



REGIONAL COUNCIL
OF LAPLAND



POHJOIS-
POHJANMAA
COUNCIL OF OULU REGION



REGIONAL COUNCIL
OF KAINUU



REGIONAL COUNCIL OF
CENTRAL OSTROBOTHNIA



North Savo
Regional Council



Regional Council of
NORTH KARELIA



South Savo
Regional Council

Together towards a sustainable Europe



East & North
FINLAND

**We are known as competent and reliable operators,
with clean solutions and sustainable services close to our hearts.
Through digitalisation, we are present everywhere.**

East and North Finland make up Most of Finland.



Most of Finland

East and North Finland (NUTS 2) includes:

1. Lapland
2. Northern Ostrobothnia
3. Kainuu
4. Central Ostrobothnia
5. North Savo
6. North Karelia
7. South Savo

The regions of East and North Finland (ENF) have strong cooperation traditions, which have been created through a joint EU office in Brussels, ENF cooperation bodies and jointly implemented EU projects.

This document prepared by the Regional Councils of East and North Finland explains the current situation and opportunities in the region, as well as the significance of EU regional and structural policy funding for the region.

The document was published in March 2025.



Population and density

1,27 million inhabitants

23 % of the Finnish population

5,4 inhabitants / km²

Area

235,450 km²

60,2 %

of Finland's total area

80 % of Finland's country border with Russia

Land area

203,523 km²

Water area

32,927 km²

(14% of land area)

Source: National Land Survey of Finland 2023

€36,123

GDP per capita

€43,049 nationwide

Source: Statistics Finland

€10,014

Foreign trade in goods/resident

€12,420 nationwide

Source: Customs and Statistics Finland 2021

6

metal ore mines

13

industrial mineral mines

Forest area

66 %

of Finland's forest area

98 %

of Finland's organic picking areas

A total of 4.6 million hectares of organic picking forest areas in Finland

Energy

66,5 %

of Finland's renewable energy production

70,1 %

of Finland's hydropower production

59,6 %

of Finland's wind power production

Tourism

40 %

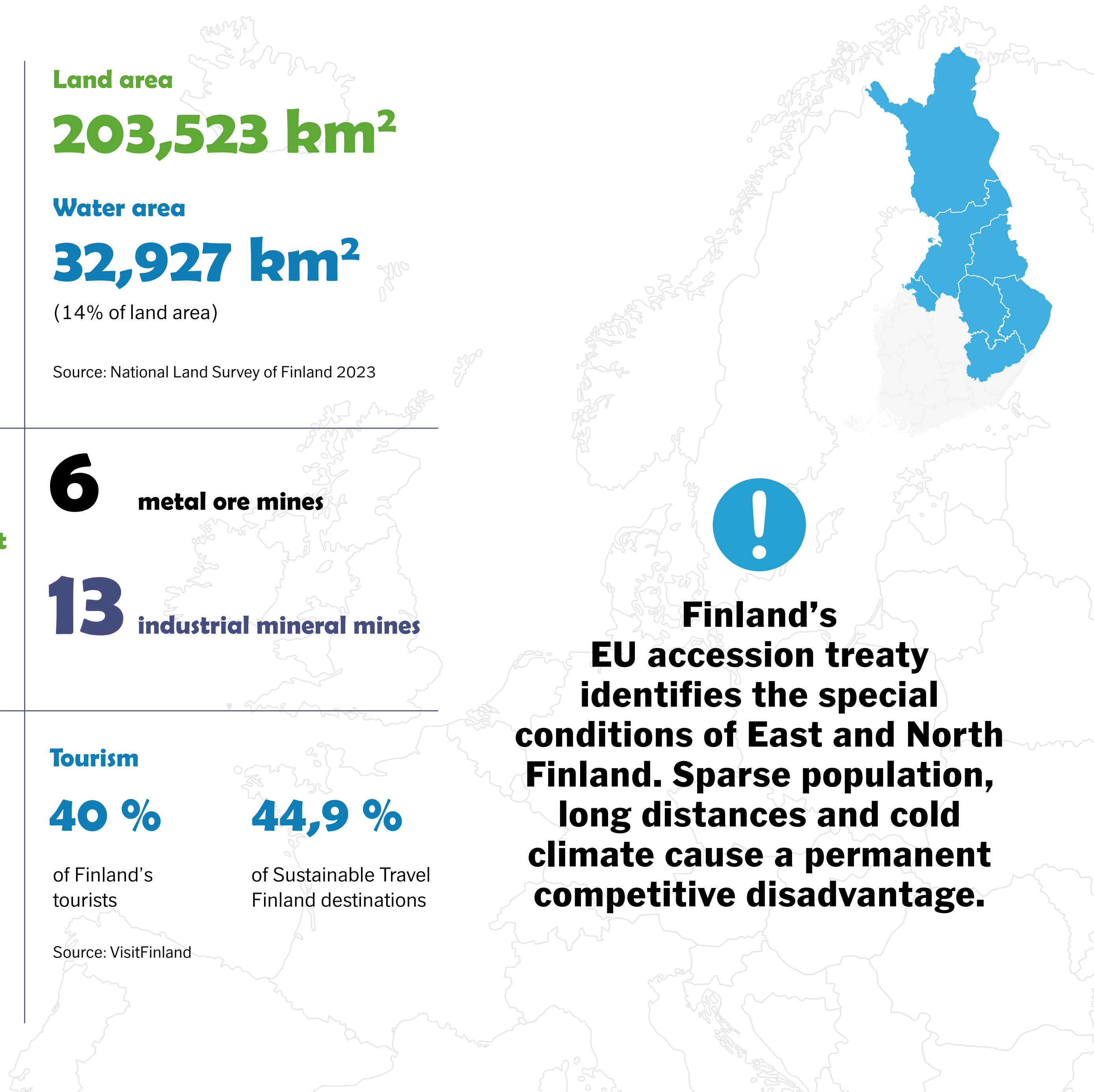
of Finland's tourists

44,9 %

of Sustainable Travel Finland destinations

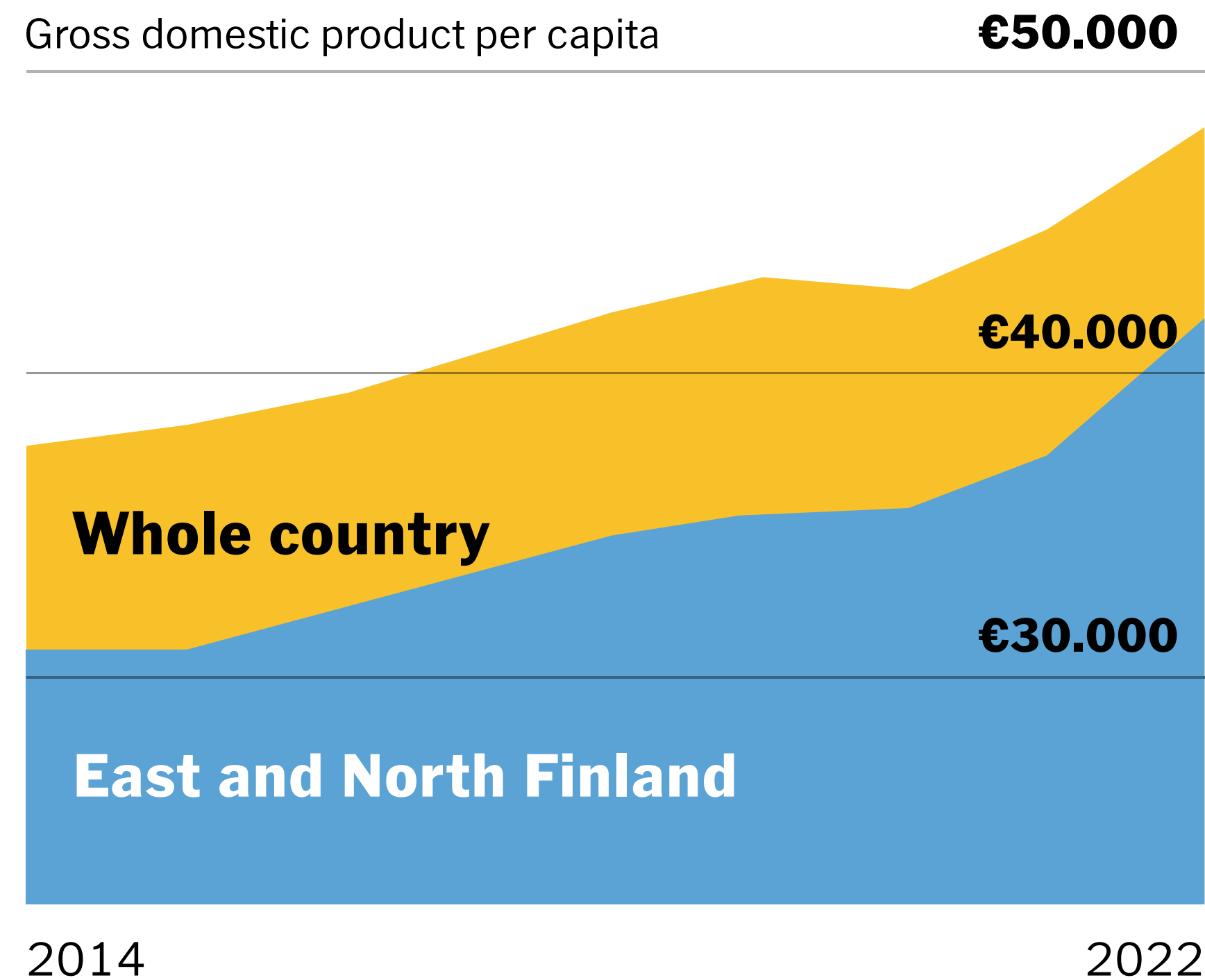
Source: VisitFinland

Finland's EU accession treaty identifies the special conditions of East and North Finland. Sparse population, long distances and cold climate cause a permanent competitive disadvantage.



East and North Finland still needs

EU regional and structural policy support



Thanks to EU funding, East and North Finland has experienced many positive developments (GDP, competence, business activities). Despite this, many indicators show that the region continues to perform more poorly than the national average, and there are also significant variations within the region. The global change in the economy, such as the clean energy transition and demand for natural resources, as well as the geopolitical situation, affect the development and situational picture of the region. The change means an increasing importance of northern regions from the perspective of security of supply. The situation on the eastern border, on the other hand, has a negative impact on the whole East and North Finland.

The regions of East and North Finland have made determined and effective use of EU regional and structural policy funding. The region's GDP has risen towards the level of the rest of Finland. The average annual change in GDP between 2014 and 2022 has been higher than the national average (ENF area 3.1%, whole country 2.5%). The vitality and competitiveness of the entire region have improved.

