

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
NORTHERN SPARSELY POPULATED AREAS
ESTABLISHING THE
ARCTIC INVESTMENT PLATFORM

The present Memorandum of Understanding (MoU) is the continuation of the work undertaken under the network of the Northern Sparsely Populated Areas (NSPA). With this MoU we, Governors and Councillors of the 13 NSPA Regions of Finland, Norway and Sweden, herewith jointly agree to continue the work towards the establishment of an Arctic Investment Platform (AIP). This initiative is welcomed by the international community and most importantly echoes the needs and opportunities faced by our regions and their businesses.

I. PREAMBLE

- A.** The NSPA network represents the regional governments of the seven northernmost and eastern regions of Finland (Lapland, Oulu Region, Central Ostrobothnia, Kainuu, North Karelia, Pohjois-Savo and South Savo), the four northernmost counties of Sweden (Norrbotten, Västerbotten, Jämtland Härjedalen, Västernorrland), as well as North Norway (Nordland, Troms and Finnmark). The NSPA forms the Arctic regions referred to in this MoU.
- B.** As due representatives of the NSPA regions, we acknowledge that climate change and geopolitical trends have made the Arctic a strategic area. Arctic regions have thus become the centre of current and future political but also economic concerns. Various countries have acknowledged the threats over the independent governance of the area and highlighted the crucial need for reinforced economic cooperation across the Arctic, a position strongly supported by the Arctic Council and prestigious organisations such as the European Commission and the Organisation for Economic Co-operation and Development (OECD).
- C.** The NSPA regions are concerned with common challenges which encompass long distances, sparse populations and small home markets. The sub-optimal level of growth capital available in the NSPA regions was recently flagged by expert assessments and confirmed by a wide range of stakeholders across the three countries. Different factors contribute to this weak access to growth capital. These include for example the lack of critical mass in single regions and countries as well as geographical distances and their impact on the weak link with urban investment hubs. Our regions recognize the financing gaps and information asymmetries, as a reason to intervene.
- D.** A constructive way to tackle these challenges is to join forces and present the NSPA as one large business area. By creating a joint vision and joint representation of the business potential in the NSPA, the area is expected to develop sufficient investment deal flow. In order to ease the challenge, due to long distances, there is a need for new investment vehicles to operate in the area.
- E.** Thus, our regions decided to answer the general call for an AIP, an initiative welcomed by independent experts and organisations such as Nordregio. This initiative comes as an opportunity to rise and align further with the new European priorities. The AIP fits the renewed ambitions of the European Union which concretized into the Green Deal and the new Multiannual Financial

Framework for 2021-2027. The AIP relates among others to the revised Cohesion Policy package and the broader innovation policy of the European Union as well as its efforts to drive sustainable cross-regional investments.

II. PURPOSE

- F.** The AIP aims to create the joint vision of the NSPA as a vibrant business and innovation area with attractive investment opportunities. It should coordinate this promotion as well as tackle information asymmetries between investors and SMEs with growth potential.
- G.** The regions of the NSPA wish to work together with the ambition to establish an Arctic fund of funds with management located in the NSPA. The setup of the fund must meet the requirements of the European Investment Bank and/or European Investment Fund to participate as investor. Therefore, with this MoU, the signatories wish to highlight the importance of working together to improve conditions for bridging investment gaps for SMEs with growth potential.

III. IMPLEMENTATION

The signatories recognize the importance of continued commitment from the NSPA regions in the work toward establishing the AIP. Therefore, we strive to:

- i. Work in a collaborative fashion to facilitate the actions implied in the present MoU;
- ii. Keep each other informed about matters possibly related to the interest and/or affecting (whether positively or negatively) the AIP and its sustainable development;
- iii. Where relevant, communicate externally about the AIP and its objectives;
- iv. Engage local business development organisations and other key stakeholders to play an active role in establishing the AIP;
- v. Participate in the work of the NSPA Board, which will decide on a concrete action plan and exact resources that regions should make available for establishing the AIP.

IV. TERM

This MoU is effective from the date of signature with no foreseen expiration unless decided otherwise in writing by any of its signatories. The agreement will be reviewed on 31/12/2021.

The parties may agree to revise or widen the scope of the present MoU. Either party may withdraw from the MoU by giving a four weeks' written notice to the other signatories of this agreement. The working language will be English.

V. COUNTERPARTS

This MoU is signed electronically by the following on behalf of their respective organisations.

Mika Riipi

Regional Governor

Regional Council of Lapland

Date and signature

Pauli Harju

Regional Governor

Council of Oulu Region

Date and signature

Pentti Malinen

Regional Governor

Regional Council of Kainuu

Date and signature

Jyrki Kaiponen

Regional Governor

Regional Council of Central Ostrobothnia

Date and signature

Marko Korhonen
Regional Governor
Regional Council of Pohjois-Savo

Date and signature

Pentti Mäkinen
Regional Governor
Regional Council of South Savo

Date and signature

Risto Poutiainen
Region Mayor
Regional Council of North Karelia

Date and signature

Nils-Olov Lindfors
Regional Councillor
Region Norrbotten

Date and signature

Rickard Carstedt
Regional Councillor
Region Västerbotten

Date and signature

Elise Ryder-Wikén
Regional Councillor
Region Jämtland Härjedalen

Date and signature

Glenn Nordlund
Regional Councillor
Region Västernorrland

Date and signature

Bjørn Inge Mo
County Councillor
County Council of Troms and Finnmark

Date and signature

Tomas Norvoll
County Councillor
Nordland County Council

Date and signature