





### **COVID-19 and ECONOMICS**

Assessing the impact of COVID on bio-tourism entrepreneurship

*Northern Periphery and Arctic Programme Report* 

February 2021

Voluntās

### This report was delivered as part of the NPA's COVID-19 Response project focused on the economic impacts of COVID-19





The project involved the following partners and associated partners:













https://core.interreg-npa.eu/













### **Project background and the report**

The Northern Periphery and Arctic Programme (2014-2020) (NPA) forms a cooperation between nine partner countries including Finland, Ireland, Northern Ireland, UK, Sweden, Faroe Islands, Greenland, Iceland and Norway. The NPA is a part of the European Territorial Cooperation Objective, also known as Interreg and is supported by the European Regional Development Fund (ERDF). Despite geographical differences, the regional partners share common features such as low population density, low accessibility, low economic diversity, abundant natural resources, and high impact of climate change. This unique combination of features yields joint challenges and opportunities that can benefit from transnational cooperation.<sup>1</sup>

As COVID-19 spread throughout Europe in Spring 2020, the NPA monitoring committee agreed to support seven projects dedicated to what has become known as the "NPA COVID-19 Response Call." Each of these projects address one of five themes aimed at understanding the impact of COVID-19 across the NPA region: (A) Clinical aspects, (B) Health and wellbeing, (C) Technology solution, (D) Citizen engagement/community response, (E) Economic impact and (F) Emerging themes.<sup>2</sup>

Baltic Sea Cluster Development Centre (BSCDC), in collaboration with Voluntas Policy Advisory, has initiated the COVID & ECONOMICS project which addresses theme E of the NPA COVID-19 Response Call.

Economics Ø COVID

The COVID & ECONOMICS project examines economic impacts and responses to COVID-19 across the NPA region, as well as in Canada. It captures innovations and transformations that have taken place as a result of the pandemic and sets out to create a roadmap for future recommendations that will allow for more sustainable and resilient regional/local communities and economies across the NPA. BSCDC and Voluntas Policy Advisory are working alongside CoDeL (lead partner), NordRegio, University of East Finland: the Department of Social Sciences and University of Prince Edward Island: The institute of Island Studies.

report

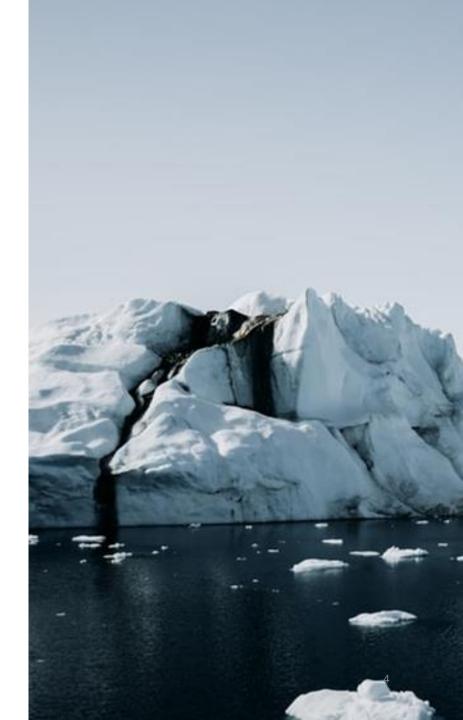
Together with our associated partners: Sermersooq Business (Greenland), Austurbrú (Iceland), Búnaðarstovan (Faroe Islands), and Innovative North (Iceland), BSCDC and Voluntas Policy Advisory have sought to examine the economic impacts of COVID-19 on bio-tourism entrepreneurship across the the associated partner regions. Bio-tourism refers to tourism that contributes to (1) a more bio-based economy, (2) diversifying the economy and (3) preserving culture. This has been done through the dissemination of a survey, partner workshops, entrepreneur workshops and key informant interviews. After having presented the analytical framework and methodology, the report describes the demographics and respective backgrounds of the entrepreneurs who participated in the survey and workshops. This section concludes with entrepreneur profiles of Harriet and Rhoda. Following this, the report sheds light on general barriers faced by bio-tourism entrepreneurs before looking at the economic impact of COVID-19 on their local enterprises. Next, the report looks at the resilience strategies adopted by entrepreneurs in the face of the pandemic. These will be addressed as follows: (1) localizing the market: increased focus on local tourism, (2) opportunity for innovation and emphasis on sustainable solutions and (3) transitioning into a more resilient tourism model. The report goes on to discuss how COVID-19 has provided an opportunity for redefining peripherality before concluding with future recommendations.

<sup>&</sup>lt;sup>1</sup> http://www.interreg-npa.eu/about/programme-in-brief/

<sup>&</sup>lt;sup>2</sup> http://www.interreg-npa.eu/for-applicants/covid-19-call/

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## 1 Introduction

This section provides a brief introduction to the activities and intended outcome of the project, the analytical framework, and the partner organisations that have contributed to the project

### Theory of change

### Activities and intended outcomes and impact of the project

The anticipated outcome of this study is four-fold: (1) Understand the general barriers faced by bio-tourism entrepreneurs across Greenland, Iceland, Faroe Islands and Scotland, (2) understand the economic impact of COVID-19 on bio-tourism entrepreneurship in the associated partner regions and (3) understand what assets and resilience factors have mitigated the economic impact of COVID-19. Finally, it seeks to contribute to inspire future recommendations for the NPA by highlighting successful initiatives. Ultimately, this analysis will feed into the trans-regional report which aims to deliver practical recommendations for transforming communities and economies to be sustainable and resilient, which can guide future NPA programming.

Activities	Outputs	Outcome	Expected Impact			
Kick-off meeting with project partners	Widely-agreed project plan	Understand general barriers faced by bio-				
Bilateral knowledge sharing meetings with associated partners	Desensitized datasets for questionnaires and transcripts for KIIs	tourism entrepreneurs across associated partner regions				
Design and plan data collection	and transcripts for Kils	Understand the economic impact of COVID-19 on bio-tourism entrepreneurship in associated partner regions	Together we seek to bridge gaps			
Distribute questionnaire across Faroe Islands, Greenland and Iceland (62 respondents)	Insights from 62 entrepreneurs across Faroe Island, Greenland and Iceland		in expertise and competency, and deliver holistic and effective responses to the pandemic,			
Conduct 2 key informant interviews	Workshop with 5 associated partners, all of	Understand what assets and resilience factors have mitigated the economic impact of COVID-19, and what policies or resilience strategies	including innovative and			
Facilitate partner workshop focusing on current barriers and resilient strategies related to COVID-19	whom are significant stakeholders in developing bio-tourism entrepreneurship in their region		enterprising solutions, unique insight and practical recommendations for			
Facilitate entrepreneurs workshop focused on barriers to future growth and opportunities	Workshop with 10 likeminded entrepreneurs from Scotland, Greenland, Iceland and the Faroe Islands, who had	have been implemented to soften the effect of the pandemic.	transforming communities and economies to be sustainable and resilient, that can guide future NPA programming			
Analyze and contextualize findings through desk research	opportunities to share knowledge and build relationships	Contribute to a roadmap for future recommendations for the NPA				
Draft and finalize COVID & ECONOMICS report	Project report synthesizing findings from questionnaire, KIIs and workshops	recommendations for the NPA				

### **Analytical framework**

Using interviews, a survey as well as workshop participation, the project will focus on the following dimensions: (1) Demographic and background of entrepreneurs participating in the project, (2) general as well as COVID-specific barriers and challenges for bio-tourism entrepreneurship, (3) internal resilience strategies used by entrepreneurs to accommodate for the circumstances of the pandemic, (4) External resilience strategies employed by public authorities/civil societies to alleviate the burden of COVID-19 on entrepreneurs and (5) Mapping out initiatives inspiring future recommendations for the NPA.