However, the GDP per capita of East and North Finland remains clearly lower than the corresponding figure for the whole country.

Despite the positive development, there are still structural challenges in the region: sparse population, long distances and inadequate connections to the market. In order to safeguard the progress made and to maintain strong regional development, East and North Finland still needs support from the EU's regional and structural policy fund.



EU Structural Fund activities (ERDF + ESF) in East and North Finland 2014–2020

European Regional Development Fund (ERDF) • European Social Fund (ESF)

EU funding has attracted private funding to the region

1,091 M€

(whole country €1.6 billion)

1,336 M€

EU and state funding

6,213

development and investment projects

304

new companies

8,783

jobs

Programme period emphases are reflected in positive environmental impacts and in the strengthening of the sustainability base of the regional economy.

Production and utilisation of new knowledge and competence



429 M€

competitiveness of SMEs



426 M€

employment and labour mobility



174 M€

education, vocational skills and lifelong learning



128 M€

REACT EU



108 M€

social inclusion and poverty reduction



71 M€

Total 1,336 M€

Pioneering in the **Regional Innovation Valley**

Smart Specialisation is an EU innovation policy (RIS3), in which regions independently identify and select their own strengths and utilise their strengths in the development of their regions. Specialisation means focusing on competitive strengths and realistic growth opportunities.

A joint Smart Specialisation Strategy for East and North Finland was published in 2023. The European Commission has highlighted the strategy as a good practice.

The strategy focuses on:

- **clean solutions**
- **utilisation of digitalisation**
- **sustainable service production**

In June 2024, the European Commission granted East and North Finland the status of a Regional Innovation Valley (RIV).



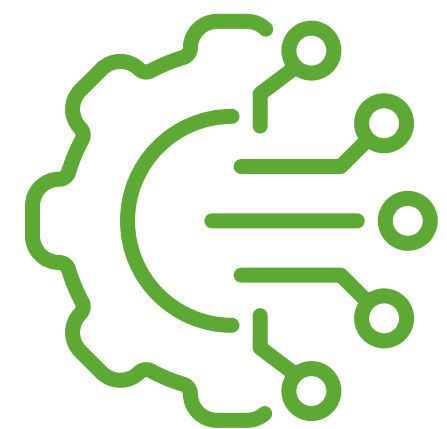
Impact of **Smart Specialisation**

Cooperation between higher education institutions, research institutes and companies has strengthened the competitive advantage and position of East and North Finland as an innovation cluster. Long-term investments in top research, technological transition and partnerships have created sustainable growth and accelerated the development of new solutions in both industry and the service sector.



Green transition and sustainable solutions

- + **renewal of business and industry**
- + **energy transition and low carbon**
- + **new solutions for clean energy transition**



Success of SMEs and micro-enterprises

- + **competence development**
- + **digitalisation**
- + **internationalisation**

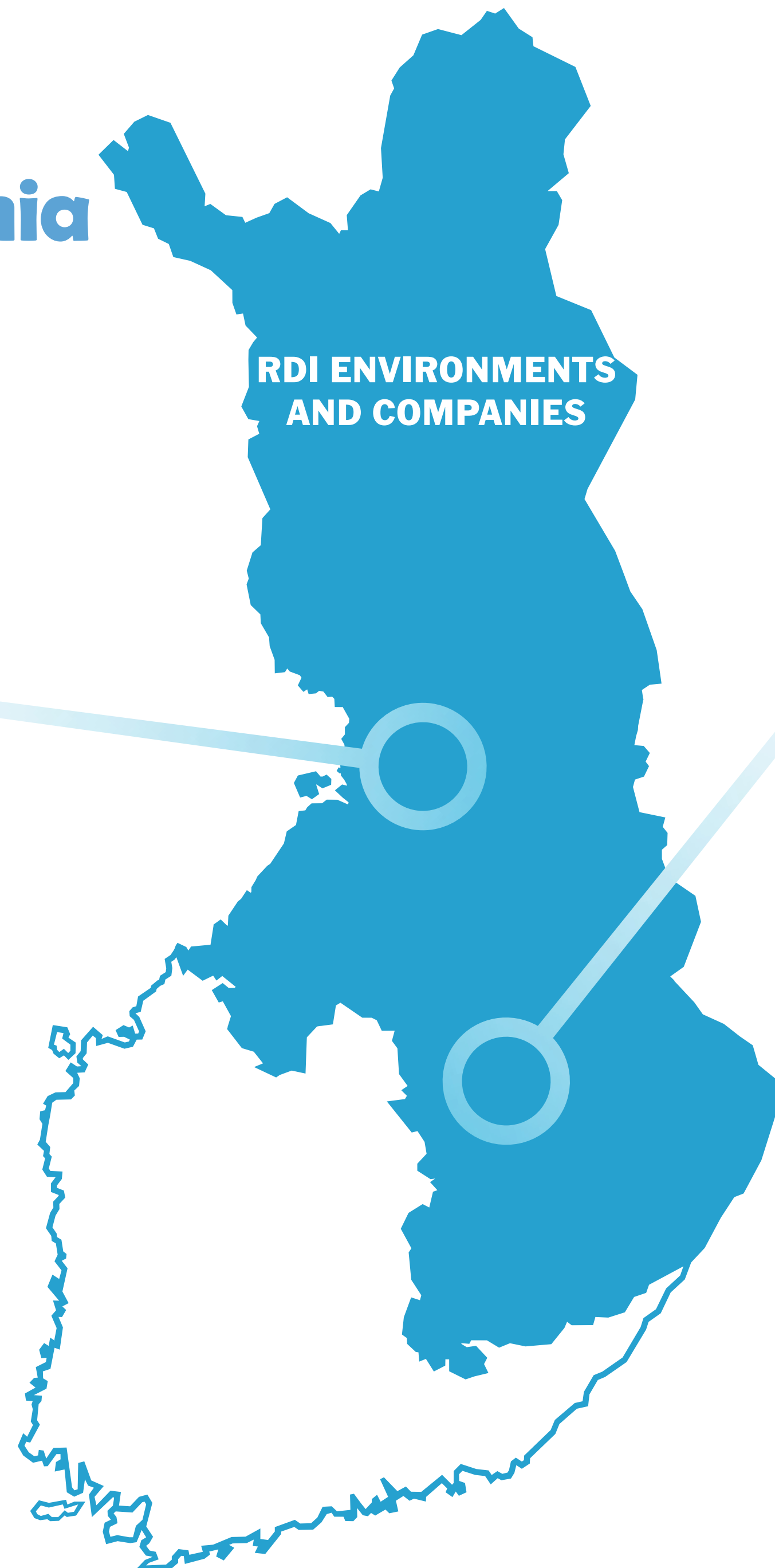


Competitiveness of manufacturing industry

- + **strengthening innovation capacity**
- + **transfer of technology expertise**
- + **cross-border value chains**
- + **channelling of private funding**

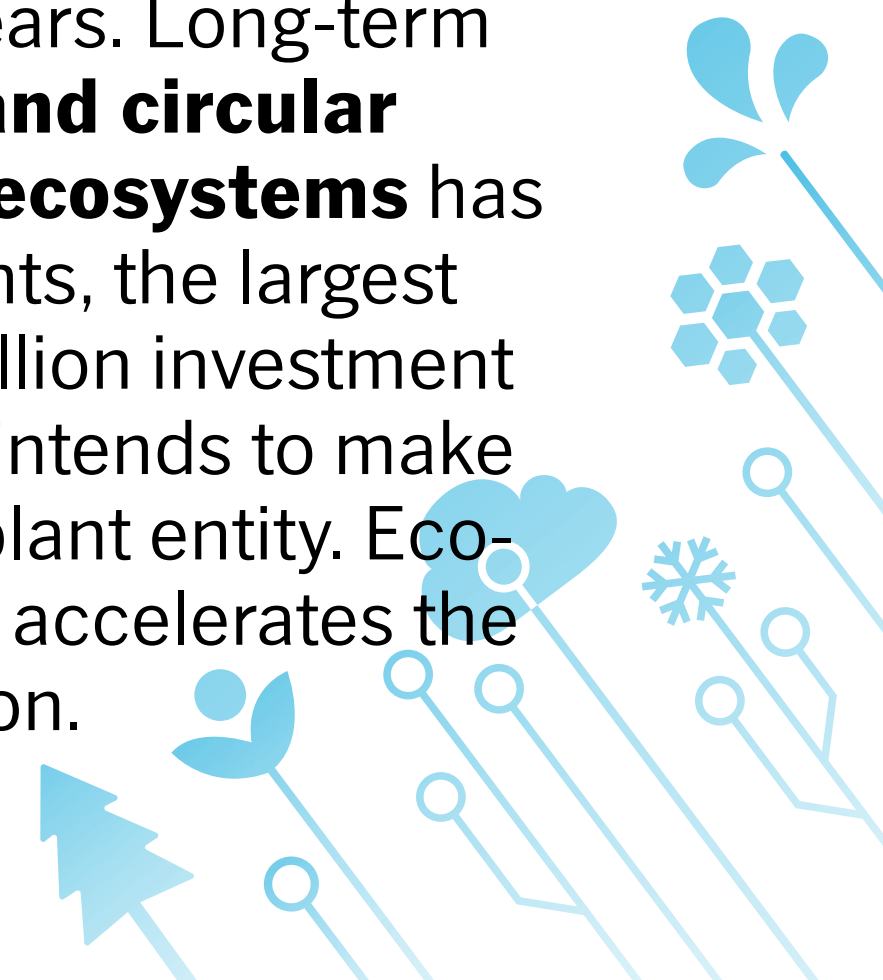
In Northern Ostrobothnia

the ERDF investment with the most significant multiplier effect is **the 5G test network research environment**, in which a mobile network was built for the University of Oulu, using the latest available mobile network technology. The network will provide the surrounding industry with a modular environment that represents the latest technological development, where it is possible to validate new technological inventions and products, as well as experiment with new service models and implement entire service pilots. The test network itself is a prototype of a new type of service model, i.e. a so-called micro operator, which contributed to helping the University of Oulu achieve the Finnish Flagship Programme funding granted by the Research Council of Finland, in which the 5G standard was taken to the commercialisation stage. The test network investment has enabled significant research and development activities, supported by Business Finland with EUR 20 million and the European Commission with EUR 16 million. 150 companies in development cooperation. Private contribution is approximately EUR 5 million.



