

SMART SPECIALISATION STRATEGY

SOUTH OSTROBOTHNIA OF TOMORROW

South Ostrobothnia 2021–2027

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ETELÄ-POHJANMAAN LIITTO
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This is the English translation of the Finnish version of the Smart Specialisation Strategy of South Ostrobothnia 2021–2027, published by the Regional Council of South Ostrobothnia.

In the event of any discrepancy, the Finnish original shall prevail.



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1 Introduction

The Smart Specialisation Strategy has been prepared in the same comprehensive process as the Regional Programme and the long-term strategic objectives of South Ostrobothnia. Together, these form an integrated whole titled **South Ostrobothnia of Tomorrow – The Regional Strategy**.

The Smart Specialisation Strategy of South Ostrobothnia for 2021–2027 is included in the Regional Programme section of the Regional Strategy document. The Regional Programme has been drafted in accordance with the Finnish Act on Regional Development and the Implementation of European Union Regional and Structural Policy (756/2021).

The Regional Strategy for South Ostrobothnia was approved by the Regional Assembly in December 2025. The preparation of the strategy also included an update of the Smart Specialisation Strategy, carried out through an extensive participatory process.

This summary of South Ostrobothnia's Smart Specialisation Strategy has been compiled especially for actors working in international networks and projects.

2 Background for Smart Specialisation

Smart specialisation refers to the economic differentiation of regions by focusing on their strengths and growth areas, particularly on business and innovation activities linked to these strengths. It is about developing regional capabilities through cooperation with other European regions and by leveraging international networks and funding instruments more systematically.

As part of strategic regional planning, the Regional Council is responsible for the Smart Specialisation Strategy, which guides the implementation of the EU's regional and structural policy. The objective of smart specialisation is to promote the renewal of the regional economy and to identify future-oriented responses to national, European, and global challenges. The Smart Specialisation Strategy has been prepared in the same process as the Regional Strategy and is integrated into the Regional Programme of South Ostrobothnia.

The key objectives of the Regional Programme 2026–2029 and its supporting measures are grouped under three main themes: **Stable and Dynamic**, **Smart and Skilful** and **Flexible and Sustainable**.

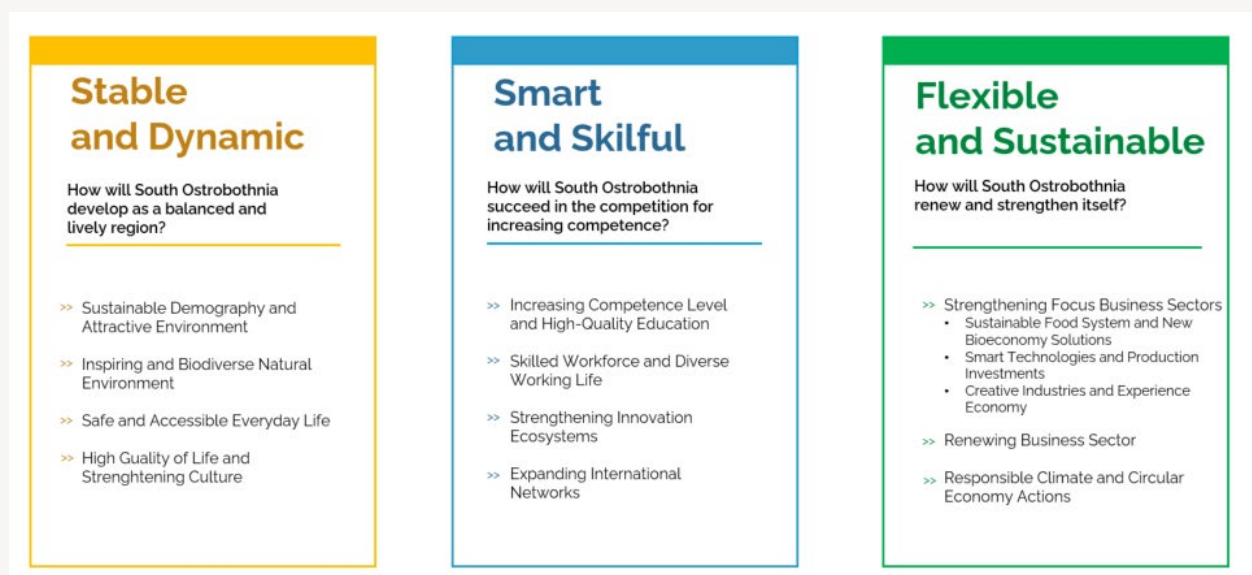


Figure 1. Main Themes of the Regional Programme 2026–2029 and their content.

Smart specialisation contents are based on the regional economic and innovation policy choices, which derive from companies' strengths, future opportunities, international ambition, and the development of education and research. The objectives of smart specialisation are:

- Strengthening Innovation Ecosystems
- Expanding International Networks
- Sustainable Food System and New Bioeconomy Solutions
- Smart Technologies and Production Investments
- Creative Industries and Experience Economy
- Renewing Business Sector
- Responsible Climate and Circular Economy Actions

Regional Programme Priorities 2026–2029

To structure the Regional Programme of South Ostrobothnia for the 2026–2029 programme period, six Priority Themes have been defined. They bring together current and regionally significant development themes that will be emphasized during the programme period. Many measures of the Regional Programme fall under multiple priorities and main themes simultaneously. The Programme's priority areas are:

1. Business-Driven Operating Environment and RDI Activities
2. Food Sector Competence Cluster
3. Upgrade of Higher Education Provision
4. Investments and Industrial Agglomerations
5. Immigration and Integration
6. Comprehensive Security

Descriptions of these Priority Themes appear in Annex 1.

