



Sollefteå, 22 February 2018

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Europaforum Northern Sweden's views on future-oriented development policies with a regional focus for the EU in the context of the ongoing consultations on the EU's cohesion policy

Europaforum Northern Sweden (EFNS) is a network for politicians at the local and regional levels from the counties Norrbotten, Västerbotten, Jämtland Härjedalen and Västernorrland. EFNS is a meeting place and knowledge arena where EU policies are analysed and discussed regarding how they affect northern Sweden. EFNS monitors European issues in order to influence EU legislation, the EU's strategies and action programmes and the EU's budget. The objective of EFNS is to safeguard the interests of northern Sweden both in the European arena and in relation to the national level in matters with a clear European perspective.

Introduction

The public consultations on future cohesion policy, EU regional policy, have now opened. Europaforum Northern Sweden, EFNS, has been active in the ongoing discussions on the future of the EU and the role of regional policy. The cohesion policy and its funds are important for development in EFNS regions, and we would hereby like to give our joint view of future cohesion policy.

Northern Sweden has vulnerable economies across a large sparsely populated area with an extreme climate far from the major population centres. At the same time the region supplies considerable added value, not least raw materials, to Sweden and the whole of Europe. There are major risks for small economies based on raw materials with a small domestic market and poor access to external capital and skills supply due to few people and long distances. At the same time, with properly designed investment funds, the northern regions of Europe have great potential for long-term sustainable growth. EU support is an indispensable basis for the EFNS regions' ability to remain at the cutting edge in many fields.

Negotiations on the EU budget will be tough, particularly concerning cohesion policy. At the same time the EU needs an innovation and growth policy for the whole of Europe that can contribute to the development of all regions in times of change with major global challenges. Development always takes place somewhere, such as among individuals and companies in a local community. The regions are the bridge between the EU and the national level, and citizens and the local community respectively for building communities with a capacity for growth.

The process pertaining to the EU's new policy for the Arctic, in which EFNS is participating through the network for Northern Sparsely Populated Areas, NSPA, is a clear example of how global affairs become increasingly local and vice versa. The importance of interplay between regions, the national level and the whole of the EU in order to be able to focus on support for relevant investments in a given geography with specific preconditions across borders, cannot be overstressed. In this way both consensus and a critical mass are created for long-term development to the benefit of all parties. That is to contribute to real European added value.



The OECD Territorial Review which NSPA carried out is also a result of the collaboration the EU contributes to between the regions in northern Europe and which illustrates the need for a common focus on regional smart specialisation strategies. The point of departure is to take into account the unique regional context that prevails for adapted strategies, priorities and support systems in the areas where there are possible competitive advantages in being able to move up the global value chains. This is particularly relevant and of importance for regions with specific conditions and challenges in order to turn challenges related to population and geography into opportunities.

Against this backdrop, EFNS would like to contribute to more concrete thoughts for the proposals that will now be formulated for regional policy in the EU for the next programming period, for a future-oriented policy for development of all parts of Europe, including the most northerly regions.

1. EU regional policy needs to include all the regions in the whole of the EU

Northern Sweden has many unique challenges that justify compensatory support measures. These measures ensure that EFNS regions can compete on the EU's internal market on the same terms as other EU countries. At the same time, EFNS stresses the importance of giving the EU's poorest regions a chance to catch up. EFNS would therefore like the special extra allocation in the EU budget which is directed to supporting the northern extremely sparsely populated areas, to be retained. In addition, most of the EU's support should be used to lift the regions lagging behind. EFNS also wishes to stress the importance of having a common tool for growth available for all EU regions. This in order to ensure that all regions and citizens have a sense of participation in the EU through the collaboration and understanding projects create, but also because the EU must in general sharpen its growth efforts, innovation capacity and climate change mitigation and adaptation in all the regions of Europe to meet common global challenges. All in all, this gives added value for the whole of Europe in a way nationally organised programmes cannot deliver.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Should continue to include all EU regions.
- Should continue to contain a special extra allocation for extremely sparsely populated areas in the north.