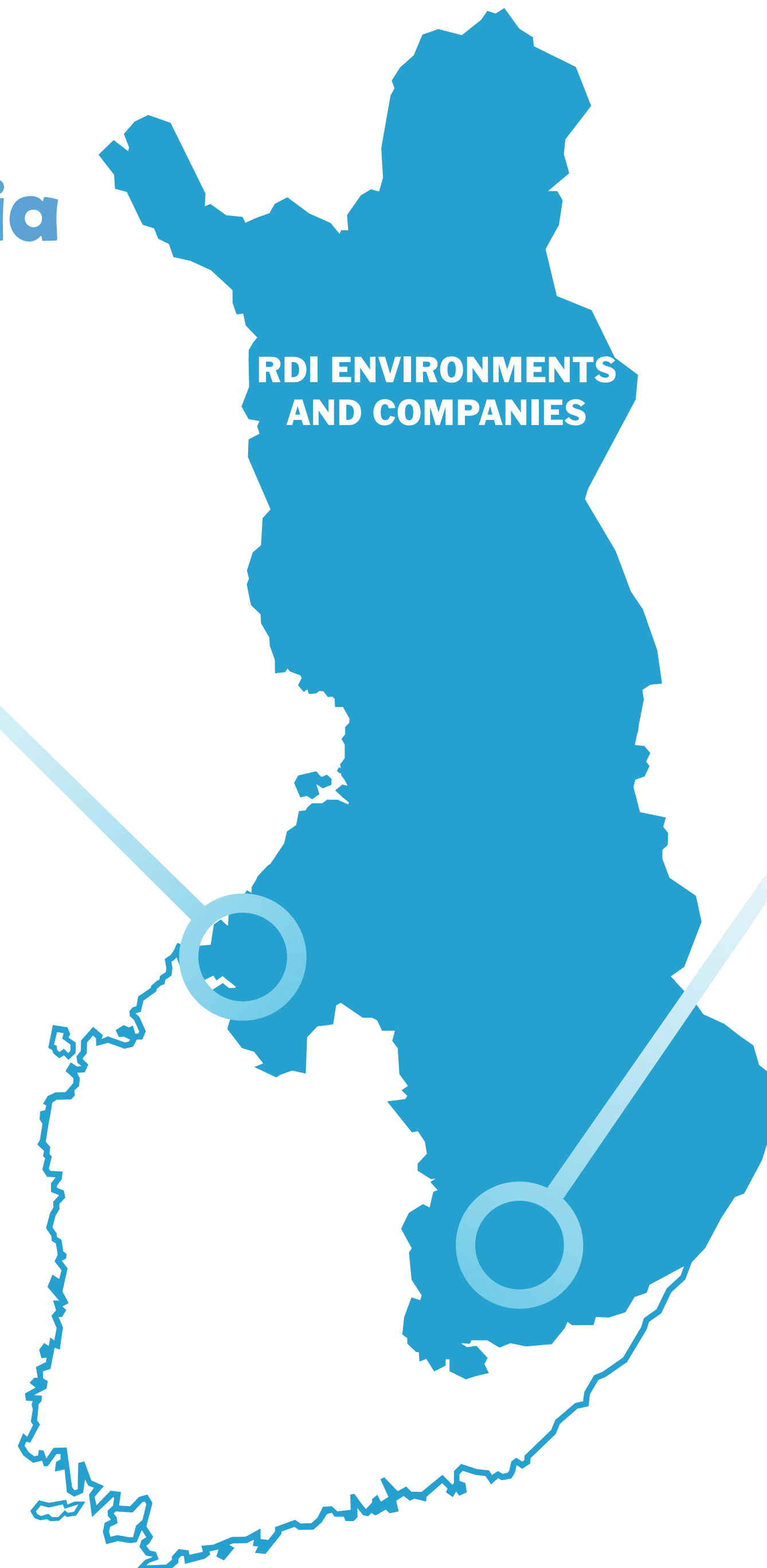
In North Savo

several development and investment projects related to ecosystems and clusters have been funded to boost innovation activities. Research, development and innovation environments are organised into sector-specific clusters, in which companies, research institutes and other actors cooperate closely. Cluster investments have created new business and strengthened the competitiveness of the region. For example, **Finvector Oy, a biomedicine company operating in the Kuopio Health ecosystem**, opened a new factory in Savilahti in Kuopio in 2024, and its number of employees has doubled to more than 500 in two years. Long-term development work **in bio and circular economy and Agri-Food ecosystems** has led to significant investments, the largest one being the EUR 100 million investment **Suomen Lantakaasu Oy** intends to make in the Upper Savo biogas plant entity. Ecosystem-based cooperation accelerates the green transition in the region.



In Central Ostrobothnia

Kokkola Industrial Park (KIP) is the largest chemical and metal processing industry ecosystem in Northern Europe, with 2,400 employees from several international top companies. EU funding has been used to support the ecosystem in the long-term, in such areas as the mapping of lithium reserves, RDI activities in industrial processes (e.g. battery chemicals, measurements), as well as increasing the visibility of Kokkola Industrial Park and the competence of operators (Kokkola Material Week event).



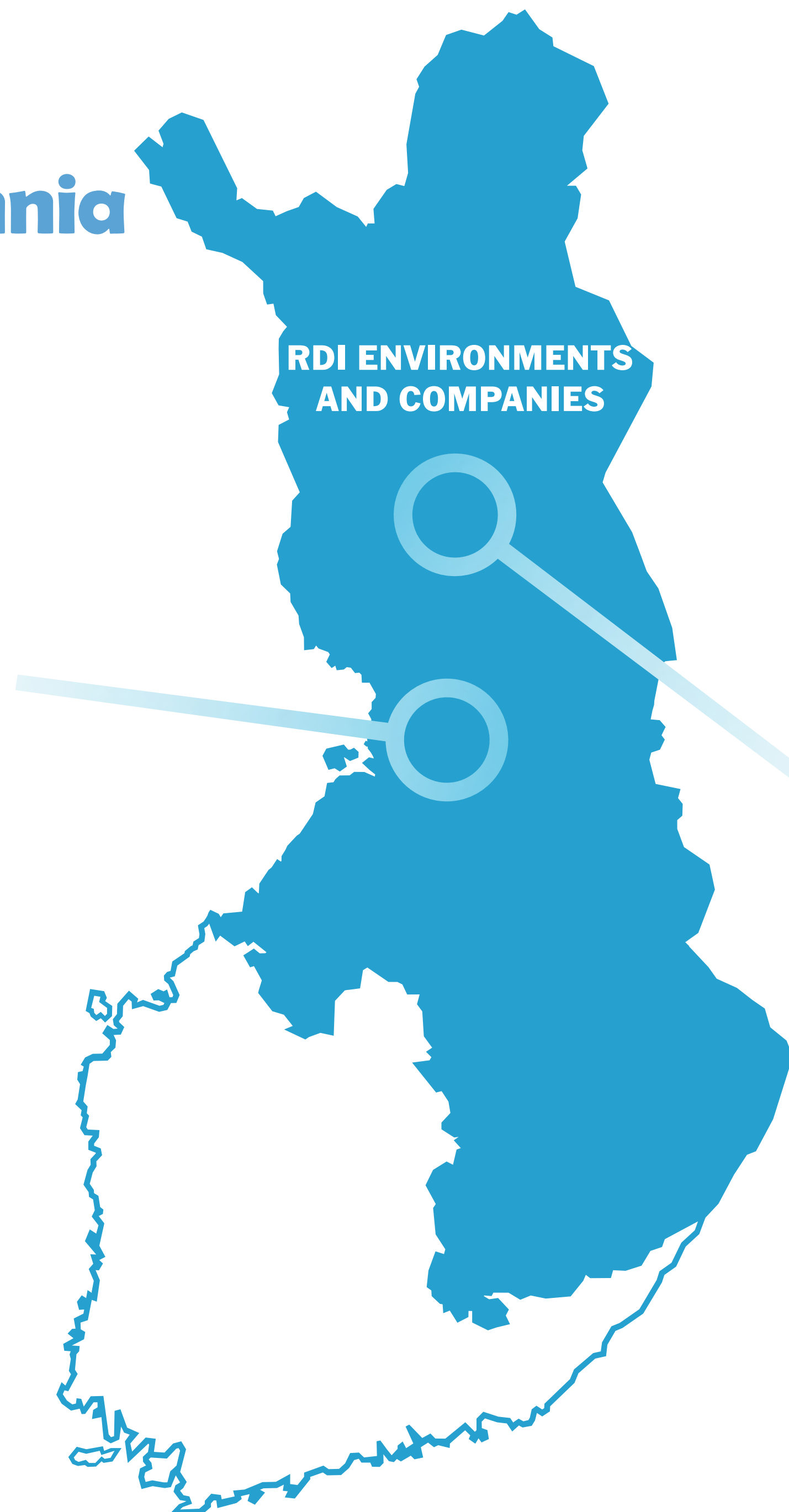
In South Savo

EU funding has been used to promote research and development in the water purification technologies and circular economy, for which a total of 20 projects have been funded, in which EU and central government support amounted to EUR 9.56 million. **Mikkeli EcoSairila clean water and circular economy RD environment**, aiming for international cooperation, **as well as the Blue Economy Mikkeli cluster, focusing on the circular economy and digitalisation of water supply have emerged in the region.**