Preparation Process

The Regional Strategy—and with it the Smart Specialisation Strategy—have been prepared through extensive cooperation and interaction with various stakeholders. More than one thousand contributors from municipalities, organisations, development actors, authorities, and other regional bodies have taken part. The process utilised regional and sub-regional working and discussion groups, open events, and Comprehensive stakeholder engagement. Details of the process and the organised events are presented in Annex 2.

The participation of young people has been particularly significant, bringing new perspectives and reinforcing the future orientation of the strategy. A wide range

of material was collected during the preparation, creating a strong foundation for the strategy and supporting its acceptance.

The Regional Future Group served as the steering group for the preparation, bringing together representatives from higher education institutions, vocational education providers, municipalities and their departments for economic development, the Wellbeing Services County of South Ostrobothnia, businesses, and the Economic Development Centre and the Employment Area. The group met regularly throughout the strategy process to discuss the long-term objectives, and the subsequent draft versions of the programme.

The Regional Board, Regional Assembly, Regional Cooperation Group, and municipal managers also provided guidance during the preparation. During the drafting process, information regarding the preparation of the regional programme has been systematically disseminated through various channels.

3 Starting Point for Renewal in South Ostrobothnia

Demographic Development and an Attractive Living Environment

In 2024, the 18 municipalities of South Ostrobothnia had a combined population of 189,929. The population has been declining for more than ten years, while concentration of the population within the region has continued. The region's demographic downturn began in the 2010s due to migration losses and low natural population growth. The annual number of births has decreased by roughly one quarter since 2015. However, the fertility rate has remained among the highest of all Finnish regions (2024: 1.44).

The decline in the working-age population (15–64 years) is primarily the result of out-migration and poses a significant challenge for regional vitality and employment. Between 2017 and 2023, South Ostrobothnia experienced a net loss of 4,340 people aged 15–24, accounting for nearly all net migration losses. This combined net loss is the highest among all Finnish regions.

The downward population trend has persisted, though increasing immigration has helped strengthen the labour force and demographic dependency ratio. Since 2021, net immigration has offset domestic migration losses. Most immigrants have arrived for work and studies, and many have been accompanied by family members, increasing municipal service needs. A notable number of Ukrainian refugees have also settled in the region.

Although the number of residents with a foreign background has grown, retention ultimately determines their long-term impact on demographic development. Earlier, the region's retention rate was weak, but it has improved significantly. Migration losses among foreign-background residents have been modest, resulting in one of the highest relative growth rates of this population in Finland.

According to Statistics Finland's 2024 population forecast, South Ostrobothnia's population will continue to decline, but at a slower pace. A clear improvement is projected in both the demographic dependency ratio and the number of working-age residents. The population of Seinäjoki is expected to continue growing.

The new population forecast gives reason for optimism, that the region's demographic structure can be stabilised, and the rate of decline slowed—provided that domestic migration losses are reduced and immigration increases. A potential future rise in birth rates is also possible if the working-age and young adult population begins to grow.

Seinäjoki, as a growth centre, has significant potential to strengthen both its national and international attractiveness. Achieving a lasting change in the region's demographic trends requires improving both attractiveness and retention across the entire region. Attractiveness must be enhanced in order to draw in migrants from other parts of Finland, and retention must be strengthened particularly for young people and for residents with a foreign background.

Economy and Investments

Low productivity is a major challenge both nationally and for South Ostrobothnia. The region consistently ranks among the lowest Finnish regions in productivity comparisons. Yet, South Ostrobothnia has excellent conditions for productivity growth. The region is known for its entrepreneurial culture (2023: 53 entrepreneurs per 1,000 inhabitants). Among graduates of vocational education and higher education, the proportion of entrepreneurs is among the highest in the country.

South Ostrobothnia has significant specialised industrial concentrations, including the defence industry. The strongest clusters include technology industries, food production, and the wood and furniture industries. Notably, the region has the highest number of industrial enterprises per capita in Finland (2023: 9.3 per 1,000 inhabitants). More than 80% of technology industry companies operate in machinery and metal engineering. The share of design, consulting, and ICT is very low.

Over the longer term, South Ostrobothnia's economic growth has been moderate—around 1 % higher than the national average during 2018–2023. In recent years, the business outlook of SMEs has been weak, yet early signs of strengthening economic growth are now visible.

In 2023, the turnover of the food processing industry in Seinäjoki alone was nearly €1.8 billion, representing almost 15% of the entire country's food industry turnover. In addition to major national food export companies such as Atria and Valio, the region has a strong and growing SME base. The region has invested

heavily in developing the food sector and export capacity. Foodwest Ltd., a leading Finnish partner for food product development and expert services, is based in the region. Local higher education institutions have strong profiles in food sector education and RDI. Annual investments in the food sector (agriculture and industry combined) exceed €200 million, the highest in Finland throughout the 2010s.

Attractiveness as an investment environment, particularly for electricity-intensive industries, has increased due to rapid growth in renewable energy production. Annual investment volume in South Ostrobothnia is approximately €1.5 billion, corresponding to 20–25% of regional GDP. Investments are expected to continue growing. Plans for renewable energy projects (wind, solar, and bioenergy) amount to more than €10 billion based on public sources.

RDI Activities and Skilled Workforce

In 2023, total R&D expenditure in South Ostrobothnia was €55.6 million. Per capita, this represents the second lowest figure among Finnish regions (€292 per inhabitant). However, business-sector R&D accounts for 70–80% of all regional R&D investments. Funding from Business Finland amounted to €19.1 per inhabitant, the lowest of all regions. Despite limited research resources, the region uses them effectively, which is reflected in a high number of patents relative to R&D inputs.

