



Cohesion Policy in Northern Sweden

Added value for the whole European Union

Cohesion Policy in Practice

Investing in the High North, Delivering EU Added Value

Cohesion policy is the EU's key investment tool for promoting economic growth and employment at local and regional level. For the regions in northern Sweden, it has had a decisive impact on development. Together with northern Norway and eastern and northern Finland—known as the northern sparsely populated areas – northern Sweden forms part of the European Arctic. The area is rich in natural resources and offers strong conditions for the green transition, but also faces challenges such as long distances, sparse populations, and an economy sensitive to global market fluctuations. Given its strategic location in the European Arctic, its importance for the EU's strategic autonomy, and increasing geopolitical pressures, the development and resilience of these communities are critical for the EU as a whole.

EU support through cohesion policy is central to meeting these challenges and maximising opportunities. With the help of EU funds, strategic projects have been co-financed and innovative ideas have been tested, scaled up and incorporated into mainstream operations. Long-term investments at local and regional level have created commitment and ownership, which has ensured that efforts meet real needs and coordinate different interests.

Northern Sweden

- ❖ Four regions in the European Arctic with unique conditions.
- ❖ Significant natural resources, great potential for the green transition and a geopolitically strategic location.
- ❖ Low population density, long distances, aging population, limited economic resources and an economy sensitive to global market fluctuations.



Infrastructure

For a connected and digitally linked region

Northern Sweden has major transport system shortcomings in many areas. EU support has therefore been crucial for investments in strategic projects that have removed bottlenecks and increased accessibility. This has benefited economic growth, contributed to more attractive communities and raised the quality of life for residents.

The digital infrastructure is also inadequate in many places, as long distances make broadband expansion costly and less attractive for private actors. EU support has therefore played a crucial role in enabling secure and fast connections for companies, the public sector and residents. This has strengthened the opportunities to live and work throughout northern Sweden.

Infrastructure projects that have made a difference

- ❖ **The port of Luleå** handles raw materials from the mining and steel industry of Norrbotten with great added value for Sweden and Europe. The EU's Regional Development Fund helps to develop rail transport to and from the port, thereby playing an important role in ensuring that the port can transport 3–4 times more goods by 2030 than was possible in 2024.
- ❖ **“Mittstråket”** is a cross-border transport route between the Norwegian Sea and the Baltic Sea with geopolitical strategic importance. Long-term investments have strengthened safety at level crossings, enabled higher speeds and improved connections for smoother and more efficient freight transport.
- ❖ **Broadband expansion** in Västernorrland: In 2017, only 73 percent of households had fast broadband. Largely thanks to support from the EU, access increased to 98 percent by 2023.





Innovation

Starting from place based conditions and knowledge

Northern Sweden's sparse population and long distances have historically limited knowledge exchange and innovation capacity. Even though digitalization offers new possibilities for remote collaboration, access to support systems and innovation environments is still limited in many parts of the region.

Cohesion policy has therefore been of significant importance to increase innovation capacity and harness growth potential. Through regional strategies for smart specialization, investments have been directed towards areas with particular strengths – such as natural resources, advanced infrastructure and specific expertise. This has contributed to new niches, more attractive environments for investment and research, and strengthened the global competitiveness of traditional industries.

Despite these developments, structural challenges remain. A continued investment in research, innovation and skills development is necessary for northern Sweden to continue to develop strongly.

Innovation in practice

- ❖ **Arctic Game** is a joint platform for games development. With EU support, it has grown into one of Northern Europe's fastest growing games cluster. Young gaming companies have been able to attract capital, grow and collaborate. The development has also broadened the use of game technology in traditional industry and created new innovations in several sectors
- ❖ Processum Biorefinery Cluster is a world-leading test environment and pilot park for bioprocesses and green products. Long-term investments in industrial biotechnology, waste refinery and business development have resulted in a strong bioeconomy cluster. This critical mass of expertise and resources makes the entire region more attractive for researchers and companies and shows how cohesion policy can develop new opportunities based on traditional industries.
- ❖ **The space industry** in northern Sweden, with its satellite launch infrastructure, is a strategic asset for the EU. Through EU support, collaboration between academia, industry and innovation actors has contributed to a strong innovation ecosystem that attracts investment, research and technological development. In the long term, these investments can also play an important role for the EU in meeting the increasing competition and growing conflict potential in space.

Capacity building & collaboration

The sparseness of northern Sweden means that many communities have completely different conditions than densely populated areas. Small local tax bases and high costs for public services lead to limited administrative capacity while geographically dispersed communities result in fragmented labour markets with a low critical mass of companies. This in turn impairs access to capital and limits the opportunities for companies to start, grow and commercialize innovative ideas.

Through cohesion policy, long-term and targeted efforts have been made to mobilize local and regional stakeholders, develop innovation and business promotion systems, and support the growth and development of companies. Collaboration between stakeholders has also enabled the development of solutions for resource efficiency in both private and public sector. This leads to stronger innovation capacity and better economic and social sustainability in the region.