2. Distribution between the regions should be modernised with a focus on actual needs

Northern Sweden represents in many respects successful regions, in other parts vulnerable regions with major challenges and also permanent handicaps in the form of sparse population, long distances, demography and a small own critical mass. Traditional measures such as regional GDP or different economic averages do not capture these aspects. The OECD's conclusion regarding the regions in NSPA is that relatively small means can turn negative trends into benefit for the regions, their countries and the whole of the EU. Regional GDP probably largely indicates the regions' situation and need of growth support on which a basic allocation can be calculated. This can be on a sliding scale with an increasing amount of funds in relation to lower regional GDP. In addition, indicators such as employment rate, youth unemployment, level of education and sparsity of population should adjust the amounts in



order to better deal with each region's specific situation. However, for the most northerly regions of the EU, in a way corresponding to that for the outermost regions with their specific circumstances, a special pot must continue to be earmarked, in accordance with what was ratified in connection with Sweden's and Finland's entry into the EU, in order to manage the extremely sparse population and geography. This is also in accordance with the pledges in the EU's new Arctic policy pertaining to development of the regions in NSPA, and also within the framework for the EU's commitment to development of the Arctic region starting from its own Arctic regions and the consultation process that took place concerning EU support to the region.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Continue to allocate development funds to regions based on gross regional product but with a greater focus on different regional challenges such as unemployment, level of education and sparsity of population.
- Integrate EU Arctic commitment and responsibility through adapted special support to the EU's Arctic regions in the northern sparsely populated areas.

3. Cooperation across all borders be fundamentally built in

EU regional policy should contribute to creating long-term sustainable growth in Europe. Activities in a region where EU funds and programmes stimulate collaboration between the different actors in the region, are in themselves a European added value. To this may be added the cross-border territorial efforts in the so-called Interreg programmes. Through them regional collaboration is carried further across national borders in border areas and larger geographies and generates additional added values for regional policy. It is of utmost importance to preserve regionally directed efforts in order to fundamentally build capacity, ability and awareness of the need to collaborate within and outside the region. This can be complemented to an even greater degree with cross-border programmes and efforts. This may on the one hand be specific programmes within indicated geographies, including larger areas such as the European Arctic region and, on the other, be built into ESI funds as such to encourage cross-border exchanges and clustering around common challenges in both the local area and across the whole EU and Europe.

Europaforum Northern Sweden therefore proposes EU cohesion policy after 2020;

- Continue to enable efforts to build capacity and create ability to collaborate at local and regional levels
- To a greater extent enable efforts for more cross-border cooperation.

4. EU challenges look different in different regions but benefit from a common focus

EFNS is positive to the Europe 2020 strategy as a joint policy with a common framework and terminology for all to adhere to, even down to the local level in order to link local activities to the common goals for the whole of the EU. For this to be effective a long-term approach across the mandate periods is needed, also with a need for continuous updating in pace with



changing reality. The Europe 2020 slogan “smart, sustainable and inclusive growth” holds good in that sense. EFNS considers it essential for the EU’s collected growth efforts that there are common catchwords for the local, regional, national and also the EU’s different policy areas to connect to. An overall policy of this type can function as a bridge between the EU’s overall objectives such as the EU climate goals and the local and regional preconditions for contributing to their attainment. It is a matter of identifying the unique challenges and opportunities each region has to manage, thereby linking together many different strategies which in total lead to the EU’s overall aspiration to be a smarter, more sustainable continent more attractive to all citizens.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Continue to be based on a common overall EU strategy for smart, sustainable and inclusive communities.
- To a greater extent enable the regions to contribute, on the basis of their respective preconditions, to the EU’s common goals.

5. Three main lines for all EU regional instruments to support to different degrees

In order to achieve additional focus and a clearer thematic concentration adapted to each region’s preconditions, the EU’s various platforms, instruments and support to regions and other actors around the EU can be brought together in some main policy strands that can be formulated within the framework of smart, sustainable and inclusive growth.

- a) An innovation and growth union for smart growth through smart specialisation based on research, innovation and industrial structural changes and a focus on development in creative and new industries in the digital society.
- b) An energy and climate union for sustainable growth through new solutions in the energy, climate and environmental area for conversion to a green circular economy in Europe, which in itself can produce new European cutting edge growth industries.
- c) A skills and employment union for inclusive communities regarding employment, education, skills development and integration for all inhabitants to be employable in future growth industries and offered participation on equal terms and hence be able to make a positive contribution to common social development.