A key strength of the region is the close cooperation between the public sector, educational institutions, and industry. Regional clusters maintain strong ties with higher education through professorship funding and ecosystem-based RDI activity.

South Ostrobothnia has long had one of the highest employment rates in Finland. According to the employment statistics, the employment rate in 2023 was 75.2%, the second highest among mainland Finnish regions. In July 2025, the unemployment rate was the second lowest (8.7%), and in May 2025 the employment rate was the third highest nationally (77.6%). However, in recent years employment has weakened and unemployment has increased.

Labour is needed at all educational levels, and the labour market requires greater diversity. Industry and business are highly specialised, the share of service-sector jobs is the lowest in Finland, and the share of state-sector jobs is

the lowest (2.3% in 2023). Retirements in the municipal sector are increasing, and the labour shortage in technology industry is deepening.

A major structural problem is the exceptionally low number of higher education study places relative to the 17–19 age group (2023: 0.67). This shortage is directly linked to low productivity and the persistent labour shortage.

The share of residents with a higher education degree is the second lowest among regions (2023: 27.2%). The level of education among young adults (25–34 years) has declined notably since 2010: the region has over 1,000 fewer young adults with a higher education degree than in 2010. However, when compared to regions without a university, South Ostrobothnia has the highest share of higher-educated young adults (2023: 30.4%). Local graduates also tend to stay in the region, helping soften the decline. Without a permanent increase in immigration, the labour supply cannot meet future recruitment needs.

Sustainable Environment and Biodiversity

South Ostrobothnia has the highest per capita greenhouse gas emissions of all Finnish regions (2023 preliminary: 10.3 tCO₂e/inhabitant). Total emissions decreased by more than 23% between 2005 and 2023. The food sector's share of regional GDP is the highest in Finland, and agriculture plus food processing account for 21% of total regional output. Even though only about 3.4% of Finland's population lives in South Ostrobothnia, the region produces a significant share of the country's food (for example, 36% of broiler chicken, 14% of cereals, and 22% of potatoes). Farm income in 2024 totalled nearly €1 billion (13% of national agricultural income).

Reducing emissions from peatlands is one of the key challenges in South Ostrobothnia, as 19% of farmland consists of peat soils—the second highest share in Finland. Agriculture is especially vulnerable to climate change impacts such as prolonged heatwaves and drought.

The regional energy system is undergoing rapid transformation. Wind power production has grown strongly, and total electricity production has quadrupled since 2013. The region produced 11.7% of all Finnish wind power in 2023, with growth expected to continue. Increasing electricity and bioenergy production offers substantial economic potential.

Biodiversity is under pressure due to intensive land use. Only 1.7% of forested land is outside commercial forestry, and deadwood volumes are less than half of

the southern Finland's average. Most mire habitat types present in the region are endangered, and protected areas remain limited.

Surface waters require improvement, as many lakes and rivers are in moderate or poor ecological condition. Flood protection is increasingly important due to more frequent autumn and winter floods. State-owned water structures play an essential role in managing flood risks.

Regional Structure and Transport Connections

South Ostrobothnia is the most rural region in Finland, with 44.2% of residents living in rural areas. Settlement is more dispersed than the national average, and the urbanisation level (74%) is clearly below the Finnish average (86%). Although the population is spread across the region, settlement continues to concentrate in towns and especially in Seinäjoki (34% of population). Population decline and concentration weaken the viability of peripheral areas, while the regional capital Seinäjoki faces strong investment pressures. Urban sprawl and fragmentation increase the cost and complexity of transport services. Sparse populations complicate the provision of public transport outside urban areas. Transport emissions account for 19% of all regional emissions (2023).

The backbone of South Ostrobothnia's transport system and accessibility is formed by the Finnish Main Line railway, which is part of the Trans-European Transport Network (TEN-T) network and the North Sea–Baltic Corridor, as well as Highways 3 and 19 and Main Road 67, which lie along the Kauhajoki–Seinäjoki–Kauhava development corridor. A significant share of traffic consists of east–west movements on Highways 18 and 16. South Ostrobothnia serves as an important transit route for long-distance traffic, particularly along Highways 3 and 19 in the south–north direction. The road sections are characterised by a mix of regional traffic, long-distance heavy traffic, and slow-moving agricultural traffic.

Mobility in South Ostrobothnia is largely based on the use of private cars. More than 70% of all jobs in the region are located along the Kauhajoki–Seinäjoki–Kauhava development corridor. There is serious concern regarding the maintenance of lower-level road networks and the condition of private roads. The length of public roads in poor condition has already reached approximately 1,190 kilometres (2024), representing 14% of the entire regional road network. About 690 kilometres of roads have been identified as requiring major structural repairs.

The region has the highest number of serious traffic injuries per capita in Finland (2017–2022), though the trend is declining.

Access to high-quality digital infrastructure varies significantly across regions in Finland. This is especially critical for rural vitality, as weak coverage complicates agricultural and forestry work, industrial operations, and remote work. The availability of 1,000 Mbit/s fixed broadband has improved to 67%, the 8th highest in Finland, but coverage gaps remain.

4 Choices for Smart Specialisation

4.1 Strengthening Innovation Ecosystems

Seinäjoki University of Applied Sciences, the University Consortium of Seinäjoki, and the University Association of South Ostrobothnia with their EPANET professorship network form the core of the region's RDI activity. Key actors also include vocational education institutions, research organisations, companies, the wellbeing services county, associations, and creative sector organisations. The objective is to strengthen the region's RDI capacity and to support activities that are driven particularly by the needs of enterprises.