Overall objective	Target groups	Research focus	Indicator	Survey	KII	ws
	Entrepreneurs within bio-tourism	Demographic and background profiles of entrepreneurs	Country of origin, gender, age	$\checkmark$		
			Business type, role in business, dependency on tourism, contribution to local bio-economy			$\checkmark$
Togethous sook to beide come in		Barriers to entrepreneurship	Pre-existing barriers to entrepreneurship: legislative, political, socio-economic		$\checkmark$	
Together we seek to bridge gaps in expertise and competency, and deliver holistic and effective responses to the			Impact of COVID-19: Barriers to bio-tourism entrepreneurship	✓		
pandemic, including innovative and enterprising solutions, unique insight		Internal resilience strategies	How have you adapted your business to accommodate for the challenges faced?	✓		
and practical recommendations for transforming communities and economies to be sustainable and	nomies to be sustainable and lient, that can guide future NPA gramming  Representatives of local municipalities  Respondent of the sustainable and lient of the s		Inherent characteristics of region, social or physical, that has had a positive impact on your business to survive during the pandemic	✓	✓	✓
resilient, that can guide future NPA programming		External resilience strategies	External help from public authorities/civil society has been initiated in order to help alleviate the burden of COVID-19 on entrepreneurial activity	✓	✓	✓
			Immediate recommendations	$\checkmark$	$\checkmark$	$\checkmark$
			Long-term recommendations	$\checkmark$	✓	$\checkmark$

### **BSCDC** associated partners

Introduced below are the five associated partners that Baltic Sea Cluster Development Centre has worked alongside with throughout the project: (1) CoDel, Uist, Scotland, also the lead partner across the full NPA COVID-19 Response Call project, (2) Búnaðarstovan, Faroe Islands, (3) Austurbrú, Iceland, (4) Sermersoog Business, Greenland and (5) Innovative North, Iceland. The associated partners have participated in partner workshops, disseminated the project survey across their respective regions, participated in key informant interviews and suggested participants for the entrepreneur workshop. They will also participate in the findings workshop.

### Lead partner\*

### CoDel

CoDel, in Uist in Scotland's Outer Hebrides, seeks to: (i) analyze and identify micro-trends on islands, (ii) contribute positively to community development and (iii) create opportunities for younger people to reshape their communities.

CoDel has delivered leadership inputs for young islanders to tackle key issues (e.g. housing & tourism), triggered the *Islands* Revival Declaration, secured the first Scottish Social Enterprise Place award for Uist, and delivered visioning workshops for rural & island communities in Scotland & Ireland.



### Búnaðarstovan

Búnaðarstovan – Agricultural Agency, is the governmental institution handling most issues related to the agricultural sector in the Faroe Islands.

The Agricultural Agency is handling e.g., the administration land public tenancy, agricultural research and development, administration of public grants for the farming community, as well as various other issues related to the government's agricultural policy.



### Austurbrú

Austurbrú works for the interests of Austurland's residents (the Eastern Region of Iceland) and provides coordinated and interdisciplinary services.

Austurbrú's projects are mainly in the field of lifelong learning research. business development and marketing. Although different, they all serve the interests of the region and their purpose is to promote the positive development education, culture and the in economy Austurland. Austurbrú has seven offices and over 20 employees.



### **Sermersoog Business**

Sermersoog Business serves the largest municipality in Greenland with over 40% of Greenland's population.

Sermersoog Business facilitates development through optimizing the framework for growth, sustainability, innovation and knowledge. Sermersoog Business' key focus areas are the development of established companies, coaching promoting entrepreneurship, as well as aiding development in relation to the tourism industry and the oil, gas & mineral sector.



### **Innovative North**

Related to merger negotiations between two municipalities in the North Iceland. Skútustaðahreppur and Pingeviarsveit, the local councils set the goal that a new municipality will be known and sought after as a great place to live and run sustainable businesses.

To push for this, an ambitious project was launched, the Innovative North, which aims to put the new municipality at the forefront of the fight against climate change, strengthening region's long-term competitiveness.



<sup>\*</sup>CoDel has served a dual role as lead partner for the NPA COVID-19 Response Call and as a contributing partner to this specific contribution to theme E on economic impact

# 2 Methodology

This section describes the data collection methodology of the project. Three different modes of data collection have been applied: a survey disseminated to respondents in Greenland, Iceland and Faroe Islands; interviews conducted with Project Manager of Innovative North, Skútustaðahreppur (Iceland) and a Business consultant from Sermersooq Business, Nuuk (Greenland). Furthermore, three workshops were conducted with representatives from all the associated partners as well as two entrepreneurs to substantiate findings.

### **Data collection**

Was conducted through a survey, interviews and workshops with a focus on cross-national knowledge sharing, as part of the process



### **Survey** – broadening the knowledge

### Objective

- Understand and create profiles of entrepreneur respondents
- **Understand the economic impact** of COVID-19 on their businesses.
- Understand the COVID-19 resilience strategies that have been deployed

### **Target** group

**62 Entrepreneur respondents:** The survey was distributed to entrepreneurs within the bio-economy space across Faroe islands, Greenland and Iceland. Surveyed entrepreneurs were in various stages of their business cycle. This was purposefully targeted to capture the experiences of early-stage entrepreneurs, entrepreneurs in the acceleration phase and entrepreneurs with an established business.

### **Outcome**

Survey insights inform a broader understanding of the economic impact of COVID-19 on bio-tourism entrepreneurship that is triangulated with interview findings and desk research. The sample is not representative, but it fuels insights and outlines practical recommendations tested in the workshop.



### **10** Interviews – gaining first-hand insights

- Obtain first hand insights from municipality representatives, business consultants, project managers and entrepreneurs to gain a contextualised understanding of challenges faced, opportunities and resilience strategies.
- Project Manager for Innovative North, Skútustaðahreppur (Iceland)
- Business consultant at Sermersoog Business, Nuuk (Greenland)
- Email interviews with 2 entrepreneurs one entrepreneur with an established business and one early stage entrepreneur, Faroe Islands and Scotland
- · Interviews generate in-depth insights within selected areas of interest for the specific community and survey insights



### Workshops - Bridging the gap between theory and practice

### Partner workshop

Objective: (1) Share findings from the survey (2) Share COVID-19 experiences and coping strategies 3) Understand underlying assets as potential future resilience strategies

Participants: Project partner group

Outcome: Collective knowledge sharing and brainstorming on future application of trans-national learnings



### **Entrepreneur workshop**

Objective: (1) Share survey findings and discuss barriers to bio-tourism entrepreneurship (2) Share COVID-19 strategies deployed in order to mitigate the impact (3) Discuss future application of learnings Participants: Selected entrepreneurs from all four areas Output: Knowledge sharing directly between entrepreneurs, development of cross-border relationships and in depth mutual understanding of possibilities



### **Findings workshop**

Objective: (1) Consolidate/validate findings and discuss the feasibility of the recommendations (2) Identify stakeholders able to act on recommendations (3) Discuss outreach plan

Participants: Project partner group

Output: Recommendations validated by partners with first hand implementation experience

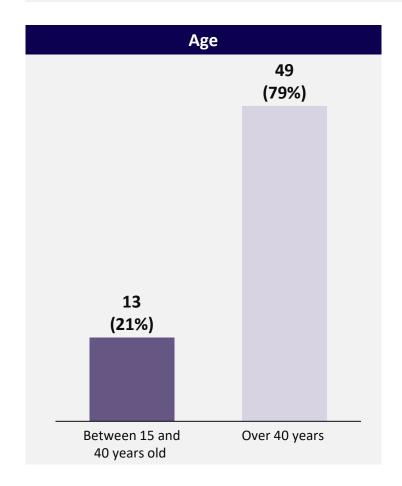
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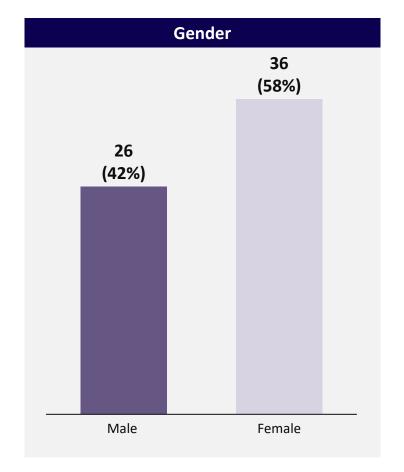
# Demographic and background information of entrepreneurs