This can be formulated in many ways, however to make it easier to navigate the system and obtain an overview, there is a need for greater clarity with fewer policies and instruments to keep track of for those working on regional development and growth issues in relation to the EU.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Be formulated on the basis of overall policies assembled under the key words for regional development work on smart, sustainable and inclusive growth.



- Development work for this be concentrated in a few main themes such as an innovation and growth union, an energy and climate union and also a skills and employment union.

6. A fund with one entrance for unified regional development

The regionally directed funds and programmes can be organised in different ways and based on different national systems. Whether assembled in one fund per geography or in different funds with a specific focus is of less importance. What is important is that funds have the same overall framework of rules with the same follow-up system and coordinated calls for proposals based on a regional order. Regional development is about developing the local community and building capacity for innovation and structural change. Achieving this requires the corresponding investment in human capital through education and skills development and above all integration efforts. Furthermore, regions are not separate with separate cities and countryside. Urban agendas and special rural strategies also need to be integrated for a functioning regional ecosystem. For this reason a clearer link between the different structural and investment funds would be welcome; the regional development fund, the social fund and the rural development fund with unified ownership of them in the form of one and the same entrance regionally for those applying for funds. This may also include encouraging a holistic perspective such as, for example, integrate at a strategic level investments in industrial development and in meeting the subsequent need for skills. In this context support to small businesses such as the Cosme programme can also be incorporated in order to build platforms for growth support and skills clusters, which is particularly relevant to regions such as northern Sweden with a large proportion of micro businesses with little ability of their own to take advantage of EU support directly but with a great need of development efforts in cooperation with others.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Assemble the different funds in the same framework of rules and follow-up systems and also under a regional ownership for an integrated holistic perspective.
- Enable to a greater extent the establishment of regional platforms, nodes and skills clusters in relation to small actors with little power of their own to run projects but in great need of development.

7. Smart specialisation is the basis for all development work in the EU

To attain the EU goals, work adapted to the context and focus of each region based on the existing challenges and opportunities is required. Europe is the result of its diversity and its differences and building sustainable development in all parts of the EU can never ultimately be managed through centralised governance. In the light of this, the concept of smart specialisation is the tool for regionally adapting this work, based on the specific regional context, and finding relevant interaction partners and regions with similar challenges and focus across Europe. The OECD territorial review carried out in the NSPA also highlights smart specialisation and interaction within the NSPA as particularly relevant for enhanced regional development. The NSPA network is in itself an example of the role the EU can play for getting ambitious development work across borders started. Without lubricants there are few



incentives or resources to connect up to the EU's agenda. The emphasis for EU regional support should therefore be on finding the real challenges and potential the funds should focus on for each region, in a dialogue with the national level and the EU. In sparsely populated areas such as northern Sweden, infrastructure and broadband play a central role for contributing to vibrant communities and industrial development, while for other regions efforts should be made in entirely different areas. This is the smart way for the EU to govern and at regional level contribute to the thematic concentration that means the funds are able to have most effect in some indicated areas and potentially strong cluster formations linked to the regional development strategies.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- To be enabled to greater extent by using the smart specialisation strategies in the regions.
- Make room for adapted priorities such as infrastructure and broadband in distant regions with long distances.

8. Govern through multi-level partnerships and soft power on the part of the EU

The most effective way of steering development on the part of the EU is to do so through the regions. It is possible to reach out everywhere throughout the EU by continuing to build on monitoring of programmes and over time making adjustments to them through a structured partnership, dialogue and agreements between the local, regional and national levels and the EU on what the funds should achieve through an established thematic concentration linking to the EU's overall strategies. This also illuminates, in the context of partnership agreement negotiations, the need for support for implementation of programmes and build-up of administrative capacity as part of successful and effectively utilised support from the EU. This need might exist in regions with less well functioning structures but also in northern Sweden which has well-functioning authorities but, on the other hand, small administrations that have to manage large geographies. Regional capacity is also about being given the ability through pre-study funding to design relevant programmes, projects, interaction and investments. By means of structured joint action a clearer division of roles can be established. The regions should be responsible for strategies, priorities and implementation, the national level for co-financing and follow-up and the EU for visions, interaction platforms and core financing.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Continue to contribute to structured partnership and dialogue about implementation of policies between representatives of local, regional, national and EU levels.
- Also give importance to support and pre-study funding to strengthen the local and regional ability to carry on development work with EU funds.