Expanding companies' RDI activity requires the ability to invest in renewal and to utilise development services and networks. The region needs structures and networks that enhance cooperation among actors, create conditions for renewal, and support business growth. It is equally important to support the generation of ideas and innovations and their development into market-ready solutions.

It is essential to identify both emerging and established business clusters and ecosystems within the region. The public sector can provide diverse support for ecosystems at different stages of development and increase interaction between actors by creating platforms for cooperation, innovation, and experimentation.

Actions

Raising the Level of Innovation Activity in South Ostrobothnia

- Reforming the EPANET network and the regional higher education community in line with the South Ostrobothnia Higher Education Strategy, investing not only in high-quality, business-oriented research but also in education, international RDI activity, cooperation, and active interaction with industry.
- Building and expanding research, simulation, and learning environments in higher and vocational education, as well as creating demonstration, laboratory, and pilot environments that link educational institutions and enterprise-driven RDI.
- Promoting the broad and open use of RDI environments and supporting citizen science.

- Capitalising on opportunities for commercialising RDI results and promoting the creation of research-based spin-off companies.
- Increasing public RDI funding to the region by strengthening project development capabilities.
- Identifying ecosystems at various stages of development and supporting their growth, for example through industrial park-type environments.

Strengthening a Clear, Business-Driven RDI Pathway

- Deepening cooperation between companies and higher education institutions and shifting RDI activities toward more business-driven challenges.
- Facilitating encounters between researchers and business actors to identify themes and problems where companies require external expertise.
- Increasing the participation of companies in RDI through attractive, enterprise-oriented operating models.
- Expanding the number of organisations involved in RDI cooperation.
- Investing in networking and cooperation at regional, national, and international levels.

Promoting the Seinäjoki Ecosystem Agreement¹

- Strengthening the competitiveness, digitalisation, and production efficiency of manufacturing companies through the development of a multidisciplinary business and innovation ecosystem.
- Increasing a dynamic and regenerative entrepreneurial culture, enabling new business activities and business models, and enhancing companies' ability to anticipate change.
- Strengthening and diversifying the food and technology innovation ecosystems and enhancing interaction across regional, national, and international networks (e.g. urban food strategies).

¹ The Seinäjoki Ecosystem Agreement is a long-term agreement between the Government and the City of Seinäjoki that guides the allocation of public and private research, development, and innovation (RDI) funding to strengthen globally competitive ecosystems. The implementation of the agreement is supported by ERDF funding from the Renewing and Competent Finland 2021–2027 programme. The themes of the agreement are the sustainable renewal of the food ecosystem and intelligently renewing industry.

- Supporting the identification of new business opportunities and increasing companies' capabilities within the food ecosystem and its sustainability transition.
- Promoting ecological logistics solutions that support sustainable business growth.

4.2 Expanding International Networks

In recent years, international projects have strengthened South Ostrobothnia's connections to international partners and networks, but much of the activity is still concentrated among a limited group of actors. Expanding internationalisation requires comprehensive support, engagement and motivation of new stakeholders, cross-regional cooperation, and strengthened commitment. To advance internationalisation, it is important to involve not only businesses but also organisations and associations. Communicating clearly about the benefits, added value, and results of international cooperation is essential.

Actions

Strengthening the Strategic Position of Regional Actors in International Networks and Increasing Participation in European Cooperation and Development Platforms

- Promote active engagement in international networks in line with the South Ostrobothnia Internationalisation Action Plan.
 - o Strengthen the role of regional actors in networks related to research, innovation, education, and key economic sectors.
 - o Deepen partnerships particularly within the smart specialisation priority areas and with European higher education institutions.
 - o Maintain active involvement in existing international networks while seeking new partnerships where beneficial.
- Leverage international networks to support the internationalisation of companies and RDI actors. Encourage micro and SMEs to join international networks and collaborative projects.
- Initiate new forms of international cooperation particularly in the fields of comprehensive security and the defence industry.
- Communicate clearly and widely about the added value, concrete benefits, and results generated through international collaboration.

Enhancing the Competence and Visibility of Regional Actors in the International Operating Environment

- Combine the strengths of regional actors to broaden the participation base and increase the region's influence internationally.
- Encourage experienced organisations to share and cross-utilise their existing networks, helping to generate new cooperation opportunities through synergies.
- Support experienced actors in taking leading roles in the creation of new networks and in joining emerging international partnerships.
- Encourage especially new development organisations to proactively seek opportunities in European funding programmes and to network through collaboration supported by these instruments.

4.3 Renewing the Business Sector

To remain competitive, companies operating in traditional industries must invest boldly in renewal and growth. This requires improving productivity, increasing risk-taking, and making determined investments. Strengthening international business operations, opening new export markets, and investing in product development and RDI are also essential for reinforcing companies' positions in international value chains. The region needs a consistently business-friendly policy environment that supports companies' operating conditions and promotes entrepreneurship in the service sector and knowledge-intensive industries.

Business dynamism is a key factor for productivity growth. In South Ostrobothnia, slightly more than one thousand new companies are established each year (1,031 in 2024). Most new companies operate in construction and trade. The rate of business renewal is not at a sufficient level compared to other regions. According to the Creative Destruction Index (CDI), which measures business renewal, South Ostrobothnia has the slowest renewal rate in Finland. A particular challenge is supporting entrepreneurship among people with a foreign background, as their share remains lower than in other regions.

