

NSPA on the post-2027 Cohesion Policy debate

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 (Lapland, Northern Ostrobothnia, Central Ostrobothnia, Kainuu, North Karelia, North Savo and South Savo), as well as the two northernmost regions of Norway (Nordland, Troms & Finnmark).

The discussions of the future of EU Cohesion Policy are taking shape ahead of the upcoming review of the post-2027 Multi-annual Financial Framework (MFF). The debate is expected to reach its crescendo with the European Commission publishing the 9th Cohesion Report in 2024. The NSPA-network in the European Arctic want to contribute to the debate.

The NSPA network supports the [Kiruna Declaration](#) adopted by the Committee of the Regions (CoR) in Kiruna, Norrbotten, on April 28, 2023. The declaration of the CoR Bureau on achieving a green, just and fair transition with and in all European regions, underlines the fundamental role of Cohesion Policy as the main EU investment policy to support place-based development across all of Europe, and its key role in unlocking every territory's unique potential. The CoR also commits to work closely with remote regions of Europe, such as the sparsely populated areas in NSPA and calls upon the European institutions to take account of the specific situation of remote areas.

The NSPA-network would like to draw attention to the following key messages:

1. An impactful EU development policy requires an **ambitious budget line**.
2. The geopolitical situation requires **special attention** to the NSPA.
3. A policy for structural conversion requires **long-term investment strategies**.
4. A comprehensive policy requires a **coherent regulation package**.
5. An efficient policy requires **full flexibility** to fit territorial specificities.
6. An acknowledged policy requires substantial improvement of **multi-level governance**.

Background NSPA

The Northern Sparsely Populated Areas (NSPA) constituting the European Arctic, are recognised under Article 174 of the TFEU, and the Accession treaties of Finland and Sweden, as regions suffering from severe and permanent handicaps due to very low population density.

The regional economies are vulnerable due to certain geographical and structural challenges, such as long distances, aging populations, and a lack of critical mass as well as being highly dependent on natural resources, and highly sensitive to global market fluctuations. Despite the hampering conditions, the arctic regions have showcased an ability to overcome severe structural challenges through continuous analysis and smart investments over time, as shown by studies carried out by [Nordregio](#) 2009, [OECD](#) 2017 and [Spatial Foresight](#) 2022.

The cooperation in combination with strategic investments through the EU-support schemes, has turned arctic challenges into competitive advantages, as stated by the European Commissioner for Cohesion and Reforms, [Elisa Ferreira, at the NSPA Forum in Skellefteå](#), March 24, 2022.

The Arctic State-of-Play

Since the Russian Federations aggression towards the people of Ukraine, one of the top priorities of EU should be to keep the Arctic a peaceful, safe, and stable region. The legitimacy and ability for the EU to improve the sustainable development of the Arctic strongly depends on alliances with stakeholders in and around the Arctic.

Finland and Sweden joining NATO does not only call for improved military capabilities, but also new security measures that must be underpinned by civil robustness and social resilience that stretches across the European Arctic. Enhanced attention to deepen cooperation across borders, across sectors and on all levels of governance is therefore needed. An ambitious provision of

support facilitated through EU Cohesion Policy and other investment instruments is required. The EU needs the European Arctic to be a vital and functional place for people to live and prosper, given also that the region holds several assets of EU vital geopolitical needs for the future.

The green transition

The Arctic regions lead the way as global frontrunners in the development of green technologies and innovative climate smart solutions. The secure supply of critical raw materials, fossil-free steel, batteries, renewable energy, and bio-based products, in combination with industrial competence and applied research throughout the whole value chain, from exploration and extraction to refinement and recycling, have all fundamental functions for the green transition of businesses and societies in Europe. The green transition is overall about a broad societal change. Adapted EU support play for this a truly crucial role.

Rural communities across the NSPA are struggling to attract human capital, provide sufficient social services, a robust transport infrastructure, and the digital accessibility needed to enable sustainable development. The lack of critical mass for innovation and lack of institutional capacity for strategic development requires even more cooperation on all levels and across borders.