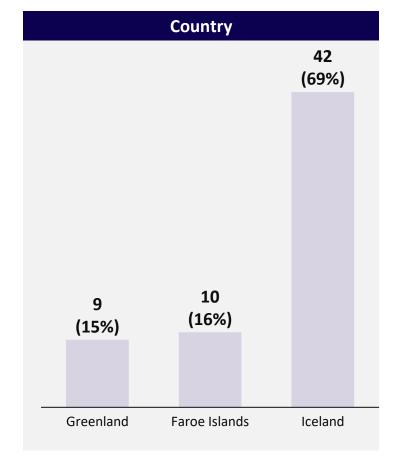
This section seeks to shed light on the backgrounds of the entrepreneurs involved in the project. It provides an overview of their age, gender and nationality. It also looks at the type of businesses the entrepreneurs are involved with and their role within this business. Additionally, it demonstrates the ways in which their businesses are dependent on tourism, as well as how (if at all) their business interacts with the bioeconomy. Finally, two case profiles have been created of different entrepreneurs from Scotland and Faroe Islands.

### **Demographic and background information**

The survey was disseminated across Greenland, Faroe Islands and Iceland to a total of 62 participants. As seen below, 79% of participants were over 40 years old whilst 21% were between 15 and 40 years old. 58% of participants were female whilst 42% were male. 69% of respondents were from Iceland, 16% were from the Faroe islands and 15% were from Greenland.

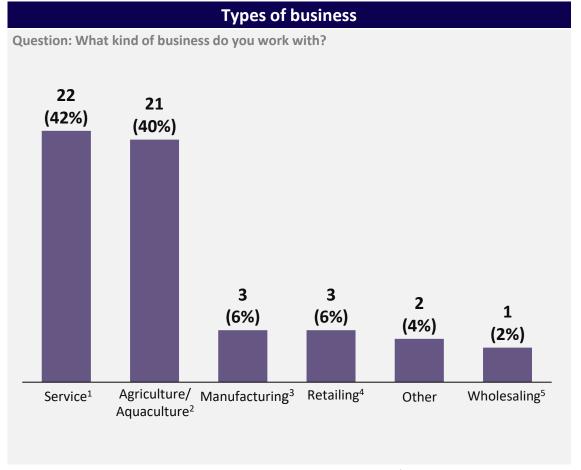


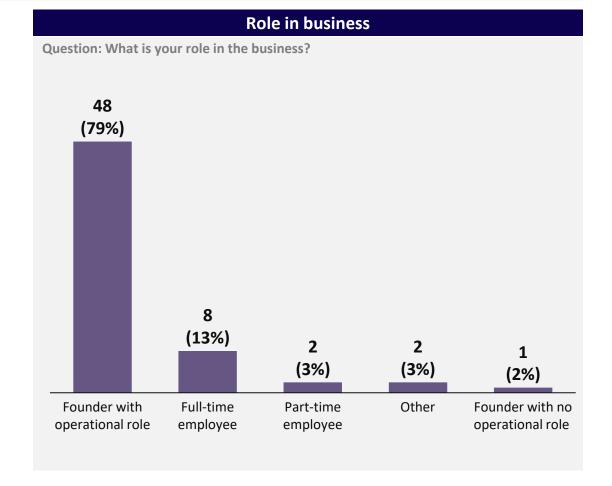




### **Demographic and background information**

36% of survey participants worked within the service industry and 35% with agriculture or aquaculture. 8% of participants worked in (1) manufacturing and (2) retailing whilst 5% worked with wholesaling. Regarding the role played by entrepreneurs in said business, the majority (79%) were founders with a continued operational role.





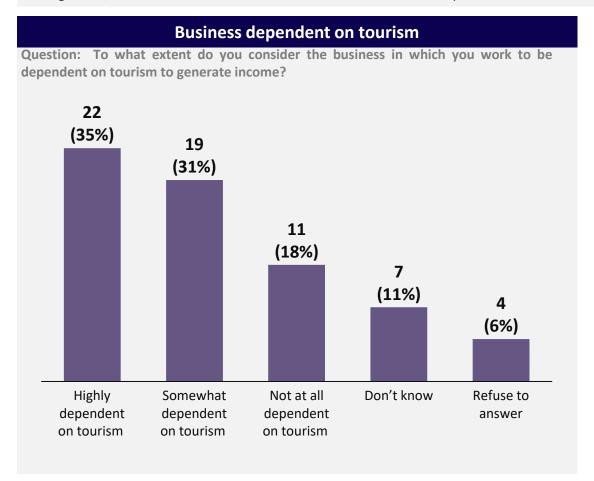
<sup>&</sup>lt;sup>4</sup> Selling product to people/final customers <sup>2</sup> Generate fresh produce from land and sea

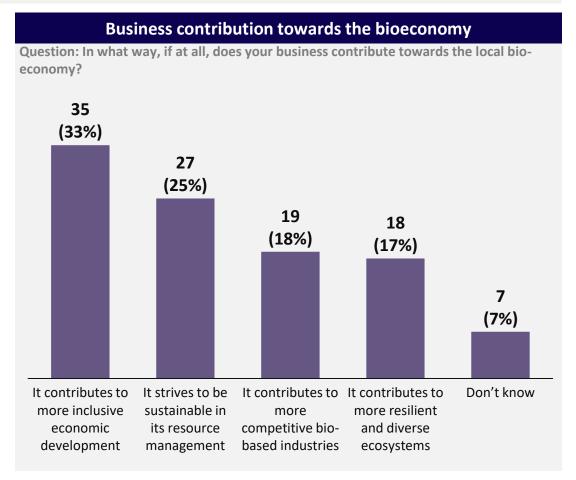
<sup>&</sup>lt;sup>3</sup> Producing products that you then sell

<sup>&</sup>lt;sup>5</sup> Selling products to people other than the final customer

### **Demographic and background information**

The figures depict the perceived extent to which participants consider their business dependent on tourism and how their business interacts with the bio-economy. 35% of respondents considered their business highly dependent on tourism. 31% considered their business to be somewhat dependent on tourism whilst 18% did not consider their business to be dependent on tourism at all. One-third of respondents considered their business to contribute to more inclusive economic development, one-fourth considered their business to be sustainable in its resource management, 18% considered their business to contribute to more competitive bio-based industries and 17% considered their business to contribute to more resilient and diverse ecosystems.





### HARRIET OLAFSDOTTIR

### The Modern Sheep Farmer

### **Background** – Going back to the roots

Harriet and her partner, John, bought an old house and moved back to her hometown of Æðuvík. This kicked off an adventure as 5th generation sheep farmers. The Faroe Islands has a long standing history of sheep farming but being young and female, Harriet stands out in a traditionally male dominated occupation. Bringing a new perspective, Harriet and John have an entrepreneurial approach to sheep farming and a broad skillset allows them to think outside the box. Harriet is a photographer and uses her craft to promote her farm, The Faroe Islands, and particularly it's long standing tradition of sheep farming.

### **The Business** – Changing the world one meal at the time

The business is multifaceted, offering a broad range of experiences, where the production of sheep meat is not a prioritised revenue stream. The experience is centred around authentic food experiences with all ingredients produced locally at the farm. The concept of farm dinners (Heimablídni) allow tourists to visit the farm, share a meal, and discuss life in The Faroe Islands. The focus is on creating personal experiences and forging real connections between humans and sheep, rather than mass tourism. A new bed and breakfast is in the process of being added to the range of offerings at the farm. All animals, including two rare Faroese Ponies, run free, creating a true experience of nature and offering visitors photoshoot opportunities. Harriet also sells posters of her photography (onsite and online), leveraging photography skills to build connectivity with both visitors and the online community, whilst promoting animal welfare in the process.