Actions

Supporting the Operating Conditions of Start-ups

- Strengthen new business creation by improving early-stage services, business accelerators, and networks for start-ups.
- Diversify the business base and renew the economic structure by supporting new sectors, such as the creative industries and knowledge-intensive entrepreneurship.
- Support the opportunities and activities of entrepreneurs with a foreign background.
- Promote the development of a regional business transfer ecosystem and high-quality succession services, merge & acquisition services, and business model renewal as sources of growth and regeneration.
- Improve the conditions for new forms of entrepreneurship (e.g. part-time entrepreneurship).
- Improve access to risk financing in South Ostrobothnia.

Encouraging Business Growth and Internationalisation

- Develop the growth entrepreneurship ecosystem, improve services for companies aiming for growth and internationalisation, and strengthen networking among ecosystem actors.
- Strengthen cooperation and co-development between companies of different sizes and across industries.
- Promote direct export activities of companies.
- Strengthen companies' competencies and support renewal, particularly through the opportunities of green growth, artificial intelligence, and other productivity-enhancing technologies.
- Strengthen business skills.
- Support companies in internationalisation by developing internationalisation services and strengthening related expertise.
- Renew business operations and service production through service design.

Investing in RDI to Strengthen Productivity, Profitability, and Renewal Capacity

- Advance cross-sectoral business development, supporting the creation of new digital services and business models.

- Support companies in organising their development work and improving marketing, sales, logistics, and production processes.
- Strengthen research and data-driven management in companies, for example in recognising responsibility practices and the climate impacts of business operations.
- Advance the data economy and the use of new technologies—such as artificial intelligence—in business and product development.
- Connect regional actors to new and growing business clusters and networks (e.g. EnergyVaasa cluster and defence industry networks and ecosystems).
- Reform the public procurement model to better promote innovation.

4.4 Responsible Climate and Circular Economy Actions

Achieving Finland's target of becoming carbon neutral by 2035 requires significant and rapid emission cuts, alongside reductions in land-use sector emissions and the strengthening of carbon sinks and carbon stocks. Finland's National Strategic Programme for the Circular Economy sets targets to 2035 for lowering primary raw material and material consumption, and for increasing resource efficiency and circularity.

Despite the progress achieved, particularly the substantial reduction of emissions from energy production and heating, the targets remain structurally challenging for the region. South Ostrobothnia continues to exhibit the highest per-capita greenhouse gas emissions among Finnish regions, while its circular material use rate remains low. The region is already experiencing an increasing need to enhance its adaptive capacity to climate-induced extreme weather events, disruptions, and a rapidly evolving operating environment.

Actions

Acting to Mitigate Climate Change, Promote the Circular Economy, and Strengthen Climate Adaptations

- Strengthen climate and circular economy expertise among regional actors and maintain an up-to-date situational picture of climate and circular economy measures suitable for South Ostrobothnia.

- Engage regional actors in implementing the measures of the Regional Climate and Circular Economy Roadmap and the Climate Adaptation Plan.
- Increase understanding of the necessity of climate adaptation and ensure that adaptation and preparedness are integrated into all activities.
- Promote the transition to circular economy practices across sectors, for example by utilising production side streams and improving energy and material efficiency.
- Develop carbon-neutral solutions that advance the green transition, including new products, materials, services, and production methods.
- Increase awareness of environmental certifications and promote their uptake across sectors; support companies in strengthening their responsibility efforts.
- Make sustainability and responsibility key evaluation criteria in public procurement.
- Promote the use of locally produced food and services and ensure this is considered in decision-making.
- Promote sustainability in the construction sector, including increasing the use of wood construction.

Ensuring Sustainable Energy Production and the Efficient Use of Energy

- Support the continued development of a zero-emission energy system in South Ostrobothnia and make full use of new technological solutions and innovations.
- Promote carbon-neutral district heating, community-based energy models, and decentralised energy solutions that enhance energy efficiency.
- Develop the necessary new energy infrastructure, including charging stations, biogas and other alternative fuel distribution points, energy transmission networks, and energy storage systems.
- Facilitate the allocation of investments in local renewable energy production through land-use planning and zoning.
- Promote the development of a hydrogen economy and related technologies.
- Secure the conditions for biogas production, both for decentralised small-scale facilities and for larger regional biogas ecosystems; promote the use of biogas in transport.
- Support the sustainable development of solar power, with careful consideration of appropriate site placement.

- Build shared understanding and acceptance of wind power projects through communication and dialogue with residents.
- Promote energy sector integration and smart energy systems, particularly in agriculture and the food industry, to balance fluctuations in renewable energy production and consumption.
- Prepare for the end-of-life phase of wind and solar energy areas (e.g. turbine repowering, recycling of decommissioned materials, and repurposing or restoring sites).

Promoting Climate-Smart Measures in the Land-Use Sector

- Promote studies and research related to carbon dioxide emissions and carbon sequestration in the land-use sector.
- Strengthen forest carbon sequestration by adopting carbon-binding measures in line with sustainable forest management recommendations and by enhancing related communication, cooperation, and funding opportunities.
- Increase awareness of the climate impacts of peat soils and promote measures that reduce emissions from peatlands (e.g. raising groundwater levels, increasing vegetation cover, reducing tillage), while considering the perspectives of landowners.
- Promote climate-smart and biodiversity-enhancing after-use options for areas released from peat production.
- Strengthen the vitality, biodiversity, and resilience of forests, and promote the adoption of sustainable peatland forestry practices in line with the regional forest programme for South and Central Ostrobothnia.
- Strengthen the operation of the regional competence cluster for the sustainable use of peatlands, positioning the region as a national leader and pilot area in peatland management.
- Consider the impact of indirect emissions (Scope 3) in logistics and land-use planning.
- Ensure the sustainability of built environments, such as industrial areas, by developing solutions that reconcile construction and business needs with the preservation of biodiversity.