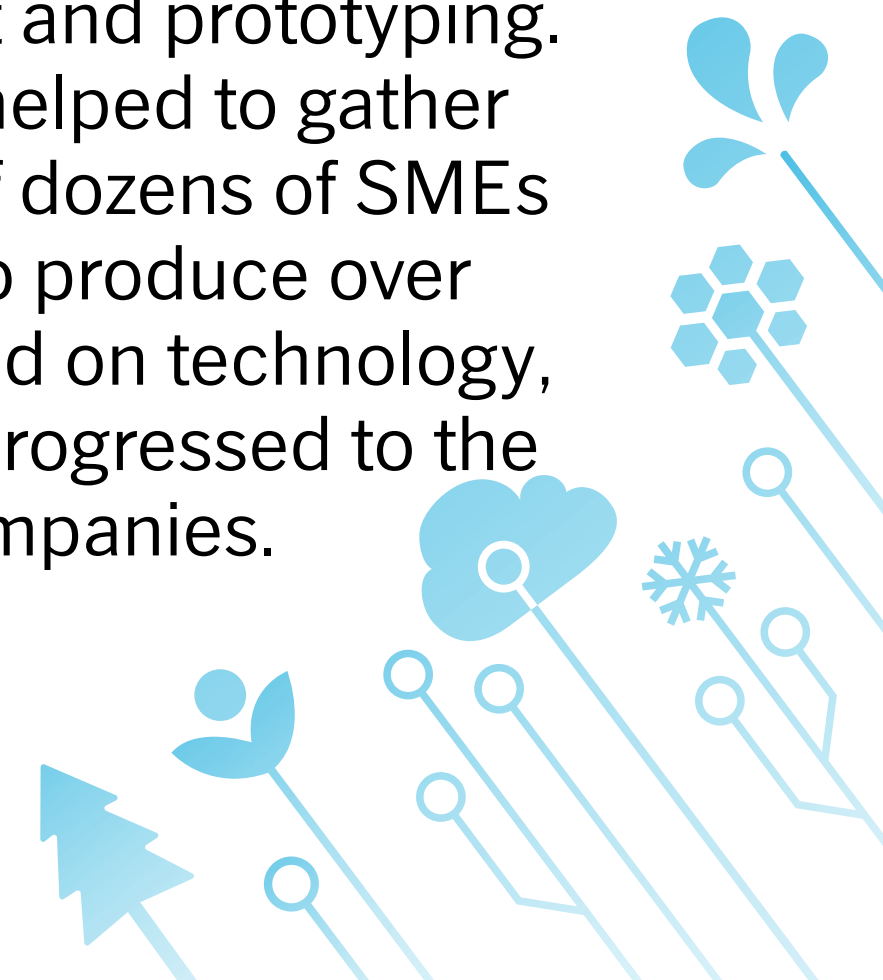
In Northern Ostrobothnia

regional and structural policy funding has also promoted the activities of micro-enterprises. The University of Oulu's Kerttu Saalasti Institute has established **the Micro-Entrepreneurship Centre MicroENTRE**. The concept of the core group activities of micro-enterprises has been developed, and their organisational responsibility has been transferred to regional business services as part of their service package. One key result is the production and dissemination of reliable information on micro-enterprises. The region and its activities promoting micro-entrepreneurship have also been presented as good practice by the OECD. The MicroEntre concept has created sector-specific, joint projects for companies. The MicroEntre concept has also been utilised in many other regions. The Micro-Entrepreneurship Centre MicroENTRE has been granted a national role in micro-entrepreneurship research and teaching.



In Lapland

an Arctic centre of expertise has been formed with the support of regional and structural policy. By specialising in Arctic expertise and the utilisation of clean energy transition and digitalisation, the aim is to develop the competitiveness of companies, solutions for the needs of society and attraction from the perspectives of experts and companies. The strongest examples of success are the international tourism ecosystem and the circular economy cluster and centre in Lapland. **The TEQU project entity of Lapland University of Applied Sciences** applies a model for agile product development and prototyping. Innovation activities have helped to gather the development targets of dozens of SMEs in Lapland and use them to produce over 50 example solutions based on technology, one in four of which have progressed to the further development of companies.

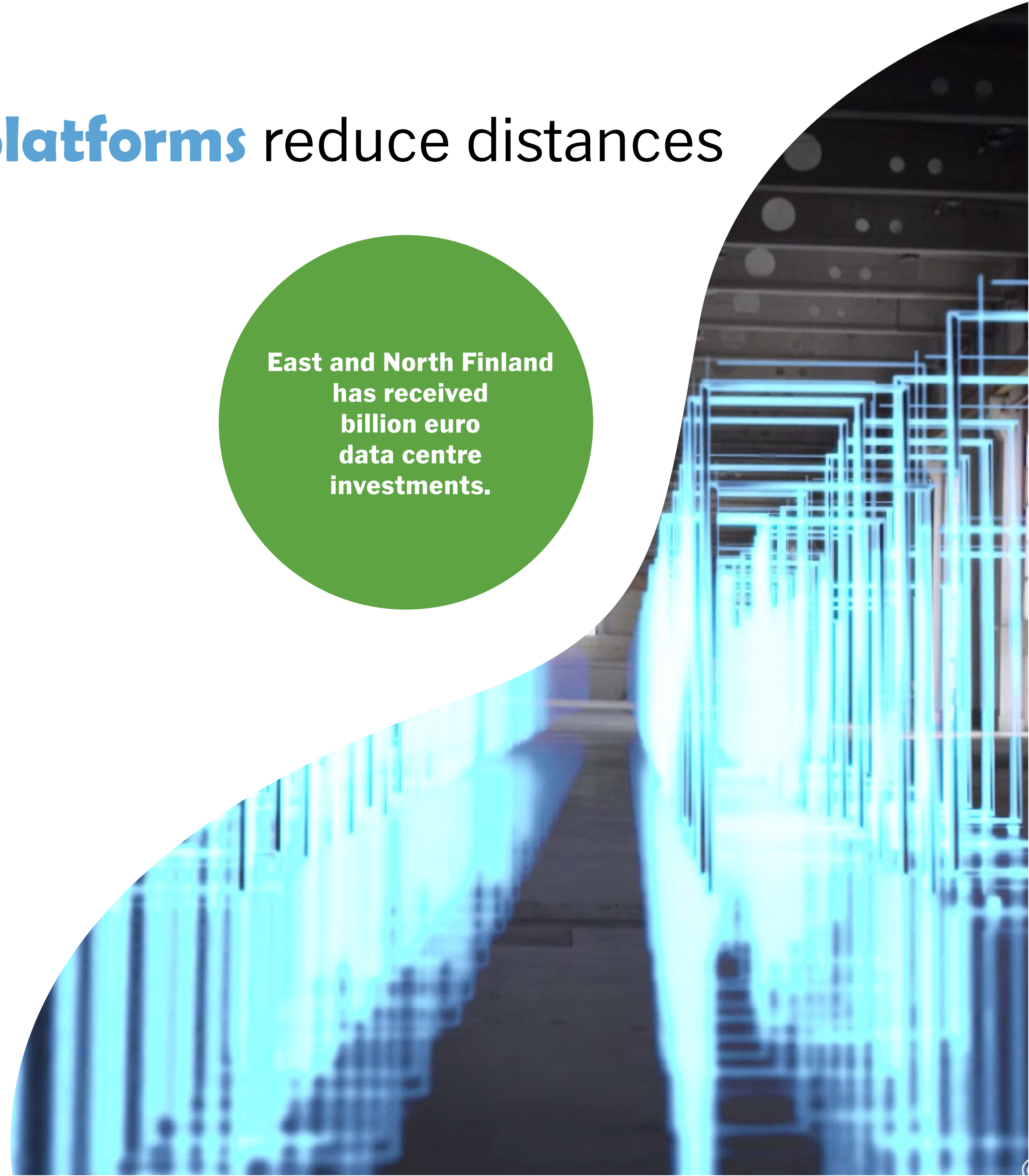


Digitalisation and innovation platforms reduce distances

Due to sparse population and long distances, digitalisation is particularly important in East and North Finland. In the social and health care sector, digitalisation has played a key role in improving the availability and efficiency of services. The extensive area of East and North Finland, as well as energy production often adapted to the needs of heavy industry, create opportunities for the reuse of facilities and the positioning of smart functions, for example. Data analytics, knowledge management and also artificial intelligence as an emerging field are renewing operations.

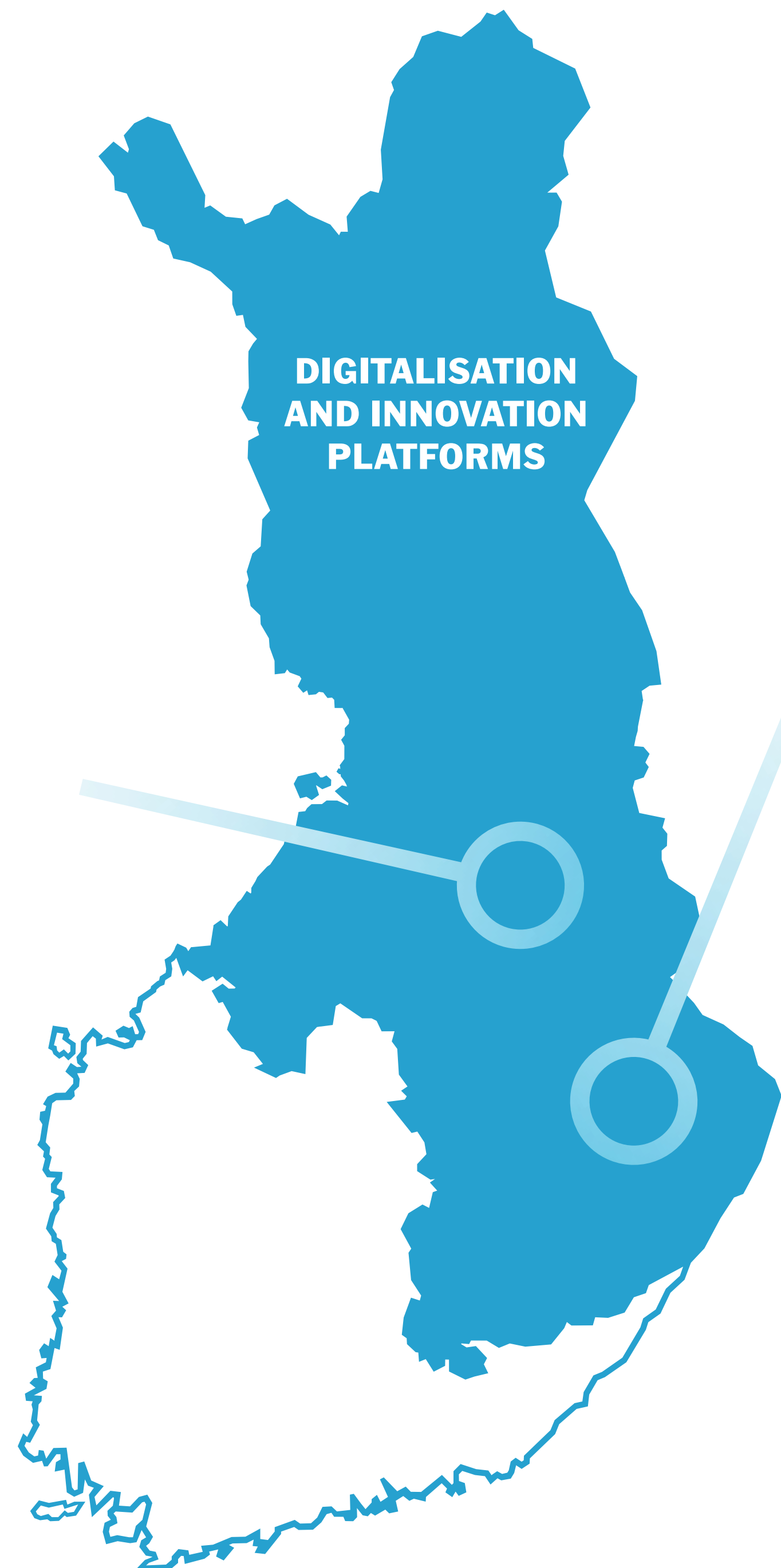
Data centres form a growing industrial sector that utilises renewable electricity produced in East and North Finland.