### Future ambitions – Create the future of Faroese farming

The couple have large ambitions for the business and intend to expand both the size of the business and experiences offered. These include: selling the opportunity to "sponsor" a sheep, receiving a visual experience of the day-today interactions between farmer and sheep, and finalising the B&B next to their farm, expanding the opportunities for luxury stays and workshops at the farm. The long-term dream is to establish a "Farm Zoo" that is both an operational farm and an educational resource for the local community. To realise their ambitions they must break barriers of old farming laws and long-standing traditions.





### **RHODA MEEK**

Using technology as a force for good

### **Background and motivation** – Creating virtual footfall

Starting as a healthy pun between friends, Rhoda quickly realised the potential she had stumbled upon. Facing COVID-19 it was evident that tourists were not going to visit the Scottish Islands to any extent close to the usual numbers. Rhoda, along with many others, were dependent on footfall from tourists to sell their products. Inspired by the early days of virtual directories and equipped with a strong digital skillset, Rhoda developed Isle20 in March 2020 to serve as a directory website for island businesses and to accommodate virtual shoppers who were unable to visit in person. Isle20 has quickly expanded from a directory to a marketplace for products, and demonstrated the need for further innovation. In response, Isle Develop CIC was created as a parent company to serve as a social enterprise with great ambitions.

### **The Business** – Using technology to expand the market and build resilience

Isle20 serves the local businesses and makes it easy for tourists, Island lovers, and the international island diaspora to navigate the many unique businesses residing in the Scottish Islands. The business serves to help entrepreneurs on the island sell their products year round and thereby be less dependent on tourism. This both expands the potential market and increases resilience to external shocks, such as COVID-19. Rhoda has expanded the business portfolio with IsleEats.com, allowing islanders to gain an overview of food offerings and order directly for delivery. The businesses generate revenue for Isle Develop, a social enterprise using the profits to be reinvested in local innovation.

### **Future ambitions** – Fostering resilient local innovation

The goal is to create and foster a profitable e-commerce site to support island business year round and to expand the portfolio with a centralized Island food delivery site through IsleEats and an Island job directory making it increasingly easy to access jobs. All profits are to be reinvested in driving innovation and non-tourism related entrepreneurship, which is generally underfinanced in the Islands. The long-term goal is to create jobs and business that are sustainable and help young people move back or stay in the islands. It is still in its early days, and the main barriers to growth are financing and site-development capacity.









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# 4

# Barriers to bio-tourism entrepreneurship

This section will explore more general, longstanding barriers to bio-tourism entrepreneurship across the different regions. The most prominent barriers reported are: (1) systemic barriers (related to policy frameworks and infrastructure), (2) small population size (3) absence of local governance.



### **General barriers to bio-tourism entrepreneurship**Seasonality and Population

This section will explore more general, long-standing barriers to bio-tourism entrepreneurship across the different regions. The main identified barriers are: (1) Seasonality and Population, (2) Investment and Infrastructure and (3) Systemic barriers. Below, seasonality and population is discussed.

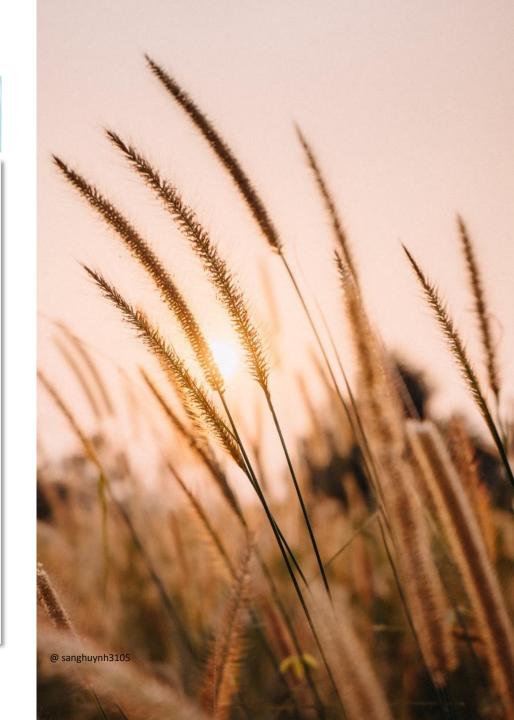
Seasonality, an imbalanced seasonal distribution of visitors throughout the year, is one of the key challenges presented by regional partners and entrepreneurs. Short-term employment opportunities requiring labor-intensive albeit low-skilled work, coupled with a consistent trend of outmigration to urban areas and thus an aging labor force has increased dependence on international labor during high tourism season. Hence, the employment opportunities within the tourist sector are often limited, poorly distributed, low-skilled and seasonal. The seasonality of tourism also impacts the number of investments entrepreneurs can attract to their community as well as the potential for improved infrastructure. As a result, entrepreneurs express the need for diversifying their income.

In a recent report published by Nordregio, the challenge of tourism's seasonality in rural communities across the Nordic countries is well articulated. The solution is suggested to be prolonging the tourism season "on both ends" thus making the industry less vulnerable.¹

Through entrepreneur workshops and key informant interviews, however, this approach appears orthodox and in need of reconceptualization. Rather, entrepreneurs are starting to think about ways in reshaping their businesses to be much less dependent on tourism.

"As a result of COVID-19, we have increased cooperation with the municipalities and expanded operations so that it is less dependent on tourism"<sup>3</sup>

"Circular investment is becoming increasingly independent of the tourism cycle: it is generating revenue that is reinvested in other local businesses" 4



<sup>&</sup>lt;sup>1</sup> Nordregio (2020) "Planning for sustainable tourism in the Nordic region"

<sup>&</sup>lt;sup>2</sup> Interview with business development manager at Sermersooq Business

<sup>&</sup>lt;sup>3</sup> Open-box answer in survey

<sup>&</sup>lt;sup>4</sup> Rhoda Meek, Entrepreneur workshop



### General barriers to bio-tourism entrepreneurship Investment & infrastructure

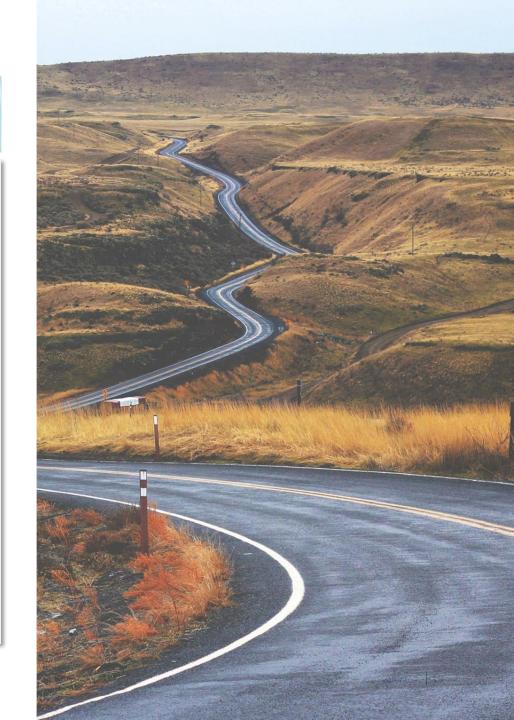
A key barrier to realising the entrepreneurial potential in the artic region is access to investment into developing local businesses. This is largely driven by lack of market access. Technology and infrastructure development can play a role in increasing market access.

Another challenge for tourism and destination development is the inability for municipalities, local enterprises or travel agencies to attract adequate investment. The inability to gain financing to grow the capacity or offerings of their business was cited by most entrepreneurs in our workshop. The need for increased investment in local businesses extends beyond the tourist sector and decreases the opportunities to create more robust communities that are less dependent on seasonal income. This is the main point identified and addressed by Isle20 entrepreneur, Rhoda Meek. The lack of consistent opportunities to finance innovative business ideas was a key barrier for developing non-seasonal revenue streams in the Scottish Islands. The lack of market access has been a key component in the barrier to investment. Thus, Isle20 is aiming to break this barrier to increase market access and use profits to bring investment back into local enterprises.