EU Cohesion Policy have contributed with added values through continuous planning, programming, implementation and analysis that have required dialogue, partnership and collaboration. Small organisations, municipalities, companies and actors with less institutional capacity have been given incentives to engage in a bigger context, create platforms to cooperate and take on EU objectives together. More of this is needed for the future and the EU support schemes need to be even more place-based and tailored to fit the specific local characteristics.

Key messages from the NSPA network

1. An impactful EU development policy requires an ambitious budget line

The extraordinary political ambitions of the EU to accomplish a green and digital transition that strengthens the innovation capacity and raise the competitiveness of the union, while leaving no region behind, requires a considerable budget that can deliver impactful results. Especially with specific attention given to areas that suffer from permanent and severe natural geographical and demographical handicaps, such as the northernmost Arctic regions.

2. The geopolitical situation requires special attention to the NSPA

The geopolitical and current security situation calls for a renewed focus on the northernmost part of the union, especially as the NSPA is bordering Russia. The EU needs a larger and more ambitious investment policy for the NSPA to attract investments and businesses, boost innovation, create growth and jobs, attractive societies, increase accessibility and connectivity, while transforming industries and promoting sustainability through more multilateral cooperation. This becomes even more relevant to secure EU's strategic autonomy. The extra allocation of structural funds and the exemptions from state-aid regulations have been key instruments to facilitate these actions and will continue to play an even more critical function for development in the future.

3. A policy for structural conversion requires long-term investment strategies.

Regional development efforts to tackle structural challenges and create new conditions for economic growth in settlements with labour shortage and territorial market failures, takes time, political commitment and long-term investment strategies that are place-based. The structural and investment funds have been the main persistent long-term investment tool for regional growth efforts and should continue to be refined rather than sacrificed as EU's emergency device.

4. A comprehensive policy requires a coherent regulation package.

The need for an integrated approach to regional development, green transition, digitalisation, transport infrastructure, labour markets, sustainable rural and urban development is particularly evident in the European Arctic. The territorial challenges in combination with the lack of institutional capacity, leaves no choice but to work across sectorial policies and administrative boundaries. The Common Provision Regulations for EU Cohesion Policy should be adapted to better reflect local realities rather than the sectorial silos that leave stakeholders and regions with small own capacity even more behind. The industrial change demand even more actions for the local community to build a long-term sustainable society and take advantage of new potentials.

5. An efficient policy requires full flexibility to fit territorial specificities.

The [territorial review of the NSPA](#) conducted by the OECD in 2017 pointed to the increased opportunities for innovation and economic growth if more investments were to be made in multimodal transport infrastructure systems for goods and people, including regional aviation. As well as improved digital accessibility and distance spanning technology. The green transition in, and the strategic importance of, the northernmost regions will now continue to require full flexibility for smart future-oriented investments. Global competitiveness is not created by top-down general state-aid supported production capacity in some few locations, it is created by building bottom-up smart local and regional innovation echo-system capacity that can integrate into functional value-chains across Europe, including the NSPA in the European Arctic, and in turn attract green industrial investments to establish and existing businesses to grow.

6. An acknowledged policy requires substantial improvement of multi-level governance.

The principles of partnerships and the multi-level governance aspects of EU Cohesion Policy needs to be further developed to unlock the unique potential of each region. The European Code of Conduct on Partnership should be strengthened to safeguard the full involvement of regions in the preparation, the implementation and the analysis of all EU programmes, in close collaboration with national level and the EU, to assure that local lead development connects to and are in line with EU policies and aims that links to synergies with EU and national tools and ambitions.

East North Finland

Päivi Ekdahl, Lapland, Chair
Tiina Rajala, Oulu
Eira Varis, North Karelia
Merja Olenius, South Savo
Satu Vehreävesa, Pohjois-Savo
Jyrki Kaiponen, Central Ostrobothnia
Jouni Ponnikas, Kainuu

North Sweden

Isak Utsi, Norrbotten
Rickard Carstedt, Västerbotten
Elise Ryder Wikén, Jämtland Härjedalen
Jonny Lundin, Västernorrland

North Norway

Svein Magnar Øien Eggesvik, Nordland
Kristina Torbergsen, Troms & Finnmark