

NSPA views on Cohesion Policy within the EU budget proposal and Next Generation EU

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) and the two northernmost regions of North Norway (Troms & Finnmark and Nordland).

NSPA welcomes the focus and extension of EU Cohesion Policy

The NSPA welcomes and support the ambition for Cohesion Policy laid out in the revised proposal for next EU budget 2021-2027 and the new EU Recovery Instrument, *Next Generation EU*. The European structural and investment funds has been decisive for development over time and is a fundamental instrument for capacity building, skills supply, transport and digital infrastructure, research and development, as well as commercialisation and internationalisation of SMEs in the European Arctic. Therefore, NSPA welcomes the policy fundamentals of the *Next Generation EU* to focus on green and digital transition with the *European Green Deal* as the main strategy and EU Cohesion Policy as the primary investment instrument.

The continuance of ambitious programmes for 2021-2027 in combination with the two year roll-over of current programmes with exceptional flexibility established under the *Coronavirus Response Investment Initiative* (CRII+) are essential, as the programmes are key components in regional efforts throughout Europe to both recover from the economic downturn and improve conditions for sustainable growth in the near future. The measures must continue to be tailored at the local and regional level to fit the needs and potential of each territory.

NSPA calls for flexibility and regional adaptation of EU Cohesion Policy

The maintained support through the *European Regional Development Fund* (ERDF) and the *European Social Fund+* (ESF+) is acknowledged and appreciated by the NSPA. The impact and long-term results of these support schemes for regions with long distances, lack of critical mass and institutional capacity can't be underestimated. The flexibility for investment priorities within the ERDF, including the exemption from thematic concentration to invest in and connect remote areas through smart infrastructure, broadband and ICT, will be a major enabling element for a green and digital transition of the European Arctic. OECD concludes in the *Territorial Review of the NSPA 2017*, that substantial investments in transport infrastructure are needed for economic growth. Both major improvements and small scale investments in railroad and multimodal systems are essential for heavy industries and SMEs to access markets, along with electrification efforts to enable green growth and sustainable development.

The NSPA calls for flexibility to invest in airport infrastructure, and thereby support the restart of economic activities in the northernmost regions of Europe. The total shutdown of air-traffic due to the virus outbreak have painfully exposed the fragility and dependence on access to airports for remote communities and businesses, such as tourism, test-beds to global industries and SMEs delivering niche products and services through global value chains. At the same time as the air industry is undergoing a current decline in demand, major technological developments to reduce carbon emissions are evolving rapidly. Industrial shifts that will require significant investments in airport infrastructure, especially in regions with long distances where there are few reasonable alternatives to air traffic.

NSPA calls for the EU to safeguard the legal status of the European Arctic in REACT-EU

The situation for small businesses in the northernmost regions is critical, especially for SMEs within the tourism sector that has been severely affected by closed borders. Immediate efforts and support such as loans, investments and adapted regulations are indispensable to not lose businesses and jobs.

The allocation of extra funds designated to the sparsely populated areas due to the difficult territorial conditions that makes the northernmost regions particularly vulnerable is strategically important for both short- and long-term development. Conditions for economic growth and regional development are remarkably different across Europe, which is especially evident during times of recession that the current pandemic is generating.

The NSPA welcomes the additional firepower channelled through the initiative *Recovery Assistance for Cohesion and Territories in Europe* (REACT-EU). Although the proposal fails to give the northernmost regions, fulfilling the criteria laid down in Article 2 of Protocol No 6 to the 1994 Act of Accession, an equal legal footing with the Outermost regions as laid down in the common provision regulations for the ERDF and the ESF+. It is of utmost importance for the EU to continue to safeguard the legal status of regions with geographical and permanent natural handicaps located in the European Arctic, the Northern Sparsely Populated Areas.

NSPA calls for EU to be a vital facilitator for sustainable development in the European Arctic

The NSPA welcomes the proposal to strengthen the *Just Transition Fund (JTF)* to accelerate the transition towards climate neutrality. Furthermore the NSPA would like to underline the importance that the actions within the JTF interlink in coordination with the overall investments for resilience and sustainable development to avoid financial crowding and parallel policy structures. Regional coordination is needed both in terms of resources with effective co-finance from the ERDF and the ESF+, as well as strategic policy alignment in close partnership with the stakeholders responsible for regional development. The ability to co-finance JTF-actions constitutes a foreseeable challenge that will require synchronised contributions from the national level, the private sector and an assessment of other types financial instruments.

The strategies for Smart Specialisation (S3) offers 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 the territorial transition plans for the JTF to be implemented in the NSPA-regions.

Finally, the EU should continue to deepen the dialogue with regions on the future of EU Arctic policy focusing on the three main pillars of climate mitigation, promote sustainable regional development and strengthen international cooperation. The NSPA are prepared to continue to be a constructive and engaged partner, and hope the EU will continue to listen to, believe in and invest in the European Arctic as a gateway to the larger Arctic and ultimately contribute to global sustainable development.

The Northern Sparsely Populated Areas (NSPA) network;

- Welcomes the focus and extension of EU Cohesion Policy
- Calls for flexibility and regional adaptation of EU Cohesion Policy
- Calls for the EU to safeguard the legal status of the European Arctic in REACT-EU
- Calls for EU to be a vital facilitator for sustainable development in the European Arctic

On behalf of the NSPA Steering Committee,

Nils-Olov Lindfors, Region Norrbotten, chair NSPA network