In Greenland, similar barriers have been identified. The financial entry barriers driven by sanitation regulations make it difficult to justify investments in alternative meat production. This makes it challenging for small-scale producers to justify the investment needed to enter the market.<sup>2</sup>

A catch-22 is that investment in infrastructure, such as transportation networks to better connect tourists to rural areas, is a requirement to expand the short season and then garner greater investment. Such concerns have been raised by Icelandic partner, Innovative North who attribute the lack of investment to (among other things) living in a small-sized community. Firstly, it creates a market uncertainty with low demand during the tourist off-season. Secondly, it affects the competitiveness of the area regarding investments. Thirdly, it reduces the capacity of the municipality to develop the sufficient infrastructure that is necessary for entrepreneurship in the bio-economy.

On a positive note, the new Eysturoyartunnilin in the Faroe Islands signals a significant improvement in accessibility of local communities. This creates great potential for connecting rural markets enhancing economic opportunities and providing increased opportunities for tourist and entrepreneurs. These opportunities require responsible management, as it could provide a basis for mass tourism that does not benefit local communities. Thus, sustainability is key in harnessing newfound opportunities. The effect of the new tunnel remains to be seen, as it opened on the 19<sup>th</sup> of December 2020.



<sup>&</sup>lt;sup>1</sup> Nordregio (2020) "Planning for sustainable tourism in the Nordic region"

<sup>&</sup>lt;sup>2</sup> Interview with business development manager at Sermersooq Business



### **General barriers to bio-tourism entreprepreneurship**Systemic barriers

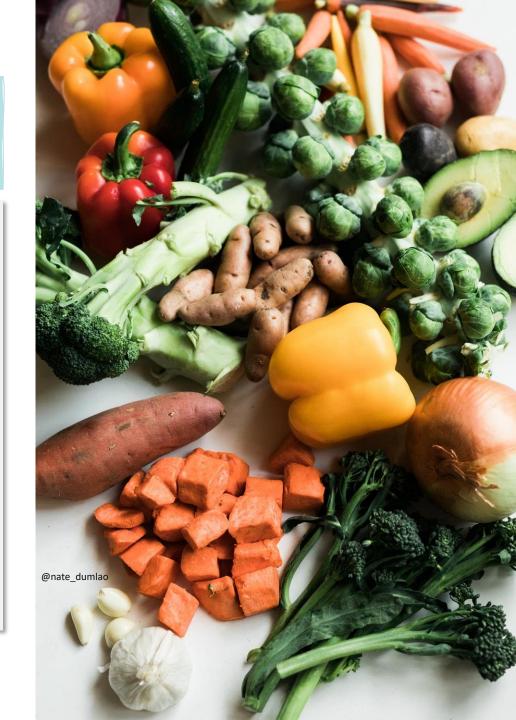
Despite the growing recognition that innovative entrepreneurship is valuable in strengthening tourism as well as the bio-economy, government regulations and systemic barriers present serious challenges for entrepreneurs to expand and innovate their businesses. In the conducted survey, nearly one-fifth of respondents wish for the removal of regulatory barriers as a means to alleviate the burden of COVID-19. The most prominent regulatory barriers identified are with regards to Food and Agriculture.

### Food

The laws in the Faroe Islands have changed to allow for **Heimablídni**; a local concept that allows family businesses to start serving food in their own home without the prior sanitary approvals normally required when starting a cafe or restaurant. In order to change policies and successfully pursue Heimablídni, local farmers and entrepreneurs in the Faroe Islands collaborated with representatives from the Ministry of Trade & Industry, The Farmers Association, the Tourism Association, the Outer Islands Association, the Food and Veterinary Agency, local tourist offices and the Tourist Board.¹ This opens significant possibilities and is a point which other countries in the region can follow. Icelandic entrepreneurs who wish to adopt the same concept must have their food cooked in a restaurant before serving it to customers in their home, making it both costly and timely to do. In Greenland, this is only possible through public kitchens, which does not allow for the same authentic experience or the same opportunities for entrepreneurs.

There are also significant regulatory barriers preventing **home slaughtering.** Innovative North in Iceland, report a widespread interest from farmers to slaughter their sheep at home rather than driving to an industrial slaughterhouse. The reasons for this are (1) to decrease carbon emissions through transport; (2) subject animals to less stress during transportation (3) have control over which parts of the animal are sold and (4) to produce better quality meat seeing that the meat has much more time to hang and become tender than in an industrial slaughterhouse.<sup>2</sup>

As a part of a pilot study initiated by the Icelandic Ministry of Fisheries and Agriculture, the National Association of Sheep Farmers, and the Icelandic Food and Veterinary Authority (MAST), sheep farmers in Iceland are now permitted to slaughter and butcher lambs at home for their own consumption – any lamb that will be sold must be sent to a slaughterhouse. If the farmers want to sell the meat themselves – they must pay a fee to do so.<sup>3</sup>



<sup>&</sup>lt;sup>1</sup> https://www.oneplanetnetwork.org/initiative/heimablidni-dine-homes-faroese-home-hospitality-concept

<sup>&</sup>lt;sup>2</sup> https://www.icelandreview.com/business/iceland-to-permit-limited-home-slaughter-this-fall/

<sup>&</sup>lt;sup>3</sup> https://www.icelandreview.com/business/iceland-to-permit-limited-home-slaughter-this-fall/



### **General barriers to bio-tourism entrepreneurship**Systemic barriers

### **Agriculture:**

Other systemic barriers have been identified within the agricultural sector, making it difficult for entrepreneurs to expand their business in the direction they wish. Entrepreneur from the Faroe Islands, Harriet Olafsdottir's story sheds light on how these regulations manifest on the Faroe Islands. Harriet and her partner, John are King's farmers, meaning that they rent their land from the government for a small sum of money each year. They do this together with 20 other farmers who together "share" a certain amount of land together. Even if Harriet's land is very extensive, including the entire village with surrounding areas, there are governmental policies in place that demand the land to be rented out to other people during the summer months of each year. This means that most of the land Harriet and John would use to grow their crops, grass their animals, maintain a farm zoo, guide tours, set up an extensive biodiversity plan is only available to them during the winter months. Between May and October, this land is rented out to other farmers focusing on meat production. It is custom that these rental agreements get passed down through family members. Even though the national policy framework is changing, the big community of 20 farmers that Harriet and John are part of (by law) have voted to keep the current system in place.<sup>1</sup>

"This prevents me from fully driving my farm to it's potential and I don't see this supporting the future of farming - after talking to the government my only option would be to buy the land for millions of kroner that I unfortunately don't have. Nevertheless, I want to show that farming on The Faroe Islands can be done both with animal welfare in mind, with profit and without government financial support."<sup>2</sup>



<sup>&</sup>lt;sup>1</sup> Harriet Olafsdottir, email exchange

<sup>&</sup>lt;sup>2</sup> Harriet Olafsdottir, email exchange

### OVERCOMING BARRIERS 1/2 Looking beyond



### Seasonality and distribution of tourism

### **Immediate** impact

Whilst overcoming this barrier could include elongating the tourist season on both ends or prioritize year-round tourism innovation, thus drawing greater investment and spurring regional development,<sup>1</sup> entrepreneurs have instead focused on making their businesses less dependent and vulnerable to international tourism by focusing on an alternative, local customer base. After COVID-19, entrepreneurs wish for continued support from the government and local municipalities to pursue this.

"The public sector, including municipalities, should, to the extent possible, spend budget to support local business and encourage locals to spend money/support local businesses. For example, they can book treks/experiences for their staff. They could distribute spending to businesses that have suffered significant losses during the pandemic."