5 Business Focus Areas for Smart Specialisation

5.1 Sustainable Food System and New Bioeconomy

Solutions

South Ostrobothnia plays a central role in maintaining Finland's food expertise and food security. The region is home to a nationally significant concentration of food sector actors and industry. The entire value chain is represented—from primary production, processing and technological solutions to consumer behaviour. Micro and small enterprises in the food sector form an essential part of this system and contribute to the development of a resilient food ecosystem. The strengths of the regional food sector include great production quality management, traceability, safety, cleanliness, and service solutions.

Forestry is also a significant sector in South Ostrobothnia and forms part of the region's strong bioeconomy foundation. The region has the raw materials and potential needed to strengthen the bioeconomy and increase bioenergy production. It is typical of the region that forest energy is widely used on farms and that there are several heat entrepreneurship sites. Wood-based fuels are also used by larger facilities, and raw material is transported outside the region. In the future, the use of wood raw material will become more long-term, and opportunities for business growth will emerge particularly through wood construction.

Actions

Strengthening the Regional Food System and the Bioeconomy

- Enhance food sector education and research, development and innovation activities into a high-level international innovation ecosystem.
- Develop expert services for the food sector, including support for securing funding (Business Finland, EU funding, international financing, export promotion).
- Increase open-minded cooperation and information exchange across the entire food chain.

- Introduce smart technologies—such as artificial intelligence and production data—on farms and in food sector SMEs to improve productivity.
- Utilise the innovation potential of the ecological transition, for example through the development of new plant-based products and by exploring the potential of cellular agriculture.
- Safeguard development opportunities for livestock production, for example through land-use solutions.
- Strengthen consumer insight and increase consumer orientation in food sector product development.
- Develop and promote the Food Province (Ruokaprovinsi) brand and increase its visibility.
- Improve self-sufficiency and strengthen the resilience of the food system, reinforcing the region's role in national food security.
- Develop the regional forest bioeconomy in line with the Regional Forest Programme.
- Develop high-quality solutions to global bioeconomy challenges and provide solutions to climate and environmental issues.
- Develop new bioeconomy solutions and high value-added products.

Building a National Food Sector Competence Cluster

- Build an even stronger Finnish food sector competence cluster in South Ostrobothnia, with a particular focus on food export and export expertise, new technologies, food safety, and traceability.
- Form an export-oriented business cluster and increase cooperation between companies, for example through joint projects.
- Strengthen the food sector competence cluster that provides companies with export training, product development support for target markets, pilot environments for new products, and advisory services on export financing.
- Promote Finnish food expertise globally by leveraging regional RDI activities and competence networks and develop logistics that support food exports.
- Use data and consumer research from international markets in product development and the planning of RDI activities.
- Identify and harness growth potential in different food categories—such as meat, fish, dairy, and plant proteins—in business development.

- Strengthen product development in food sector companies, increase collaboration among actors, and invest in raising the value added along the entire food chain.

5.2 Smart Technologies and Production Investments

In addition to the food industry, the manufacture of machinery, equipment, metal products, and wood products are among the strongest industrial sectors in South Ostrobothnia. The region hosts strong competence centres and specialised industrial clusters, including agrotechnology, metal engineering, wood product industries, and health and wellbeing technologies. In addition, the region has substantial defence industry activity and several SMEs operating within defence-related value chains. As system intelligence and data volumes increase, the region also has potential to attract data centre investments and to develop the surrounding innovation ecosystem.

Smart technologies cut across all sectors of South Ostrobothnia's economy. Harnessing advanced technologies and smart solutions is critical for productivity growth—whether in construction, the machinery and metal industries, the health and wellbeing sector, or the food industry. Achieving renewal requires investment in RDI, increased knowledge intensity, digitalisation, and strengthened service provision in areas such as energy efficiency, automation, artificial intelligence, machine vision, and software engineering.

Actions

Promoting the Renewal of Industry and Services

- Promote sustainability-driven investments to modernise the machinery and metal industries, the food industry, the wood product industry, and the construction sector.
- Support the development of companies' business processes and the creation of operating models that enable the adoption of new technologies, and strengthen digitalisation, automation, the application of artificial intelligence and blockchain technologies, and energy efficiency.
- Develop sustainable, smart, and efficient logistics systems (e.g. new propulsion technologies for aviation, drone logistics) as well as transport services.

- Promote smart customer service and logistics systems.
- Develop and leverage new health and wellbeing technology products, innovations, and applications.
- Strengthen skills in the prevention, detection, and management of cyber threats, and increase awareness of digital security and responsible digitalisation across sectors.
- Strengthen business opportunities in the defence industry.
- Support the development, adoption, and market scaling of dual-use technologies.
- Create cooperation structures between the defence industry, education providers, and RDI actors to accelerate competence development and innovation.

