

Northern Sparsely Populated Areas' (NSPA) views on the European Competitiveness Fund (ECF)

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).

The NSPA position

The NSPA welcomes the European Commission's ambition to strengthen Europe's long-term competitiveness through the European Competitiveness Fund (ECF). Rapid technological change, evolving global competition and industrial transformation are reshaping Europe's growth conditions - making strategic investment in resilience, innovation and sustainable growth across all regions more necessary than ever. Europe's long-term resilience and strategic autonomy depend on unlocking the innovation and industrial potential of all regions, including sparsely populated and peripheral regions. **NSPA regions are key strategic actors in European competitiveness, rich in natural resources, renewable energy and critical raw materials that underpin Europe's green and digital transitions and strategic autonomy.**

The Organisation for Economic Cooperation and Development (OECD) 2025 report "Navigating Transition in European Arctic Regions: Lessons from 14 NSPA Regions" highlights permanent structural challenges, harsh climate conditions, small and fragmented markets, long distances and dispersed infrastructure, while also recognising that NSPA regions offer critical raw materials, renewable energy, advanced industrial ecosystems and strong research capacities. **The ECF must therefore be designed so that actors in the NSPA area can compete for funding and so that regions and local authorities can participate as strategic partners in projects.**

Micro and small enterprises in the ECF

SMEs are central to Europe's innovation capacity, particularly in sparsely populated regions where they form the backbone of local economies. While the ECF Regulation rightly acknowledges their importance, there is a significant risk that micro and small enterprises with strong innovation potential but limited administrative capacity will struggle to access the Fund. **The NSPA Network calls for dedicated and accessible ECF instruments for smaller actors, with simplified procedures, proportionate reporting requirements, reduced administrative burden and possibilities for advance payments.** Implementation through locally anchored intermediaries such as regions, municipalities, universities and regional innovation agencies would significantly increase the accessibility and effectiveness of ECF measures.

The proposed EU Tech Frontrunners initiative is viewed positively, particularly as it reflects ecosystem-based approaches where large companies collaborate with SMEs and research organisations. However, the allocation of funds should take place through open, transparent and competitive calls with predefined selection criteria to ensure efficient use of resources, equal treatment and high European added value.

Furthermore, the regional dimension must be sufficiently integrated into both the design and implementation of the initiative. In addition, the Single Market Value Chains Builder should utilise the regions' existing clusters and innovation ecosystems to strengthen European value chains.

Regions, municipalities, cities and universities as strategic actors

The ECF should more strongly acknowledge the importance of regional innovation ecosystems, and the role of regions, municipalities, cities and universities as key enabling actors should be further strengthened. These actors provide the framework conditions, infrastructure and investment support necessary to transform research into market-ready innovation and to support the establishment and transformation of large-scale industries. They are particularly indispensable in deep-tech sectors, where they help bridge the valley of death throughout the innovation cycle. **The NSPA calls for explicit recognition of regions, municipalities, cities and universities as strategic implementation partners**, stronger integration of Smart Specialisation Strategies, structured involvement in governance and programming, and implementation approaches that avoid disproportionate administrative burdens.

The Regulation should more clearly recognise the role of regions and cities in competitiveness and, in the case of large-scale industrial establishments, allow them to act as recipients of support under the ECF, not only companies. The support should be able to finance complementary local investments, for example infrastructure, housing, welfare services, industrial symbiosis and the development of local innovation and supplier ecosystems. Such support should be provided through competitive calls in line with the logic of the ECF and could either be applied for proactively by municipalities with strong potential for industrial establishment or after major industrial investments have been announced.

In addition to the ECF, the National and Regional Partnership Plans (NRPPs) and cohesion policy play a significant role in strengthening European competitiveness. These instruments deliver significant European added value through an intervention logic that cannot be replicated by the ECF, and the ECF and NRPPs function best as separate instruments. Competitiveness policy must also be complemented by policies addressing structural regional disparities and ensuring a level playing field for companies across the Union. **The NSPA regions share many of the same challenges and opportunities as the EU outermost regions and overseas countries and territories mentioned in Recital 9 and should therefore also be included there.**

Associated countries

From an EEA perspective, **it is essential that the European Competitiveness Fund ensures clear and predictable access for associated countries, including Norway, on equal footing with EU Member States.** Full participation in both governance, partnerships and funding instruments will be key to maintaining integrated European value chains. The NSPA regions' economies and value chains are highly integrated, meaning that any changes resulting from the design of the ECF risk harming both our regional economies and Europe's broader pursuit of competitiveness.