### Paradigm shift

As articulated by entrepreneurs in interviews and workshops, extending the tourism season or focusing on a local customer base will not be enough to sustain more resilient rural businesses and communities in the long-run. There needs to be a radical paradigm shift ensuring that:

- · Tourism is integrated into the local economic, cultural and socio-political segments of the community.
- Tourism must serve local communities, not the tourism 'industry' or urban tourists.

As a result, entrepreneurs and local enterprises will become much less dependent on seasonality and the distribution of tourism.



### Investment & infrastructure

### Immediate impact

Increasing market access is a main barrier to be addressed in accessing investment. Initiatives allowing rural communities to pool resources such as Isle20 are key in solving this issue. By collaborating to overcome the barriers of being small and fragmented communities, it becomes increasingly possible to access bigger markets.

Involving the local community in democratic destination development (see example on page 35) allows for a sustainable development of local infrastructure. Thus ensuring municipal investment is aligned with community needs

Increasing the focus on community driven investments is a key component in driving change. An example is Rhoda investing profit back into innovative businesses within the community. Additionally, activating technology to create crowdfunding platforms for investments in local businesses.

### Paradigm shift

Increasing Investment in non-tourism driven value creation is key for longterm robustness. With the pandemic forcing us to realise the possibility of doing many jobs virtually from remote locations, the road is paved for increasingly integrating peripheral businesses and jobs into urban economic markets.

This will require building on current momentum and ensuring that necessary infrastructure is in place, such as co-working spaces and driving information campaigns.

Open-box answer in survey

<sup>&</sup>lt;sup>2</sup> Interview with business consultent at Sermersoog Business

### **OVERCOMING BARRIERS 2/2** Looking beyond



### Systemic barriers

### **Immediate** impact

Knowledge sharing between countries in the North-Atlantic can provide inspiration for circumventing systematic barriers relating to food.

### Home slaughtering

As has already been mentioned under the general barriers in the report, farmers in Iceland have expressed frustration with having to transport their sheep to industrial slaughterhouses in order to meet the demands of food and safety protocol. To circumvent such legislation, Greenland has a concept called "Kalaaliaraq". This originally started out as a marketplace where tradesmen could come together and sell their produce. The concept has been further developed by municipalities across Greenland, establishing designated local slaughtering and trading areas where farmers themselves can use the facility to slaughter and process their meat in a food and safety-approved environment. <sup>2</sup>

### Translating the "Heimebilding" concept elsewhere

As also mentioned in the general barriers, in order to pursue the "Heimebilding" concept in Iceland, the food served to guests must be prepared in a restaurant that has been health and safety approved. To circumvent this, inspiration can either be taken from the existing policy framework in the Faroe Islands or recent initiatives taken by Sermersoog Business in Greenland who are a part of setting up a "Food lab" in Nuuk. This initiative allows for people to rent a protocol and sanitation-approved kitchen to cook, invite paying guests and share their life story in a home away from home.

### Paradigm shift

Throughout the workshops and interviews, it has been recognized that systemic barriers against "Heimebildning" or Home slaughtering are not solely a product of legislative regulation but also the result of an economic system highly catered to urban realities. Rather:

• It should be recognized at a central governance level (e.g., EU) that circumstances for home slaughtering (sanitation protocol or handling of meat) are very different in sparsely populated areas when compared to urban centres.

<sup>&</sup>lt;sup>1</sup>Open-box answer in survey

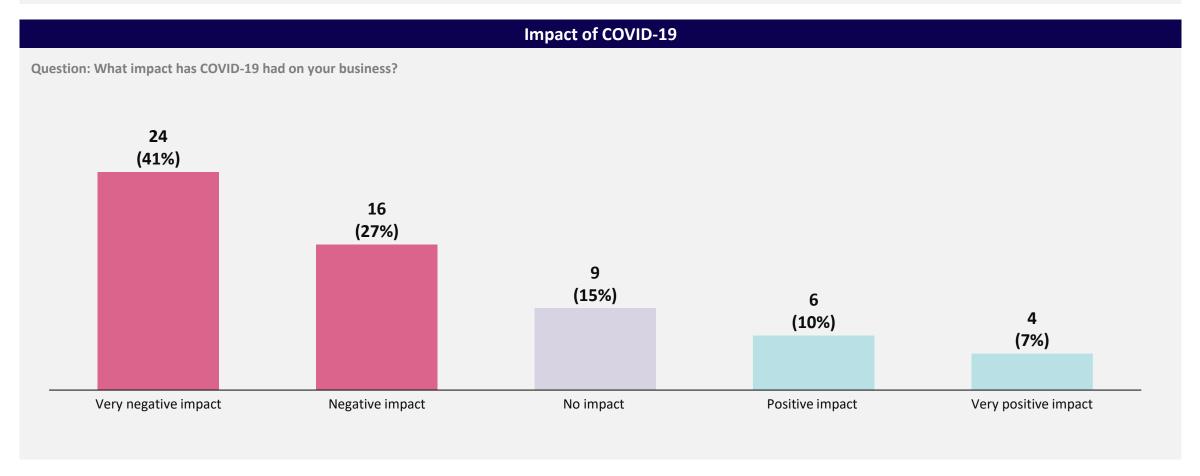
<sup>&</sup>lt;sup>2</sup> Interview with business consultant at Sermersoog Business

## Economic impact of COVID-19

**This section will look at barriers, difficulties and opportunities** faced by bio-tourism entrepreneurship as a result of **COVID-19**.

### **Economic impact of COVID-19 on bio-tourism entrepreneurship**

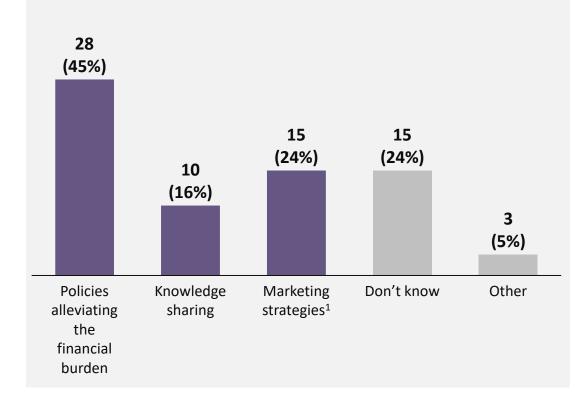
After having looked at the more general barriers, we turn to the economic impacts of COVID-19 on bio-tourism entrepreneurship. The findings below are from Iceland, Faroe Islands and Greenland. These have been complemented and triangulated with findings from interviews and workshops on the following page. As seen below, 68% of respondents have reported that COVID-19 has had a negative or very negative impact on their businesses, whereas 17% have had a positive impact mainly driven by an increased focus on local market or an opportunity to develop new business models.



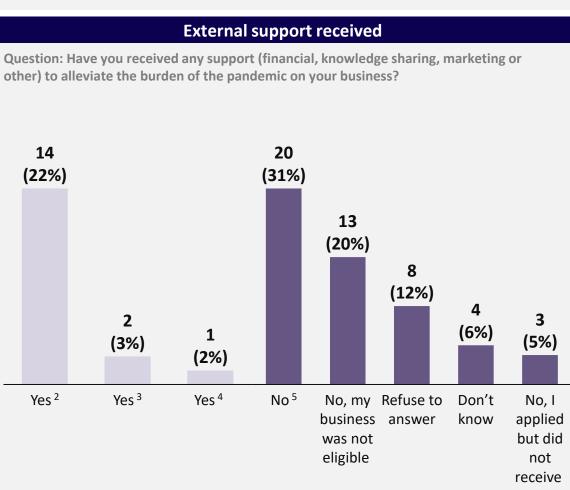
Regarding the general support available to bio-tourism entrepreneurs throughout the pandemic, respondents have recognized there to be (1) Policies alleviating financial burden (2) Knowledgesharing and (3) Marketing strategies. Looking at what they have received themselves, 22% have received support from public actors, 3% have received support from both public actors and community/civil society actors and 2% have received support from only community/civil society actors. 31% were not aware of any support available, one-fifth reported that their business was not eligible for support and 3% allegedly applied for funding but did not receive it.