**East and North Finland
has received
billion euro
data centre
investments.**



In Kainuu

since 2011, CSC IT Center for Science has positioned national supercomputers in Kajaani. Since then, determined efforts to place data centres in the area have also been made with the help of regional and structural policy funding. The largest funding in the history of the Regional Council of Kainuu was realised **in the LUMI DC data centre project** (ERDF share 4.2 M€), in which the LUMI supercomputer was located in Kajaani through the EuroHPC Joint Undertaking of eight countries. The short-term and long-term impacts of the construction and operation of an environmentally friendly and highly cost-effective high-performance computing data centre are significant internationally, nationally and regionally. As a result of the projects, several international data centre operators have already been established in the area by the beginning of 2024.



In North Karelia

the Smart Automation project package (2016–2023) has significantly developed the region's technology industry and education in the field. Companies in the manufacturing industry and Karelia University of Applied Sciences have jointly sought new solutions to the changing demands of working life and international competition. More than 30 technology companies have participated in the project during which new manufacturing methods have been introduced, technology expertise has been transferred to business partners and versatile learning and demonstration environments have been built in which new industrial expertise is developed. Learning environments and production processes based on robotics have improved the competitiveness of companies, the quality of their operations and their ability to respond to future challenges. The long-term development path has systematically improved the operating environment of the technology industry and RDI activities, which has been particularly reflected in the growth in the productivity of companies.

Clean energy transition and bio and circular economy boost employment and economic growth

Clean transition investments are vital for the economy of East and North Finland. With regard to wind power construction, the eastern border area has defence policy restrictions. Despite this, the value of planned, realised or nearly realised investments in the region (by 2032) exceeds EUR 40 billion. The employment impact of these investments is as high as 7,000 jobs.

The realised or planned investments with the highest total value target onshore and offshore wind power, the energy network, hydrogen, biorefineries, energy storage and the mineral sector. The greatest employment impact would come from bioproducts and hydrogen production, as well as from battery technology.

The total value of projects that have already been granted an investment decision and are in progress is EUR 5.4 billion, which is one fifth of those in Finland as a whole. In terms of the value of investments and jobs, the most significant ones focus on biorefineries, bioproducts and battery technologies. In total, the ongoing and upcoming projects will create 3,000 new jobs in the region.

East and North
Finland is home to

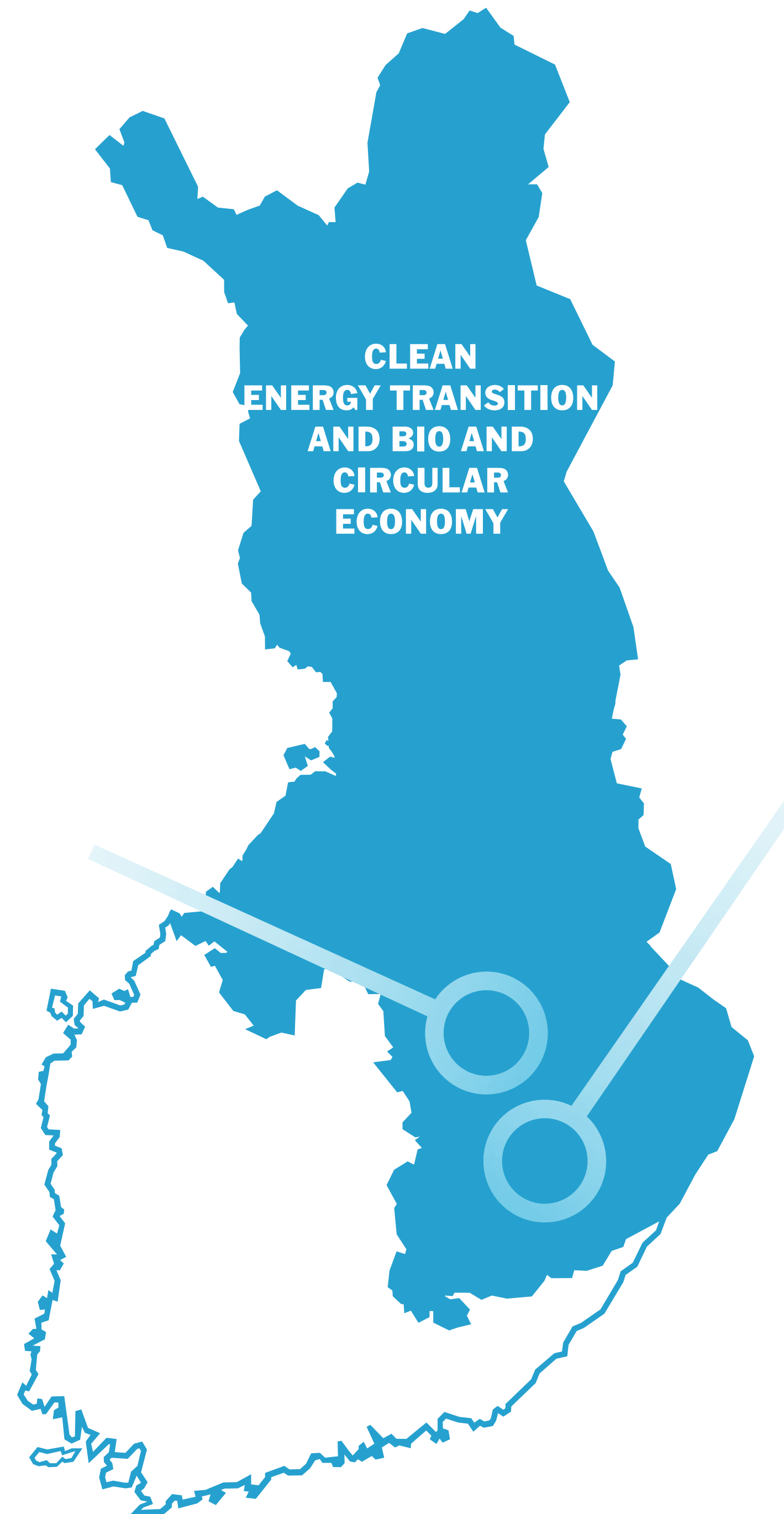
2/3

of the country's
renewable energy
production.



In North Savo

effective climate and circular economy work has been carried out. **The Carbon-Neutral North Savo project package** has implemented a regional climate roadmap and developed monitoring models that will be permanently utilised in climate work. In addition, developers in the region have produced information on climate change mitigation and adaptation, as well as promoted circular economy and bioeconomy solutions. The development work has been effective also at the international level, as the monitoring and implementation model of the regional climate roadmap has been exported to Europe through Savonia University of Applied Sciences development projects. Over four years, 2,500 people from 350 organisations have participated in the events of the regional climate network.



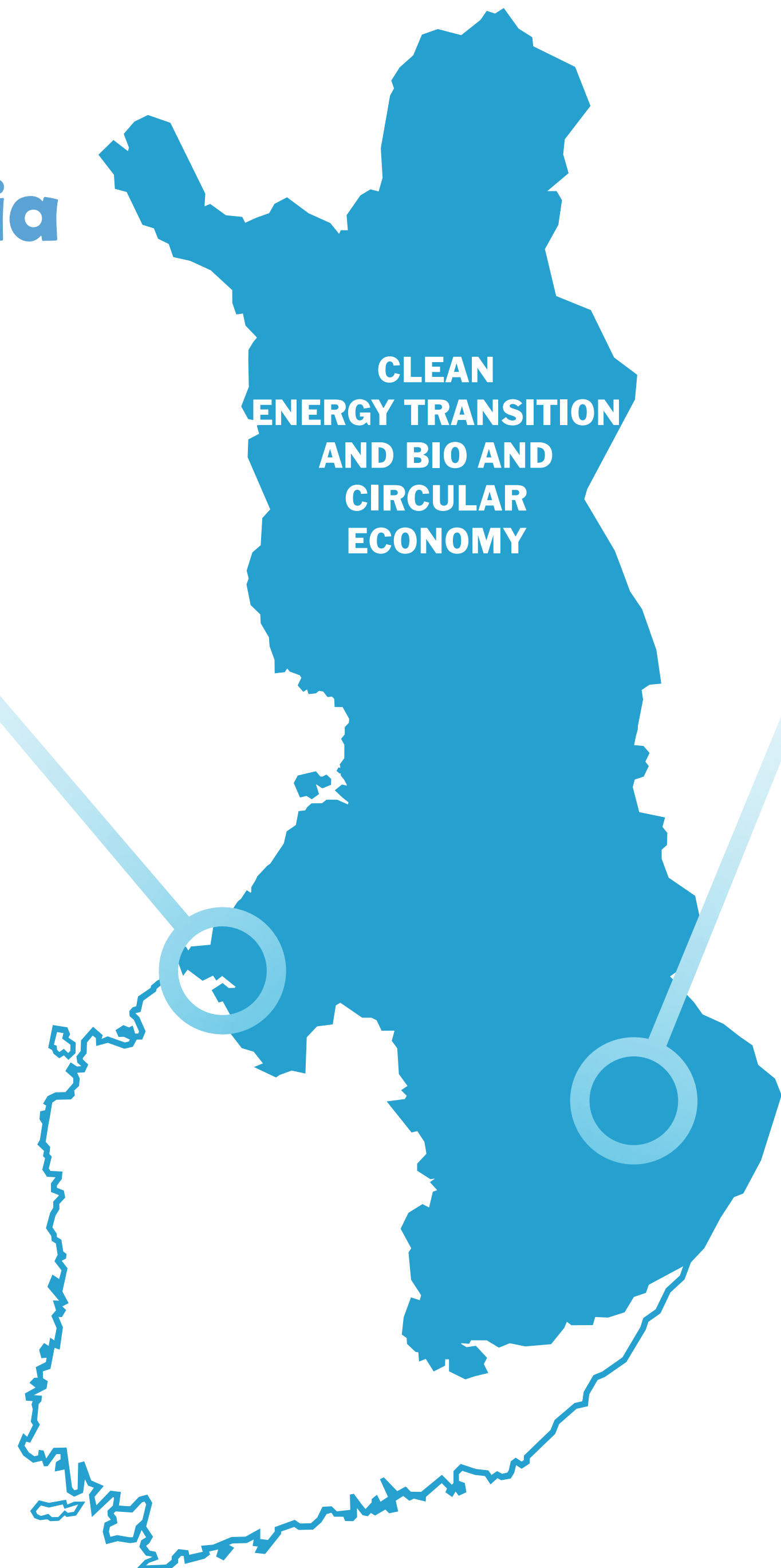
In South Savo

structural funding enabled the implementation of **the Savonlinna Fibre and Wood Technology Cluster** that aims sustainable use of wood. The results have been obtained, for example, by supporting business activities, strengthening higher education and research and utilising digitalisation in forest value chain. There are a total of 38 funded EU development projects and 5 premises projects. EU and government support for the projects has amounted to EUR 23.5 million. The value added of the forest sector has been 15% and 8% of the labour force, in the region.