Supporting Industrial Investments in the Region and Strengthening Companies' Investment Capacity

- Strengthen strategic and long-term planning—particularly by municipalities and development companies—for attracting clean industry investments in South Ostrobothnia (including infrastructure, logistics, and land use).
- Develop cooperation within regional Invest-in activities and build networks beyond the region to attract investment.
- Promote companies' ability to utilise industrial policy investment incentives, fast-track permitting processes, and other key support instruments.
- Encourage companies to invest in clean transition solutions and smart production technologies and improve the conditions for implementing such investments.
- Provide low-threshold development services, pilot opportunities, and expert support for companies conducting early-stage trials with new technologies or operating models.
- Build service pathways that support companies' progress from ideas to investment readiness and commercialisation.
- Strengthen companies' investment readiness and financial competence through training, targeted financing guidance, and advisory services.
- Encourage investment in new, strategically relevant sectors such as the defence industry, quantum technologies, and knowledge-intensive fields.

5.3 Creative Industries and Experience Economy

The tourism and cultural sectors have considerable growth potential. It is positive that tourism has continued to increase in importance, and the region offers several attractive destinations and distinctive experiences. However, South Ostrobothnia is still not very well known among international visitors. It is important to provide appealing destinations for both domestic and international travellers. The event industry has long been a flagship sector in the region, with well-functioning structures and production models developed through years of experience.

Actions

Developing Operating Environments and Entrepreneurship in Culture, the Creative Industries and Sports

- Support cultural innovations, internationalisation, and the adoption of digital technologies in cultural production.
- Strengthen understanding of the significance of the experience economy for regional vitality and ensure favourable conditions for its growth.
- Strengthen the region's position as a hub for event production and maintain the expertise in the sector, supporting its recovery, renewal, and growth.
- Promote the development of the film sector and strengthen South Ostrobothnia's position as an attractive filming, production and investment location.
- Strengthen innovation networks in the creative industries and establish tools for their development and monitoring.
- Harness creative expertise and its potential for generating intangible value across sectors.
- Strengthen the operating conditions for the expansion and internationalisation of sports and elite sports expertise in the region.

Strengthening Tourism

- Increase the visibility and recognition of South Ostrobothnian tourism, strengthen the operating environment for tourism actors, and invest in

internationalisation, sustainability and responsibility, as well as the digitalisation of the customer journey.

- Strengthen nature, cultural, and active tourism, as well as the role of UNESCO Global Geoparks as protectors of natural and cultural heritage and promoters of sustainable tourism and economic activity.
- Develop tourism content and ensure that the service offerings are attractive (for example, Alvar Aalto's architecture, UNESCO Global Geoparks and World Heritage Site status').
- Develop food tourism as part of the region's experience offering by integrating local food culture, local production and tourism services into a strong competitive advantage.
- Encourage the adoption of sustainable tourism certification and its use as a competitive asset.

6 Implementation and Monitoring of the Smart Specialisation Strategy

Implementation and Financing

A wide range of national and international funding instruments is available for advancing the measures outlined in the Regional Programme and the Smart Specialisation Strategy. Some development funding is allocated regionally, while other instruments are nationally or internationally competitive.

The implementation of the Regional Programme 2026–2029 coincides with a transition between EU programming periods, as the current EU programme period ends in 2027. However, implementation will continue until 2029. In practice, this means that for several years development work will involve the simultaneous implementation of two programme periods—using remaining funds from the current period while initiating activities under the next one.

The outlook for the EU's upcoming programming period 2028–2034 is still uncertain. On 16 July 2025, the European Commission published its proposals for the next Multiannual Financial Framework (MFF) for 2028–2034 along with several draft regulations. The proposal is based on the Union's political priorities—competitiveness, security, decarbonisation, sustainable development, and economic, social, and territorial cohesion.

The Commission proposes a significant structural reform and simplification of the funding framework. These proposals will be discussed in the European Council and the European Parliament in the coming months. If implemented, they would bring major changes to the delivery of rural and regional development measures, and the funding available for these purposes is expected to decrease by approximately 10–15%.

Until 2028–2029, the most important EU co-financed instruments for implementing the Regional Programme will be the regional component of Finland's CAP Plan, local Leader Development Strategies, and under the European Union's Regional and Structural Policy, the Innovation and Skills in Finland 2021–2027 programme. These have been preliminarily allocated regionally. In addition, both international and national competitive funding instruments are available. Significant national sources include budgetary funding across administrative sectors, as well as financing provided by municipalities, other organisations, and private actors.

In addition to funding, the implementation of the Regional Programme emphasises strategic steering, knowledge-based management, effective national and EU-level advocacy, and strong stakeholder engagement. Successful implementation requires the effective use of diverse financing instruments, as well as relying on proven operating models—particularly for embedding actions and disseminating information across the region. Implementation is based on close and broad cooperation that transcends administrative boundaries, sectors, and organisations.

Other plans and programmes prepared by the Regional Council of South Ostrobothnia that support the Regional Programme and refine its objectives include, for example, the regional cultural strategy, the internationalisation action plan, the climate and circular economy roadmap, and the regional transport system plan.

In addition, the region has numerous plans and programmes prepared by various actors that complement and support the Regional Programme and its implementation.

Monitoring and Indicators

The implementation and impact of the *South Ostrobothnia of Tomorrow* Regional Programme and its Smart Specialisation Strategy are monitored through annual regional development discussions between the Government and the region, as well as through the regional innovation situational picture process.

The situational picture includes indicators measuring business activity, employment and the economy, higher education and RDI activities, and sustainable growth. A key objective is to interpret the data from these indicators to form conclusions about development trends and the effects of societal phenomena on regional development.