### **External support available**

Question: Please indicate what kind of external help from national or regional authorities/civil society/NGOs has been initiated in order to help alleviate the burden of COVID-19 on entrepreneurial activity (in general). [Choose as many as you like]







<sup>&</sup>lt;sup>2</sup> From public actors

<sup>&</sup>lt;sup>3</sup> From both public actors and community/civil society actors

<sup>&</sup>lt;sup>4</sup> From local community/civil society

<sup>&</sup>lt;sup>5</sup> I was not aware of any support

### ECONOMIC IMPACT OF COVID-19 ON TOURISM-DRIVEN ENTREPRENEURSHIP

COVID-19 has generally been negative but two identified factors have increased resilience

Contributing to economic downturn



### **Lack of international tourists**

In light of the pandemic, the WTO has indicated that tourism in Northern Europe has seen a 75% decrease in international arrivals comparative to the year prior. Considering the degree to which tourism is seen as a driver of regional development, reduced travel desire and travel restrictions puts negative pressure on Nordic communities.<sup>2</sup> This has become especially prominent given that local tourism development plans across the region banked on appealing to the burgeoning Asian tourist market.<sup>3</sup> These challenges are reiterated through workshops, interviews and survey results.

"We were completely booked for the entire season but in the end, we only had 2 company events"4

"In a town of 400 inhabitants we have 5 big hotels, this has been a year for rebuilding"5

In Iceland, tourism is by far the biggest industry in Skútustaðahreppur and to a large extent also in Egilsstaðir. As Icelandic tourism has been mostly dependent on international tourism, all websites, brochures and information on accommodation and tourist attractions are written in English and directed towards an international client base. Marketing strategies have in the past relied on, for example, international influencers. Additionally, data on customer behavior, preferences and movement is only available for international tourists. With the spread of COVID-19, restrictions on mobility have resulted in an exponential decrease in the number of tourists coming to Iceland from abroad.



### Lack in predictability from local tourists

An increasing focus on local tourists has reduced planning time. This is due to local tourists and weekend tourism being more spontaneous. Local tourist are more dependent on short-term factors such as weather. This means that bookings for travel operators become more volatile, as long-term planning is compromised. For example, local boat operators in Greenland are facing challenges in reacting to rapidly changing demands. It is difficult for operators to realise the full potential of busy weekends, because they are not able to adjust supply on short notice.

"The increased focus on local tourist makes long-term planning for operators difficult"6



### Lack investment in green development

An increasing focus on green initiatives and a change towards more high-scale eco-friendly tourism is detected across all regions. It is difficult to access the funds to invest in a greener future despite the plans and ambitions being in place. This slows the transition to green tourism and more resilient local communities. Investment can also function as a catalyst for local economic activity.

"The local implementation of national transition strategies towards green tourism have been delayed"7



### International labour creates a cushion

As tourism in the Nordics is highly seasonal and jobs are typically short term this attracts labour from outside the region.8 With the halt of international travel due to the pandemic, this poses a significant decrease to the labour force. The slowdown in tourism has also caused a slowdown in seasonal demand for labour. This has softened the blow on unemployment, as many affected positions where previously filled by foreign seasonal workers.

"The seasonal nature of affected jobs has softened the blow on local unemployment"6



### Increased focus on local tourism

COVID-19 has introduced an increased focus on local tourism. All regions report an increasing interest in their own history, nature and traditions. This has provided an opportunity to retain some income, but has not fully substituted the reduction in income from international tourist. It is unclear how much local tourism will continue post-pandemic.

"The pandemic has provided an excuse for locals to explore their own country and customs"8

<sup>&</sup>lt;sup>1</sup> UNWTO Tourism Dashboard (2021)

<sup>&</sup>lt;sup>2</sup> Nordregio (2021) "Regional Tourism satellite accounts for the Nordic countries"

<sup>&</sup>lt;sup>3</sup> Young-Sook Lee (2020) "Asia and Arctic Tourism

<sup>&</sup>lt;sup>4</sup> Faroese tourism/farm entrepreneur

<sup>&</sup>lt;sup>5</sup> Project manager at the Innovative North

<sup>&</sup>lt;sup>6</sup> Business developer at Sremersoog Business

<sup>&</sup>lt;sup>7</sup> Nordregio (2020) "Planning for sustainable tourism in the Nordic region" <sup>8</sup> Entrepreneur from Greenland

### Addressing the economic impact of COVID-19

The most common support needed by entrepreneurs is financial, go-to-market support and removal of regulatory barriers

### Responding to the negative economic impact of the pandemic

The crisis has hit many entrepreneurs hard with 68% of entrepreneurs responding that they have been affected either negatively or very negatively by the pandemic.

### Access to financial support

In order to support the entrepreneurial businesses through the pandemic 31% of entrepreneurs expressed a need for increased access to financial support. In Greenland, Sermersoog Business have been assisting entrepreneurs in accessing financial support by:1

- 1) Having officials with previous experience in the entrepreneurial community design the applications
- 2) Providing direct support to entrepreneurs in writing the applications.

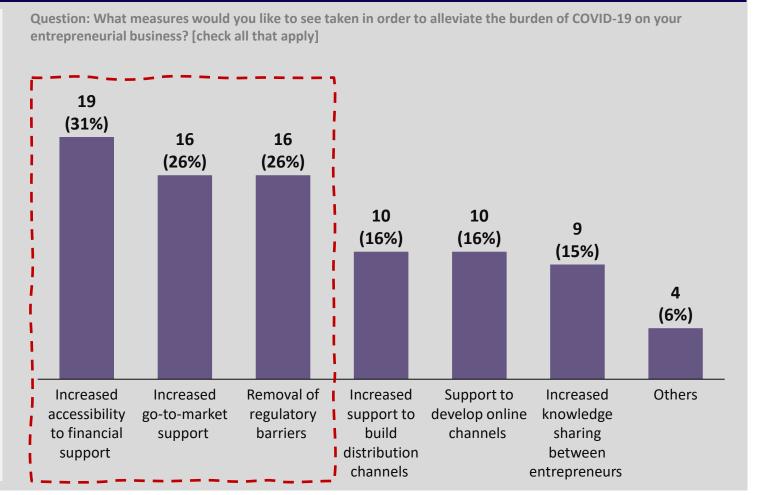
This has alleviated the bureaucracy barrier and increased access to financial support.

### **Go-to-market support**

26% asked for increased go-to-market support, especially directed at accessing new markets.

### **Regulatory barriers**

26% saw the removal of regulatory barriers as a significant hurdle to adapting their business to the reality of the pandemic. This is illustrated by sanitation regulation creating large entry barriers for alternative food experiences outside the Faroe Islands, where regulation has been eased.



<sup>&</sup>lt;sup>1</sup> Business developer at Sermersoog Business

6

Fostering more resilient local economies: The transition towards more regenerative types of tourism

Whilst the barriers and difficulties faced by tourism-driven entrepreneurs as a result of COVID-19 are evident, there are also positive trends emerging as a result of the pandemic. Firstly, there has been a significant localizing of the market where entrepreneurs are increasingly looking to accommodate a local rather than international customer base. Secondly, there has been an upsurge of innovation across rural communities exacerbating the shift towards more sustainable, long-standing business models.