In Central Ostrobothnia

EU regional and structural policy funding has enabled the promotion of biogas production critical to rural development in the region. At the moment, plant investments of approximately EUR 200 million are under planning in the region. For example, **biogas plants with significant production capacity are being planned for Kannus and Kaustinen.** The plants will utilise industrial and agricultural waste from the surrounding area, such as farm manure, field biomasses, surplus feed and industrial waste streams. The projects have supported groundwork that promotes production, such as examining the location of plants and the production potential of biogas, preparing a regional biogas production development plan, as well as developing the biomethane production process from the cost-effectiveness perspective.



In North Karelia

forest bioeconomy has been systematically developed through numerous projects, during different programme periods. A particular focus has been on increasing the degree of processing of wood material. Biochar production has focused on the utilisation of wood side streams, the use of small trees, properties as a raw material and new business models. The projects have supported the development of world-class expertise in various research and education institutions. **Europe's forest region has also become a model region of bioenergy.** New industries have emerged in the business field, such as a new biochar factory in Joensuu. Network-based innovation activities and corporate research cooperation have attracted attention in Finland and Europe. North Karelia has received the Internationalisation Award of the President of the Republic of Finland and the Startup Ecosystem Stars Award.



Theme tourism based on local culture is an essential aspect of tourism in the region

REGIONAL AND STRUCTURAL POLICY FUNDING HAS BEEN TARGETED AT

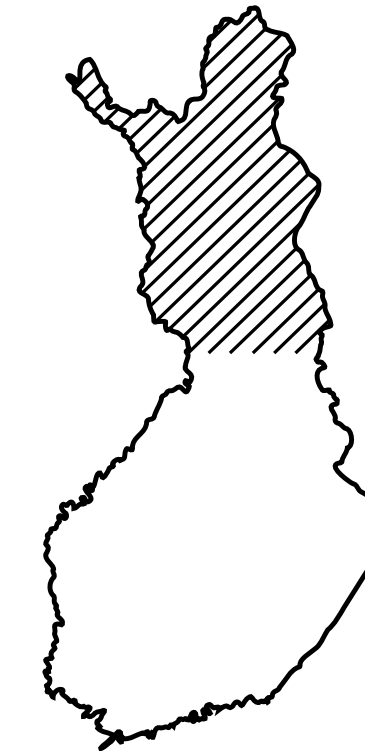
- Developing nature, wilderness and food tourism
- Planning and productising sustainable tourism services
- Joint visibility of tourism businesses and destinations, especially internationally
- Route networks and digitalisation that promote year-round operations
- Recovery of the tourism sector from the Covid-19 pandemic

FUTURE DEVELOPMENT MEASURES

- Directing funding to attracting labour and developing competence
- Improving tourist traffic and infrastructure
- Regional planning, route development and regulation of accommodation activities
- Continuous investment in year-round and sustainable tourism
- Developing labour force and accessibility
- Strengthening new innovations and international connections



Lakeland

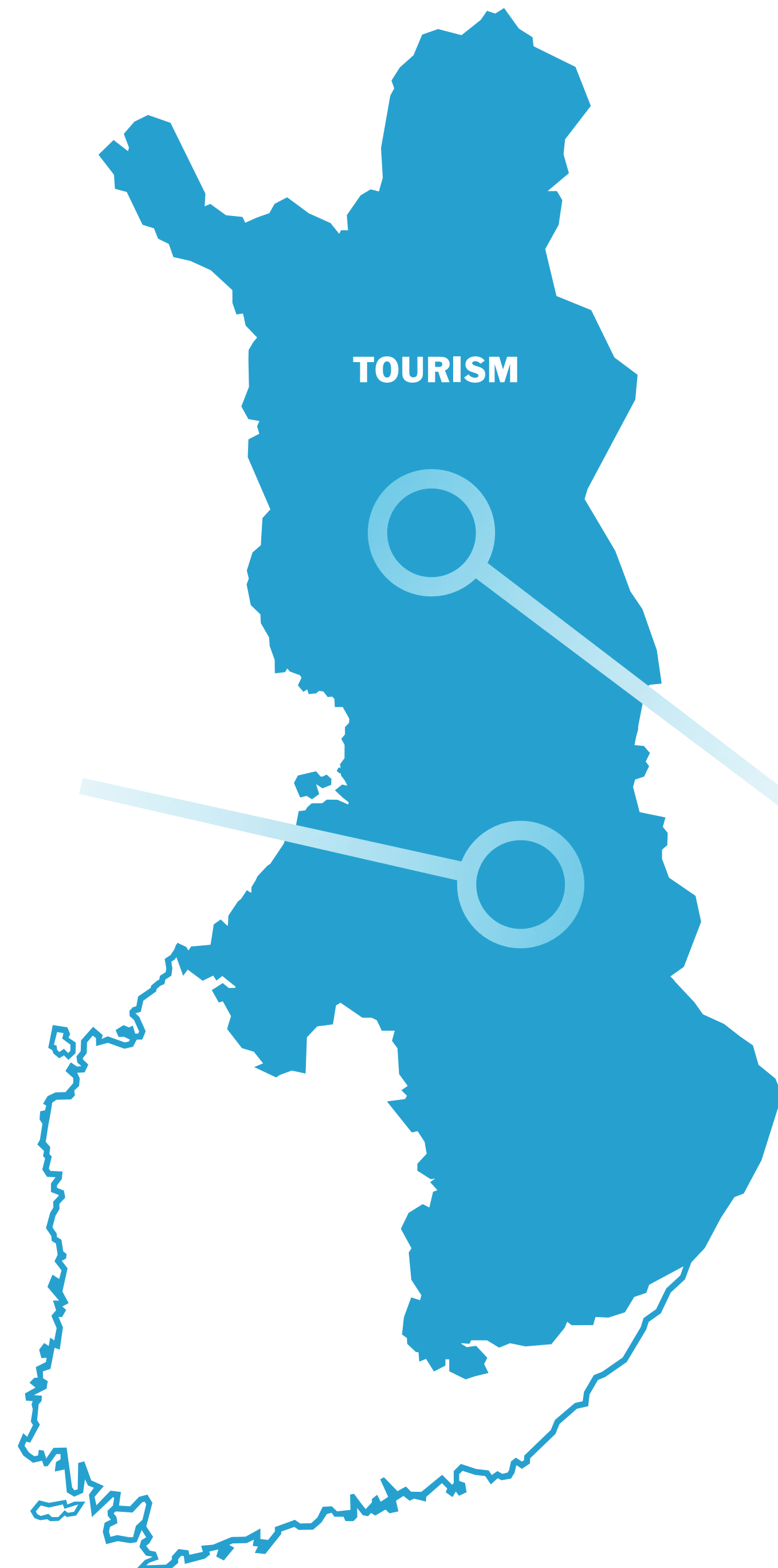


Lapland



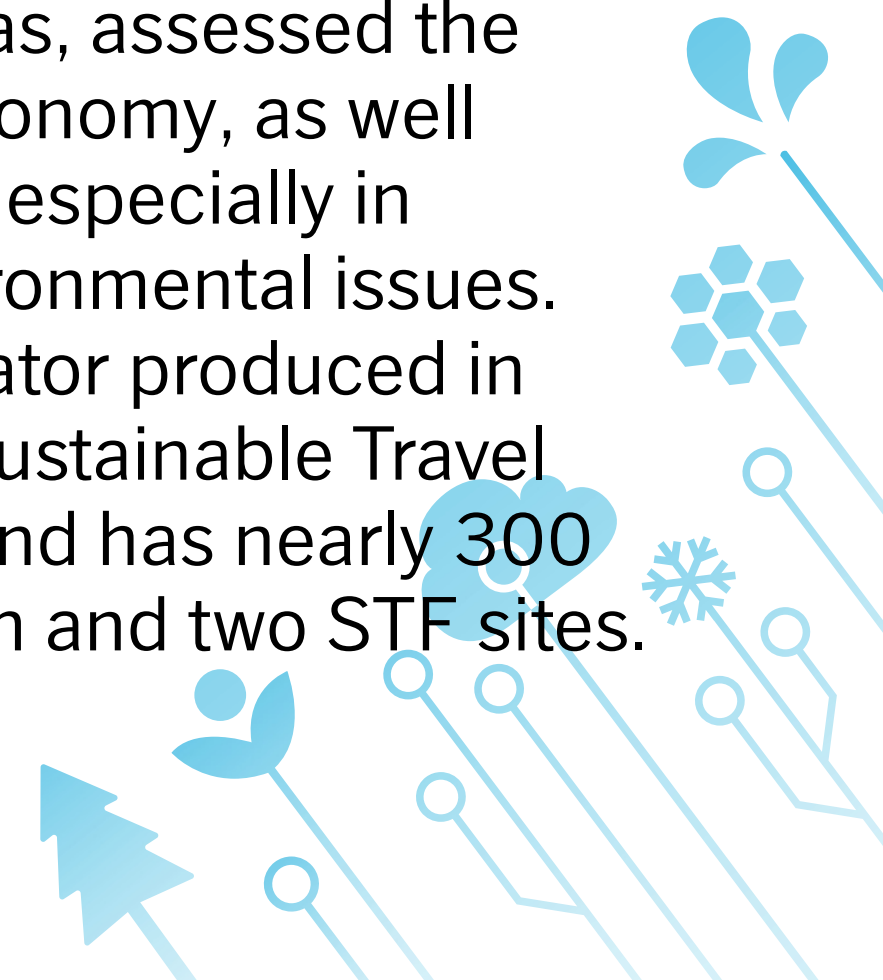
In Kainuu

tourism is an important sector. Measured by the amount of funding, it is actually the largest individual sector in the structural fund funding of the Kainuu Regional Council since 1995. During the 2014–2020 programme period, the largest supportive investments were directed at developing the region's strengths, i.e. nature tourism opportunities, experiences, diversity of nature exercise destinations and activities, as well as year-round tourism, in order to increase both the content of services and international visibility.