Monitoring draws on comprehensive statistical data, which is continuously updated on the Regional Council's website at: www.epliiitto.fi/tilastot. (In Finnish)

Monitoring is further complemented by examining how development funding is allocated. Projects funded by the Regional Council of South Ostrobothnia—organised by the Smart Specialisation Strategy's thematic objectives—are publicly available in Finnish at:

<https://epliiitto.fi/hankerahoitus/rahoitetut-hankkeet/>

For example, the allocation of CAP rural development funding to thematic priorities of the regional rural development plan is periodically reviewed in the Regional Cooperation Group, which serves as the regional coordination body for funding under the partnership principle. The Regional Cooperation Group receives regular updates on the implementation of the main EU funds (ERDF, ESF+, JTF and the Rural Development Fund). The status of international funding is also discussed in the Regional Cooperation Group at least once a year.

The impact of the Regional Programme and the Smart Specialisation Strategy is also monitored using the key indicators presented later in this document. Together, these indicators provide an overview of progress in the strategic development themes during the programme period and at its conclusion.

Table 1. Key Indicators (sources: Statistics Finland, Finnish Institute for Health and Welfare (THL), Finnish Environment Institute (SYKE)).

Indicator	Most Recent Data	Target 2029
Population	189,929	190,000
Employment rate	75.2%	78%
RDI expenditure per capita	€292	€350
GDP per capita	€38,416.9	€45,000
Greenhouse gas emissions	10.2 tCO ₂ e per capita	7.5 tCO ₂ e per capita
Educational attainment, ages 25–34 (all levels)	88.1%	90%
Business dynamism (CDI Index)	0.08	0.12

7 Annexes

Annex 1. Priority Themes of the Regional Programme 2026–2029

1. Business-Driven Operating Environment and RDI Activities

South Ostrobothnia strengthens its identity as an entrepreneurial region by offering companies the best operating environment in Finland. This includes reinforcing business-driven RDI activities and bringing young and international talents closer to companies. An attractive and clear service concept is developed for businesses considering locating in the region.

2. Food Sector Competence Cluster

South Ostrobothnia is widely recognised for its strong food industry concentration. Improving the competitiveness of the food sector requires investments that enhance productivity and exports. The food cluster will be strengthened by increasing expertise and training that support export promotion, expanding RDI activities, and improving national food security.

3. Upgrade of Higher Education Provision

South Ostrobothnia needs a significant upgrade in higher education to meet growing competence needs and improve regional competitiveness. The goal is to increase the number of student places at the university of applied sciences by 500 and to establish more bachelor's and master's degree programmes at the university level.

4. Investments and Industrial Agglomerations

South Ostrobothnia aims to strengthen its position as a major industrial and investment region. Ambitious investments are needed in industrial infrastructure, in attracting new investments, and in promoting solutions that support clean industry. Proactive land-use planning and strong regional cooperation are essential pillars of this development.

5. Immigration and Integration

Increasing the share of workers from abroad is essential to meeting companies' labour needs and increase the working-age population. Ensuring sufficient workforce availability requires planned immigration policies, attractive living and working environments, and effective integration and employment pathways.

6. Comprehensive Security

South Ostrobothnia invests in RDI activities and investments related to the defence industry and dual-use technologies. Given the geopolitical situation, particular attention is paid to issues of security of supply, preparedness, and self-sufficiency. In terms of transport connections, special focus is placed on meeting defence and military mobility needs.

Annex 2. Summary of the Preparation Process and Timeline of the Regional Programme and the Smart Specialisation Strategy

Preparation of the Regional Strategy and Timeline
Preparation of the Participation and Assessment Scheme (OAS) – Spring 2024
Regional Board, 18 June 2024: Decision to launch the preparation of the Regional Strategy and its Environmental Report.
Start of the strategy preparation and the drafting of the Environmental Report
<ul style="list-style-type: none"> • Public notice published on the Regional Council's website and official noticeboard. • "Have Your Say!" theme days in upper secondary schools in Kauhava, Spring 2024 (400 participants). • Official launch of the Regional Strategy process at the Futures Forum on 10 October 2024 (120 participants). • Regional roadshow events (6 events, 140 participants). • Kauhajoki Youth Forum 2024 (50 participants). • Public feedback survey on long-term strategic objectives on the Regional Council's website, 29 January–21 February 2025 (15 responses). • General online feedback form on the strategy and its preparation available 27 February–31 October 2025 (6 responses). • Meetings with the South Ostrobothnia Youth Council and Leader youth committees. • Three Regional Programme thematic workshops in Spring 2025 (130 participants). • The Regional Strategy Steering Group (Futures Group) meets three times. • Meetings of expert groups and expert consultations. • Assessment sessions of the Regional Programme Impact Assessment Group (4 meetings). • Guidance discussions with the Regional Board, Regional Assembly, MYR (Regional Cooperation Group) and municipal managers.
Draft Strategy and Environmental Report
Regional Board, 29 September 2025: Decision to place the draft strategy and its Environmental Report on public display.
<ul style="list-style-type: none"> • Public notice published in Ilkka-Pohjalainen newspaper and on the Regional Council's website. • Draft materials available for public viewing 1 October–3 November 2025 at the Regional Council office and on the website. • Teams information event: "Draft Regional Strategy for South Ostrobothnia", 8 October 2025 (97 participants). • Statements requested from authorities and other stakeholders.
Processing of Statements
Review of submitted comments and opinions and Potential revisions
Regional Assembly, 1 December 2025: Decision to approve the Regional Strategy.
<ul style="list-style-type: none"> • Public notice on the Regional Council's website. • Decision and materials available for public viewing at the Regional Council office and on the website. • Decision and documents submitted to the Finnish Environment Institute (SYKE) and other relevant authorities



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ETELÄ-POHJANMAAN LIITTO
Regional Council of South Ostrobothnia

**SOUTH OSTROBOTHNIA
OF TOMORROW**