Building capacity together

- ❖ **Akademi Norr** is a collaboration between twelve inland municipalities in northern Sweden that, with EU support, has implemented initiatives such as strengthening the digital skills of care staff and the ability of organizations to integrate new technology and digital methods. Such initiatives exploit the opportunities of digitalization and enable distance-independent collaboration and are crucial for maintaining welfare services in areas where public services have gradually been moved.
- ❖ **BizMaker** has developed from a local incubator in Sundsvall to a regional platform for the whole region of Västernorrland. The organization functions as an incubator, Science Park and establishment-promoting actor with a focus on international establishments and business opportunities within the green transition. Since 2023, BizMaker has received base funding by the municipalities and the regional authorities, which shows how EU support has contributed to long-term sustainable operations. The work has led to several successful companies, and by 2023 the public funding yielded a return of 17 times the amount invested in the form of tax revenue.





Skills and employment

Northern Sweden faces significant challenges in terms of skills supply due to an aging population, sparse population structure, long distances to educational institutions and people relocating.

Digitalization and the green transition also demands new competencies, which affects all sectors, from mining and energy to the hospitality industry and welfare services. In addition, the growing competition for qualified labour makes skills supply a central issue for the region's development and societal transformation.

Cohesion policy has enabled investments in the integration of newly arrived and foreign-born people as well as skills development and training efforts to meet labour market needs. These efforts have contributed to new collaborations and methods to strengthen lifelong learning and to make people, companies and organizations better equipped for a changing labour market.

Skills supply in practice

- ❖ **Vocational education.** To meet the skills needs in the metalworking sector and support the green industrial transition, efforts were made to strengthen collaboration between training providers and employers. Through the development of new training courses and modern training environments better conditions have been created for a more competitive and sustainable industry.
- ❖ **Learning centers.** The structure of learning centers built up between 2001 and 2006 became an important platform for adult learning and was implemented in almost all municipalities in northern Sweden. The initiatives coordinated adult education, distance learning and vocational training, making training available throughout the region and enabled a flexible structure to better meet local and regional skills needs.
- ❖ **Move up North.** Ten of northern Sweden's smallest but geographically very large inland municipalities were able, with EU support, to implement a joint initiative to increase the capacity to welcome new residents and coordinate resources for a functioning immigrant service. The initiative included, among other things, information to those moving into the area about job opportunities, community life and the municipalities' offerings. Efforts like this improves conditions for attracting, recruiting and retaining residents and personnel.

Cooperation across borders

Meeting mutual challenges and opportunities

Interreg programs has enabled northern Sweden to build strong cooperation across national borders – both within the sparsely populated and strategically important European Arctic as well as with other parts of Europe. By being part of a larger geographical context, new opportunities open for development, innovation and knowledge exchange. This has been crucial for research and innovation and has led to the emergence of new products and services that can compete on both national and international markets.

In addition to furthering joint projects across borders Interreg also works as a spring board to find international partners, which in turn strengthens the possibilities to engage in sector programs such as Horizon. These cooperations also contribute to breaking down administrative barriers and promoting effective cooperation around common challenges.

Seamless collaborations

- ❖ **Green Flyway** is an international testbed for electric aircraft and drones developed with support from Interreg. It is connected to an airspace corridor between Norway and Sweden where few aircraft movements and a challenging mountain- and winter climate create unique environments for testing. The initiative enables the development of drone services, infrastructure for future aviation and new solutions for the transport of both goods and people.
- ❖ **The Arctic Europe Tourism Cluster** is an effort to strengthen the European Arctic as an internationally sustainable destination that benefits the industry, local communities and visitors. EU support has been crucial for small tourism companies with limited resources – not least Sami entrepreneurs – to be able to develop structured collaboration and joint business models, which has, among other things, enabled the establishment of the Swedish Lapland collaboration platform. Cooperation is now deepening with Norwegian and Finnish stakeholders, with the aim of developing a cluster of tourism companies in the European Arctic.



Europe's northern periphery creates important added value for the whole of Europe

Much of what is taken for granted today would not have been possible without earlier investments – from innovative start-ups and industrial ventures to the strong growth in the tourism industry. At the same time, significant challenges remain. For the sparsely populated northern Sweden, with long distances to markets and limited local resources, a strong cohesion policy remains crucial for regional development and thus for a stronger EU. Cohesion policy instruments carry low costs in comparison to the significant socio-economic gains they can create. In a deteriorating security situation, where the European Arctic is of strategic importance, viable communities in northern Sweden are also central to a safer and more resilient region. Cohesion policy therefore needs to continue to support and empower regions in northern Sweden to develop – for the benefit of the whole of the EU.

Do you want to read the report in its entirety? Go to europaforum.nu