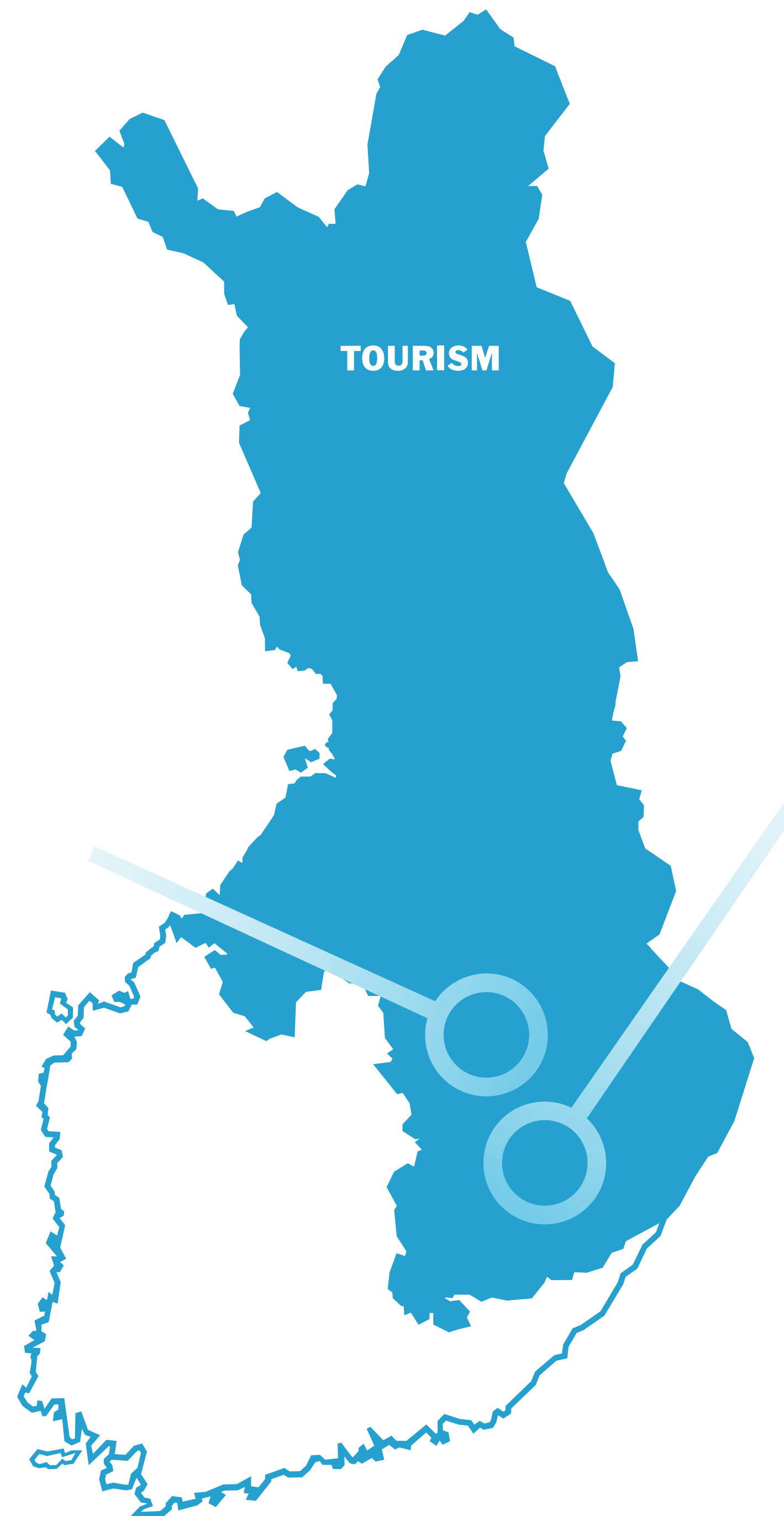
In Lapland

there were 1.8 million tourists and 4.9 million overnight stays, in 2023. Lapland is Finland's driving force in the growth of international tourism. Successful development work includes the development of Lapland into an international standard travel destination and the development of the sector into a comprehensively managed business. EU funding has been allocated to measures that support sustainable, year-round and wise growth in tourism. **Developing Low Carbon and Economically Sustainable Tourism in Lapland (Välkky) project** developed a carbon footprint indicator for companies and tourist areas, assessed the impacts on the regional economy, as well as increased competence, especially in energy efficiency and environmental issues. The carbon footprint indicator produced in the project is used in the Sustainable Travel Finland assessment. Lapland has nearly 300 companies on the STF path and two STF sites.



In North Savo

significant investments were made in sustainable and responsible tourism. **The Sustainable Tahko action plan** for the Tahko tourist area significantly strengthened the competence and commitment of local tourism operators to responsible practices. The increasing interest of tourists in responsible choices, as well as the challenges posed by climate change, such as decreasing snow cover and increasing rainfall, require concrete measures to maintain the competitiveness of the region. As a result of this work, the Tahko Tourist Centre became the first tourist destination in Finland to earn the Sustainable Travel Finland label.



In South Savo

tourism sector projects were funded by approximately EUR 9 million, during the 2014–2020 programming period. The projects promoted development of the Lake Saimaa brand and the capacity of companies to receive foreign tourists. This resulted in increased domestic and international visibility. At the same time, Saimaa's food and cultural tourism potential was discovered, which inspired the launch of the Saimaa European Region of Gastronomy project entity for international food and cultural tourism as trans-regional cooperation, during the new programming period.



Competence and inclusion support regional development

East and North Finland has a lower level of education than the rest of the country, which highlights the importance of ESF projects. During the 2014–2020 programme period, approximately 200,000 people and 40,000 companies participated in projects with eligible expenditure of EUR 500 million. Company participation can be seen as a positive sign of the business orientation of projects

The aim of ESF projects is to improve the employment rate, and the participants are mainly people of working age. Changes in society, digitalisation and technological transformation require the development of competence from both graduates and those employed. Personal support, especially in digital services, has made services more accessible also to less skilled people. The advantage of ESF projects is individual advice and guidance.

ESF and ERDF projects are often complementary. In Kainuu, ESF projects developed the competence of companies and RDI actors in the utilisation of new technology through the data centre ecosystem, and in Central Ostrobothnia, ESF funding has been used to develop the process competence of mining and battery industry, while ERDF funding has been used to create learning environments.

As the funding situation in the social welfare and health care sector becomes more difficult, ESF funding will continue to be needed for the development of preventive services.



Regional and structural policy funding for the future

Russia's war of aggression against Ukraine has had a significant impact on the entire economy of East and North Finland, weakening markets, reducing tourism and creating logistics challenges. For this reason, the geopolitical significance of the region has been emphasised, and from comprehensive security perspective the vitality of the region should be invested in more strongly.

The significance of the Arctic region continues to grow both geopolitically and economically, as well as in terms of biodiversity conservation. This also supports the targeting of heavy investments in the ENF area.

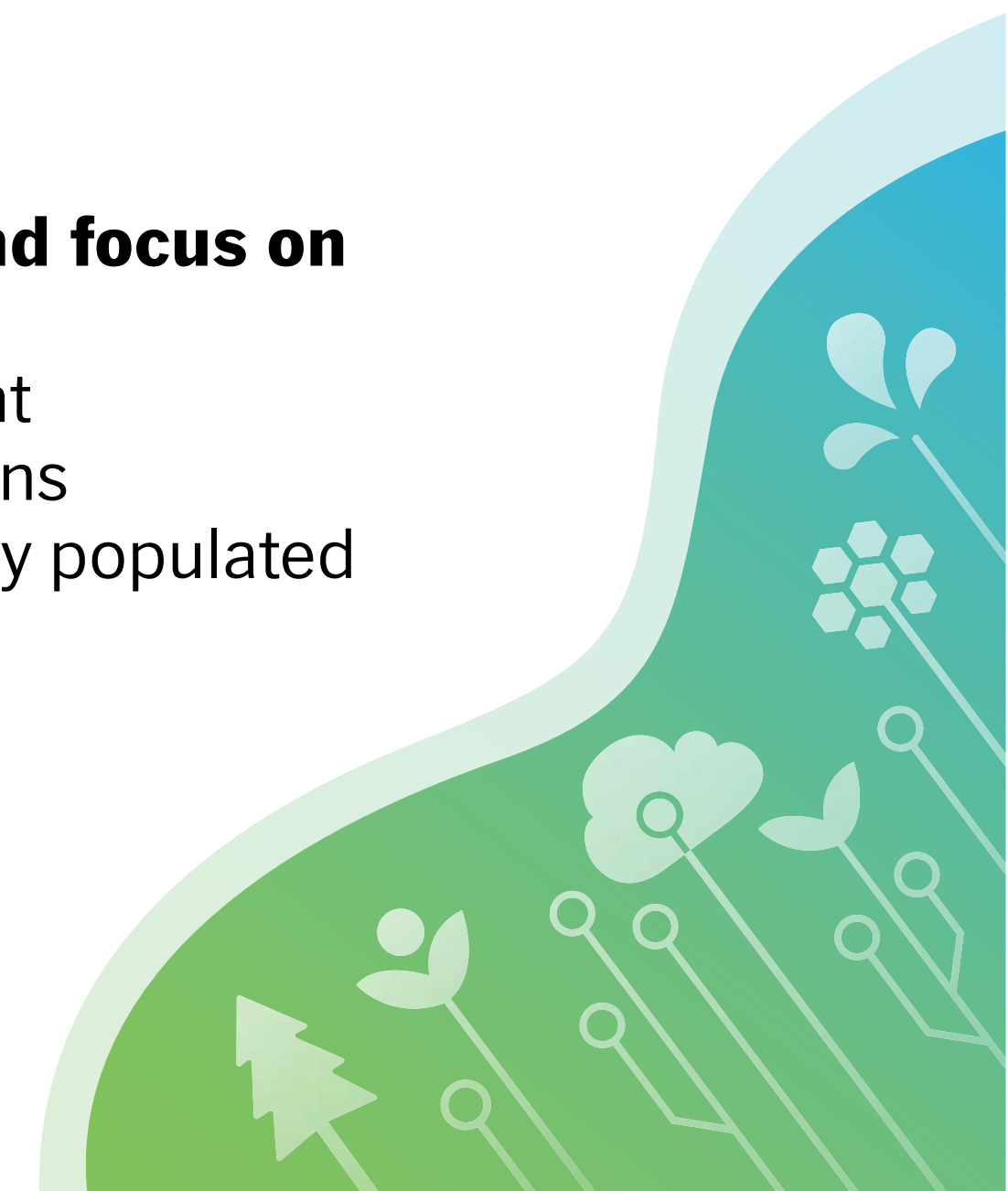
East and North Finland attract investments. Effective basic structures required for growth and competitiveness, such as RDI networks, infrastructure and the labour market, require development. Green transition investments require skilled labour, logistical accessibility and services. Growing tourism, especially in Lapland and Lakeland Finland, also requires professional workforce and structures that support growth

in the sector. EU funding ensures the success of the leading sectors in line with the ENF area's Smart Specialisation Strategies and the realisation of the full potential of the region.