A more balanced thematic distribution across the policy windows

The four policy windows proposed under the ECF provide a broad and relevant framework for strengthening Europe's competitiveness. **However, the indicative budget allocation between the windows is currently highly imbalanced.** Approximately half of the proposed funding is allocated to

resilience, security, defense and space window, while significantly smaller shares are foreseen for digital leadership, clean transition, industrial decarbonization, health, agriculture and the bioeconomy.

In particular, the bioeconomy should play a more prominent role in the ECF due to its potential to advance the EU's environmental objectives and support the development of a circular economy without compromising nature. In addition to its already substantial contribution to the European economy, it could help unlock underutilised regional potential.

Links between the ECF and Horizon Europe

The ECF is to be developed in close interaction with FP10, which is key to ensuring budget efficiency and a coherent funding landscape. **The two instruments have different intervention logics and governance models and must remain separate programmes while being effectively coordinated to create a coherent investment logic and a clear division of responsibilities.**

The EU's overall funding architecture must be built on the principle of delivering maximum European added value and preserving space for bottom-up activities. Smart Specialisation Strategies should be systematically recognised across EU funding instruments to connect strategic priorities with regional innovation strengths and integrate those strengths into Europe's industrial value chains.

Connection to infrastructure

Structural challenges related to long distances, sparse populations and fragmented markets must be more explicitly reflected in the design of the ECF. In northern and sparsely populated regions, these factors significantly increase the cost of developing competitive value chains and hinder the scaling and deployment of strategic industries. **To fully unlock the potential of these regions, the ECF should ensure stronger support for enabling infrastructure, including transport and digital connectivity, as a prerequisite for industrial investment.** This requires close alignment and synergies with existing EU instruments such as TEN-T and military mobility, ensuring that infrastructure development and industrial policy reinforce each other. Without addressing these structural constraints in a coordinated manner, the Fund risks limiting its impact in regions that are otherwise critical to Europe's long-term competitiveness, resilience and strategic autonomy.

Conclusion

The NSPA Network supports the objective of strengthening Europe's competitiveness through the European Competitiveness Fund. However, the Fund will only **fulfil its potential if it is able to attract participation also in the peripheral and sparsely populated regions.**

NSPA regions are not peripheral to Europe's competitiveness agenda - they are central to it. They hold critical raw materials, renewable energy capacity, advanced industrial ecosystems and strong research institutions. Failing to integrate these assets into the ECF's design would be a missed strategic opportunity for Europe as a whole.

For the ECF to deliver on its ambition, the NSPA Network calls for:

- Stronger inclusion of micro and small enterprises through accessible instruments, simplified procedures and reduced administrative burden, and through participation via intermediaries such as regions and local authorities

- A clear and structured role for regions, municipalities, cities and universities as strategic implementation partners in design, governance and implementation
- A more balanced thematic distribution across policy windows that reflects Europe's long-term industrial transformation needs
- FP10 and the ECF should be established as two separate programmes and funds that can be designed and adapted according to their respective objectives and purposes while creating links and to ensure a seamless pathway from research to deployment and territorial impact.
- A firm commitment to utilise the regional innovation ecosystems and Smart specialisation strategies that connect EU priorities with regional innovation strengths.
- Ensure clear and predictable access for associated countries

Competitiveness, resilience and strategic autonomy cannot be achieved without mobilising the full European innovation capacity. Including the regional and local authorities' ability to support the industrial scale up and investments in the regions. A truly competitive Europe must therefore also be a regionally inclusive one. The NSPA Network stands ready to contribute to the further development of the European Competitiveness Fund and to support a competitive, resilient and cohesive Europe.

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