

## The NSPA views on the final negotiations for Cohesion Policy 2021-2027

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

### **NSPA calls for EU to safeguard the legal status of the European Arctic**

NSPA welcomes the recognition and the additional special allocation given to regions fulfilling the criteria laid down in Article 2 of Protocol No 6 to the 1994 Act of Accession. As well as the improved aid intensity of 40 euros per inhabitant per year, which signals continuous high ambitions for sustainable regional development in the European Arctic. The *European Structural- and Investments Funds* (ESFI) have been and will continue to be decisive tools for development. Especially in cases where the *European Regional Development Fund* (ERDF) and the *European Social Fund* (ESF+) can be combined and used to realise objectives in the regional smart specialisation strategies. Furthermore, the exemption from thematic concentration and the ability to allocate more resources to the political objective of *A more connected Europe*, to tackle the specific structural challenges that the sparsely populated territories faces, will certainly be a key enabler to unlock further potential for growth during the next EU-programme period.

However, the NSPA regrets the capping of maximum total allocation of funds for Sweden and Finland that was introduced and based on GNI per capita, which limits the national envelopes to 80% and 90% of the 2014-2020 total allocation. Although the extra allocation to the sparsely populated regions is regulated separately and should thus not be affected by the capping mechanism, the uncertainty of ambiguous signals causes both political and distributive problems on the member state level. If the special legal status of the NSPA is not safeguarded sufficiently, the Council agreement to raise both the political ambitions and the allocation amounts for regions in the European Arctic, might actually risk to result in larger reductions of the extra allocation than on the national base distribution due to the legal leeway given to the member state. Instead, the NSPA calls for EU to safeguard the legal status of the European Arctic and clarify the regional exempt from the national capping mechanism.

### **NSPA calls for EU to enhance flexibility and integration of investment instruments**

The continuous European investments in the Arctic is acknowledged and highly appreciated as these support schemes continue to provide significant impact and long-term results for regions with long distances, lack of critical mass and institutional capacity. The flexibility for investment priorities within the ERDF, including the exemption from thematic concentration to invest in and connect remote areas through smart infrastructure and ICT will be a major enabling element for a green and digital transition.

NSPA welcomes the introduction of new investment packages and the enhancement of existing instruments established through the *Next Generation EU* for regions throughout Europe to recover from the economic downturn and to accelerate the transition towards climate neutrality. Although, the NSPA would like to underline the importance that the actions for resilience and sustainable development through different funds and programmes interlink in coordination with each other to avoid financial crowding and parallel policy structures. Regional coordination is needed both in terms of resources with effective co-financing, as well as strategic policy alignment in close partnership with the stakeholders responsible for regional development.

The strategies for Smart Specialisation (S3) offer both an analytical basis and a strategic coordination of local, regional, national and European efforts for industrial transition, sustainable development and diversification of the regional economies. The regional investment priorities laid down in the Smart Specialisation Strategies are therefore appropriate measures to constitute the

core of both the territorial transition plans for the *Just Transition Fund* (JTF), the national plans for the *Recovery and Resilience Facility* (RRF), as well as the operational programmes for the *European Regional Development Fund* (ERDF), the *European Territorial Cooperation* (ETC), and the *European Social Fund+* (ESF+). A territorial adaptation of investments by aligning strategies on regional and national levels of governance with the overarching goals on the EU-level will ensure an efficient implementation and a solid contribution to the green and digital transition of Europe.

### **NSPA calls for EU to further enhance cooperation in the European Arctic**

The EU should continue to use its soft power to be a relevant partner in the Arctic and can do so well by investing in the European Arctic, improving conditions for sustainable growth and cooperation in the EU regions and the neighbouring areas. EU has great potential to be a facilitator for the Arctic to be a peaceful, sustainable and thriving place, by investing in research, collaboration and development on a people to people, researcher to researcher and business to business basis across borders in the European Arctic, whilst also giving EU the needed legitimacy concerning the larger Arctic.

The interregional programmes in the European Arctic, including the *Neighbourhood, Development and International Cooperation Instrument* (NDICI) *Cross-Border Cooperation* (CBC) programmes, along with the aim of more efficient and focused investments in research, innovation and connectivity, are decisive instruments for continuous multilateral efforts.

The *Northern Periphery and Arctic Programme* (NPA) is a vital tool for cooperation in the Atlantic Arctic as an EU Arctic investment scheme for the EU Arctic policy objectives and a possibility for regions in the EU to keep and develop the close collaboration with Scotland, despite the difficulties that the withdrawal of United Kingdom from the EU will cause. Scotland define itself as a close neighbour to the Arctic, which the NSPA certainly acknowledge. The Arctic have great potential to contribute more to the European markets and economy. EU financial support through funds and regional state aid create a level playing field for regions that are located far north with specific challenges and must be safeguarded.

### **NSPA calls for EU to incorporate a broader take on rural areas**

The NSPA wants to emphasize the variety of rural areas within the EU, which all require different adapted strategies and development support based on their unique conditions. This is particularly evident in the OECD's *Territorial Review of the NSPA* (2017), the *OECD's regional Outlook* (2016), and the latest OECD study (2020): *Rural Well-Being: Geography of Opportunities*. While big parts of Europe consist of small and medium-sized cities, the northernmost part of Europe is to a great extent characterized by extreme sparsity and scattered small communities, which are important regional growth facilitators for its surrounding areas. The upcoming long-term vision on rural development, with associated investment tools, must acknowledge the specific conditions and potential of each territory. Additionally, the NSPA would like to stress the importance of statistics and data that can provide a place-based understanding for analysis, especially in areas with structural and geographical challenges as the ones in the NSPA area.

Finally, the NSPA regrets that the *European Agricultural Fund for Rural Development* (EAFRD) have been proposed to not be a part of the Common Provisions Regulations for EU Cohesion Policy. The EAFRD should not be exclusive for rural areas with traditional agricultural businesses but also be designed as a continued development tool for remote less densely populated areas with a harsh climate to truly link local rural, regional and urban development for more effective sustainable growth efforts.

*Adopted by the NSPA Steering Committee, December 2, 2020.*

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