9. Focus on the regional innovation system for real competitiveness

Broad and long-term results for cohesion policy require support systems to reach out to all corners of the EU and not just to actors and regions that are already strong. This is particularly clear in one of the EU's main challenges: creating global competitiveness through cutting-edge



innovation. The EU's research programmes aiming for excellence are dependent on regional actors being able to build capacity to access these investments. Sweden, for example, is a leading research nation, however compilations show that outside the traditional university locations the regional funds are in reality responsible for the bulk of the research and innovation work that has put Sweden at the top of the EU innovation scoreboard. Research is one part of innovation work and another part is the regionally organised funds that give support to development work closer to the market that generates new products, markets and methods. EU innovation support can and should stand on both these legs so that actors at local and regional level gradually achieve maturity and capacity as well as collaboration for excellent research. Northern Sweden is one of the best examples of the potential of this type of interplay.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Continue to contribute to developing the regional innovation system through interaction between industry, academy and the public sector.
- To a greater extent enable interplay between efforts for this type of innovation capacity and excellent research within the framework for specific research programmes in the EU.

10. A chain of strong links to gear up the regions and thereby the entire EU

In reality central EU-specific efforts can achieve greater impact if they take place within the framework for regionally organised funds than if everyone is to chase after the same resources in centralized silos far from the recipients. The EU needs a clearer structure for how the various programmes and support instruments interwork. It is a question of giving actors and projects the chance to gradually move between the different forms of support as projects are developed and maturity increases. It should be possible to make such moves seamlessly so that a restart at each new step is not necessary. One example would be a tourism project starting at a very local level in individual actors, progressing to increased interaction to build joint packages which in their turn increase chances of crossing borders to market a whole area and integrate research that develops what is offered with naturally sustainable solutions and awareness of other investment needs to release potentials. Each step is based on its own logic which needs adapted support but can be designed to encourage the next step through better coordination and common systems of rules for all support programmes.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- To a greater extent enable and promote advancement between different types of support in pace with development of an area.
- To a greater degree contribute to that the projects receiving support also consider possible next steps in their development.

11. Three coherent steps for cohesion policy to build on

We see a point in making the role of the regional funds clearer in these steps in the regions' ability to contribute to EU sustainable growth. They may be described as;



- a) A first level of regional capacity building through interwork in the regions between the various actors and sectors within the framework for the EU's overall objectives linked to their own smart specialisation strategies in order to create the capacity to take advantage of other EU instruments and platforms.
- b) A second level of interwork across borders for joint activities with others to gear up efforts, learn from each other and deliver more critical mass with openness to the surrounding world, including third countries.
- c) A third level of capacity, developed through the previous steps, to benefit from other EU instruments, including research and innovation funds etc. to achieve global competitiveness in their niches and thereby contribute to the economic development of the whole of the EU.

A more clear-cut order of this type in which the regional funds connect better to the other EU funds and programmes with more common rules and coordinated announcements for clearer synergies and simpler management for project owners is desirable.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Deliver a foundation for regional capacity building for increased collaboration across borders and opportunities to access other EU common development tools.
- Creates clearer links in the framework of rules and objectives so that the funds organised at EU level also tie up more clearly with local and regional capacity building.

12. Gear up resources with innovative additions where appropriate

The so-called Juncker Plan is part of a strategy to increase the rate of investment in Europe. Being able to gear up regions' own resources to a greater extent with investment support of this type is positive. There is reason to stress that for regions with a small market and little access to capital, loan instruments alone are not sufficient. On the one hand capital without control tends to go where capital already exists, that is to say to areas that are already resourceful and, on the other, all necessary investments do not generate direct return on the investment, but rather in other parts of the economy. In that sense EU regional funds are of invaluable importance with requirements of regional strategies and a development focus contributing to efforts for growth and development rather than just focusing on money. In the social area and in regions with minor external business interests and a small capital market of their own that type of regional basic support is a precondition. However, possibilities of gearing up the regional investments to a greater extent with various financial instruments would be welcome and is even necessary. While ventures in major cities can obtain loans without security, capital requirements are almost unreasonable for even a safe investment in rural areas. This is an example of how investment capacity and growth are inhibited. Market failures of this type need to be corrected and the EU can play an essential role here, however more regionally organised loan guarantee instruments are also required and EIB should be given a more active role in assessments of regional project commitments that can be expected to gear up with other financing, since those skills are often not available in local communities and regional administrations.



Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Continue to be realised through a regional grants support structure for development projects.
- To a greater extent enable efforts for regional gear up with different financial instruments, as far as the territorial preconditions permit.

13. A Result is not what is easily measurable but the actual effect at system level

The focus on results in the regional funds is basically good for measuring and following up and seeing that they in fact delivered results. However, there is a danger that if the right things are not measured, a success is perceived to be a failure. It is of central importance that in the partnership dialogue between the regional level, national level and the EU, a framework of overall objectives for each programme be set up and relative indicators found, including qualitative evaluations and active investigation to find out how well they are achieved at programme level rather than project level. This includes, for example, the objective of increasing collaboration between different actors which in itself produces many possible gains. Regional development is also about testing new solutions and methods or providing support for the development of new products and business models and testing whether or not something new works so as to be able to proceed to a next project based on what has been learned. A failure can be a good result in itself, however how it should be measured and described in the context of the overall programme goals needs to be developed. The so-called European semester for a sound economy in member countries with the necessary growth efforts may possibly, as part of a more long-term regular follow-up, be more clearly linked to the regional funds and programmes, with a possibility of adapting priorities in them over time. However, it is of central importance that the follow-up and the recommendations then given for regional development work with support from EU regional funds also be based on the regional programmes' goals and can also actually be controlled at regional level.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- To a greater extent be evaluated on the basis of long-term combined effects of programmes rather than individual project results.
- Can be linked to the European semester, provided that follow-up and recommendations are addressed to concrete regional development with EU support.

14. Reasonable economic distribution and follow-up on the part of the EU

EU instruments often suffer from heavy administration and bureaucracy. This becomes particularly clear for regions with small administrations and few major and strong actors. Although northern Sweden has well-functioning municipalities, they are small administrations that have to cover enormous geographical areas with many extremely small individual actors that need support and incentives to develop themselves and their industries. It is therefore essential that support systems are reasonably simple and adaptable. One way to achieve this is to rely to a greater extent on their own and national follow-up systems. For regions and countries where EU financing is never over 50%, which is the case for Sweden, this in itself means there are built-in requirements of benefit and relevant results for input of national co-



financing. Basically it is an advantage to have requirements of some form of co-financing to screen projects' true relevance. One possible arrangement might be that in the case of 50/50 EU and co-financing, which is a reasonable level for maintaining interest in and benefit from EU assistance, follow-up and control be mainly placed in the systems of existing authorities responsible for programmes in a dialogue between the authority and the EU. For cases and in regions and countries with a need for a higher degree of EU financing, if there is cause, it could be accompanied by an increasing degree of direct governance, follow-up and control on the part of the EU.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Be able to adapt to a greater extent requirements of follow-up and control to the co-financing share.
- For countries and regions with a high share of own co-financing (50%) transfer the bulk of control and follow-up to existing national systems.

15. Northern Sweden and the Arctic a test bed for Europe

Northern Sweden and the whole of NSPA offer a unique geography for testing new forms of collaboration and governance in the EU to maximise the result of EU investments in a dialogue between the regions, countries and the EU. In northern Sweden there are vast regions but at the same time, a manageable number of actors who already collaborate and can function as a test bed for Europe in this area too. The Arctic stakeholder forum process carried out in close dialogue between the EU, the countries and regions is a very good example of a new, in many respects forward-looking, working method. It is essential that the result of this process is now also visible in the EU's regional policy support in order to develop the EU's own Arctic regions in accordance with what is established in the consultation report and what the EU Council of Ministers and the European Parliament have supported concerning the need for investments and special continued support programmes for the Arctic regions in NSPA. We are, of course, open for a continued dialogue.

Europaforum Northern Sweden therefore proposes that EU cohesion policy after 2020;

- Continue to contribute to promoting cooperation and testing new methods to achieve the goals for global competitiveness and sustainable development.
- Build further on the experience gained from the Arctic consultation process carried out in continued interplay with the regions in NSPA for the formulation of EU development support.



Adopted at Europaforum Northern Sweden, Sollefteå, 22 February 2018

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