gives some further structure. It also brings knowledge on how to get financing from Horizon 2020. The thinking is known but there is a lot to learn.

Mr. Aalto asked Mr. Wikman if there something to be considered about bringing smart specialization strategies into action? Mr. Wikman responded that the main benefit is for the politicians to start talking with politicians in other similar regions. The EFNS has done a lot of lobbying with industries to get certain priorities into the Horizon. That's why it is now needed to push the NSPA issues into the Horizon. Mr. Wikman called for a NSPA position paper on this topic.

Ms. Anne Sormunen stated that she has been very happy to follow NSPA how it works also with young people. The mobility of young people and getting them educated in a way that they have enough of international experiences is extremely important. People become more sensitive to the European developments.

Ms. Satu Vehreävesa, North Savo Regional Council

Ms. Vehreävesa pointed out that the NSPA has been operational for almost 10 years. There has been a lot of success on a European and also on national levels. The common challenges and

common strengths are known, but the work is not in the end. The future of Europe lies in the north in many ways. NSPA is a dynamic and diverse region. The NSPA has functional labour markets and it is at the forefront of clean technologies. The NSPA is truly internationally orientated and provides Europe a real added value. The NSPA vision is to be in the top league for high value added products, high R&D, natural resources... The NSPA is a gate way to the northern Russia. It is clear that the EU programming will have an important role in the development. As important as that is good collaboration and commitment to work together. Ms. Vehreävesa refers to the 15-group meeting of the previous day and points out that not much will change in the way the NSPA functions: why change something that is working well? In the future the offices in Brussels will promote:

- Regional policy
- Transport policy
- Regional State Aid
- Arctic and northern issues
- Raw materials and the refinement
- EU financing instruments and strengthening the R&D in the regions
- Eastern border of the EU
- EU priorities such as the Europe 2020 strategy, thematic concentration, smart specialization
- European Territorial cooperation

Ms. Vehreävesa declares a need to systematically find out what kind of cooperation there is. To find out, perhaps through a study, how people work in different areas, what does smart specialization mean for the different areas, what are our R&D similarities and differences etc.

Mr. Jansson welcomes the NSPA friends to Västerbotten in North Sweden for the next Forum. He points out that the exact place and time are not yet known. The EU programmes implementation will be amongst the topics. It will be the time to show the EU how the NSPA is using the extra allocation and that the north is worth the extra allocation. The NSPA is a sort of a test bed, being on top of Europe, there is a lot of knowledge that can be brought to Europe, to bring added value. Being sparsely populated is something the NSPA can build innovations on. That is something that is very unique.