The differences between East and North Finland and other parts of Finland, as well as internal variations require attention. A good life and livelihood should also be possible outside growth centres. Regional and structural policy funding must continue to support inclusion and vitality in sparsely populated areas. This brings us back to the basic objective of regional and structural policy funding: to even out disparities in regional development.

Joint activities of East and North Finland focus on

- promoting balanced regional development
- strengthening cooperation between regions
- safeguarding the special status of sparsely populated areas in the EU



Recommendations 1/2

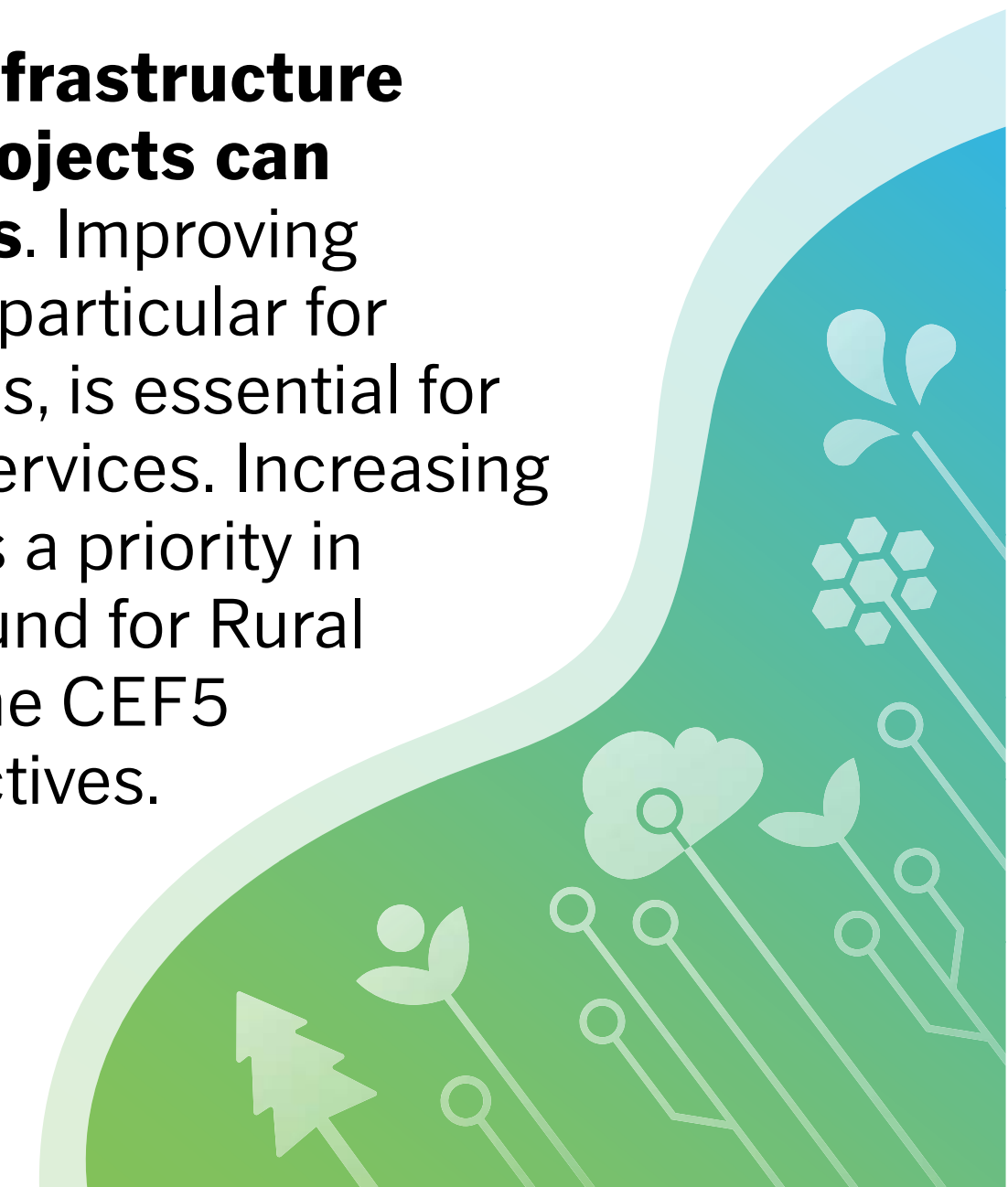
1. The role of regions must be strengthened in the management of EU cohesion funding. Although regional councils and the ELY Centres participate in the implementation of the programme and the allocation of funds, Finland still has the means to strengthen the role of independent regional administration actors in setting objectives, as well as in the regional coordination of national and EU funding. For example, a less centralised approach could be based on joint programme work at national and regional level.

2. Smart Specialisation (S3) Strategies are suitable for the Northern Sparsely Populated Areas (NSPA), and the region has a particularly high potential to benefit from new instruments supporting regional innovation ecosystems. Location-based instruments, such as Smart Specialisation, and regional cooperation are needed to promote innovations and investments in the sectors of the NSPA regions. Instruments such as Smart Specialisation are the key to ensuring that natural resources-based sectors typical of the NSPA do not remain in the sourcing of raw materials alone, leaving the added value for the local economy

weak. Joint coordination of Smart Specialisation Strategies across the NSPA could be useful, for example, to attract and retain skilled workforce in the region.

3. The NSPA is an important source of clean energy and raw materials essential for the green transition. Investments to improve regional capacity increase operational reliability and, at the same time, the security of all EU Member States. In addition, the NSPA has increased the share of renewable energy and reduced emissions faster than other similar (remote and rural) regions.

4. The steering of structural funds for infrastructure development and digital accessibility projects can significantly improve transport networks. Improving transport infrastructure and connections, in particular for east-west roads, railways and air connections, is essential for accessibility supporting the economy and services. Increasing broadband availability and digital capacity is a priority in the NSPA. The European Agricultural Fund for Rural Development (EAFRD) and, for transport, the CEF5 funding instrument also support these objectives.



Recommendations 2/2

5. The geopolitical situation will change the position of East and North Finland from the perspective of international cooperation and security. Russia's invasion of Ukraine affects the whole ENF area. Although major policies are drawn up at the national and international level, according to the OECD, changes in the security environment require joint management of geopolitical risks in the ENF area. International cross-border cooperation needs new guidelines.

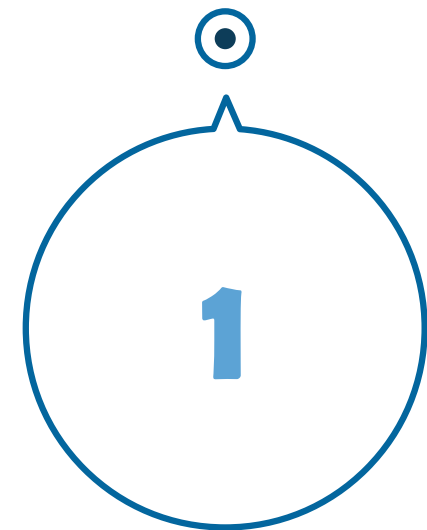
6. Cross-border coordination and cooperation in the NSPA is needed, especially from the perspective of effectiveness. The special features and common challenges of the NSPA regions, as well as the need to make the regions heard at national and international level, support more strategically oriented participation in Nordic cooperation arenas. The OECD notes that the existing NSPA network (Northern Sparsely Populated Areas Network) could be or become a coordinating body.



Roadmap to the Future

Finland will strengthen the role of independent regional administration actors in setting objectives, as well as in the regional coordination of national and EU funding.

Strengthening the role of regions



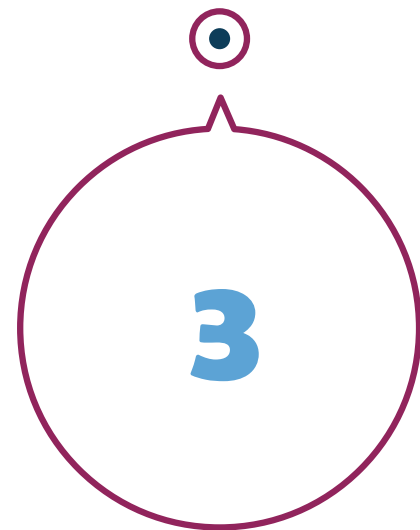
Developing regional innovation ecosystems

The NSPA will make more effective use of measures and tools aimed at developing regional innovation ecosystems that support growth and competitiveness in the region.



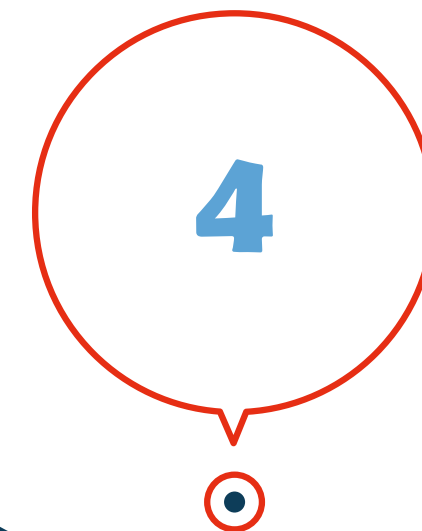
Investments in improving the regional capacity of green transition raw materials will increase operational reliability and, at the same time, the security of all EU Member States.

Sustainable utilisation of natural resources



Improving accessibility to support the economy and services

Directing structural funds to infrastructure development and digital accessibility projects will improve transport networks and support the economy and services in the region.



East and North Finland prepare for changes in international cooperation and security caused by the geopolitical situation.

Joint management of geopolitical risks



Increasing Nordic cooperation

The special features and common challenges of the NSPA regions support the promotion of more strategic participation in Nordic cooperation arenas, ensuring that the voice of the regions is heard at national and international level.





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Regional Council of North Karelia www.pohjois-karjala.fi/en

Regional Council of South Savo www.esavo.fi/en

East and North Finland and Northern Sparsely Populated Areas (NSPA)

Most of Finland www.suurinosasuomea.fi

East and North Finland EU Office www.eastnorth.fi/en

Smart Specialisation Strategy for East and North Finland elmoenf.eu

Northern Sparsely Populated Areas Network (NSPA) www.nspa-network.eu



It is time
to see
Finland
with new eyes



East & North
FINLAND