### Addressing resilience strategies

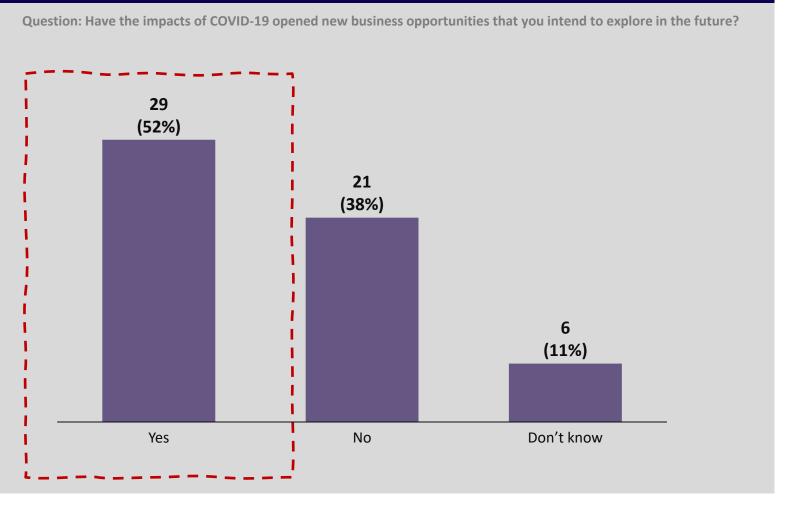
Adopted by both entrepreneurs and local municipalities to better accommodate for the circumstances of the pandemic

### Responding to the negative economic impact of the pandemic

As seen in the figure to the right, 52% of survey participants considered COVID-19 to have brought about new business opportunities that they are either already pursuing or intend to pursue in the future. This indicates that, whilst the barriers and difficulties faced by bio-tourism entrepreneurship as a result of COVID-19 are evident, positive trends have also emerged as a result. The next section explores both the "internal" resilience strategies employed by entrepreneurs themselves to better accommodate for the circumstances of the pandemic, and also the "external" resilience strategies pursued by local municipalities to support entrepreneurs in this endeavor:

- · There has been a significant localizing of the market where entrepreneurs are increasingly looking to accommodate a local rather than international customer base.
- There has been an upsurge of innovation across rural communities exacerbating the shift towards more sustainable, long-standing business models.

In light of these developments, it appears that COVID-19 has become a catalyst for shifts toward a more resilient, regenerative form of tourism.



<sup>&</sup>lt;sup>1</sup> Business developer at Sermersoog Business



### LOCALIZING THE MARKET: INCREASED FOCUS ON LOCAL TOURISM

Dependence on international tourism has been an incredible challenge due to COVID-19. However, great innovation has taken place to redirect tourism experiences to local tourists, thus making the sector less dependent on seasonality and international tourism trends. Particular entrepreneur/"internal" strategies include: (1) creating new products and services and (2) exploring new market opportunities. Local municipalities and other public actors have supported through (1) monetary incentives (2) campaign launches and (3) data provision.

### *Internal strategies*



**Creating new** products and services that better accomodate for local needs

In order to target local tourists, entrepreneurs have altered experience packaging, as well as changed store assortment to better accommodate for local needs. A great example is "Travel by Heart Greenland", a travel agency set up by Elise at the end of 2019.1 Originally, she anticipated to target international tourists and catered her tour portfolio accordingly. Once COVID-19 hit, she shifted her product development entirely to appeal to the local market, reaching great success. Other travel agencies on the Faroe Islands have focused on arranging school trips, providing students with insights on shepherding and local cultural heritage.

"We have done self-developing tours/treks for youth and children"2

"More emphasis has been placed on local client networks and redirecting marketing strategy efforts to local markets. Faroe Islands business employees have been offered "deildardagar." Schools and day care centres were offered story-telling about shepherding, historical places and people."3



**Exploring** new marketing strategies The shift from an international to a local customer base has necessitated new market strategies. Elise, for example, branded her tours not only as an alternative to international travel but an opportunity and an excuse to explore the wonders of your own country. Austurbrú, Iceland started contracting local ambassadors, as opposed to international influencers, and changed certain advertisement communication into Icelandic. Online marketing and the use of platforms such as Facebook, Twitter and Instagram was cited as an important marketing tools by the majority of entrepreneurs at the workshop.

"Online marketing has seen an increase in use of local tourism from 50 to 95% [of operators]"4

### External strategies



Monetary incentives Throughout COVID-19, local municipalities across Greenland, Faroe Islands and Iceland have supported the transition towards more local tourism by using various monetary incentives. For example, a tourism aid package was announced in June that encouraged hotels and tourism operators to offer COVID-19 discounts that businesses could then reclaim from the Greenlandic government. At a later stage this was extended to domestic travel operators. Austurbrú in Iceland has promoted community-based businesses through initiatives like discount cards for municipal employees. In Greenland the state travel allowance usually directed at trips to Denmark, was opened for local spending, creating an increasing opportunity and demand for local travel.



Campaign launch

Local municipalities, along with other public actors and private enterprises, have launched campaigns to promote staycations and supporting your local businesses. For example, Visit Faroe Islands had a website last summer called 'Travel in your own country'. It was directed towards Faroese, as an incentive to travel their own country.



Data provision Austurbrú brought to our attention that most statistics and data concerning tourist behaviour across Iceland focus on international customers. As a result, there was very little predictability and understanding of local tourist patterns. This was also highlighted as an issue in Greenland. Initiatives have now been taken to fill these knowledge gaps. Visit Greenland, for example, has been conducting surveys with 100 Greenlandic stakeholders within the tourism sector to better understand and predict behaviour.

<sup>&</sup>lt;sup>1</sup> https://visitgreenland.com/da/udbydere/travel-by-heart/

<sup>&</sup>lt;sup>2</sup> Open-box answer in survey

<sup>&</sup>lt;sup>3</sup> Open-box answer in survey

<sup>&</sup>lt;sup>4</sup> Open-box answer in survey



### OPPORTUNITY FOR INNOVATION AND SUSTAINABLE SOLUTIONS

Apart from redirecting tourism experiences to local tourists, many entrepreneurs have seen the pandemic as a chance to rethink some of the underlying premises upon which the tourism industry is currently built. For some, COVID-19 has presented an opportunity for innovation with an emphasis on more sustainable solutions. Such examples of innovation include moving businesses to online platforms and launching new products and services.

### *Internal strategies*



Moving businesses to online platforms

COVID-19 has set in motion new thinking and innovation among bio-tourism entrepreneurs. Businesses have, for example, started to move their services to online platforms. This includes providing online courses, as well as enhancing online shopping and delivery. For example, Harriet has focused on her online presence using social media such as Instagram. Here she has had a lot of success launching interactive videos where she has demonstrated that a farmer must continue her responsibilities despite a global pandemic.

"Changes made to accommodate for COVID-19 had a positive impact on my business. Very fast and efficient shopping and marketing"1

### External strategies



**Creating new** market opportunities With the radical decrease of international tourists arriving in Greenland, Iceland and the Faroe Islands, public and private actors alike have supported entrepreneurs in exploring new market opportunities. For example, Sermersoog Business (Greenland) is looking at the opportunity of redirecting tourism from Akureyri to East Greenland, expanding the dry fish industry (which would not be as vulnerable to government regulations on cool keeping), as well as seaweed harvesting.



Launching new products and services The pandemic has driven entrepreneurs to look for alternative ways to run their business and rethink their products and services. A survey done by Visit Greenland with 100 respondents within the tourism sector demonstrates that 40% have adapted their product considering the pandemic.<sup>2</sup> Examples of this are Jonny and Kate from Uist who started making hand sanitizer at the distillery. Some entrepreneurs have started using their existing business infrastructure for filmmaking, whilst others have focused more on providing education services.

"I have shifted my focus to work on more long-term projects such as education etc."3



New concepts Central directories are increasing the accessibility of a large but widely dispersed product offering. Isle20 and IsleEats are working to create easy access to products and food offerings in the Scottish Islands. Similarly, the Colourful Nuuk App creates a directory for all the experiences available in the area. This provides an easy link between customers and service providers.

Increased support to access and navigate large digital platforms, helps harness opportunities for creating new innovative concepts, such as Harriet's "sponsor a sheep" product.

Additionally, Foodlab Nuuk offers an inventive experience by providing access to public kitchen facilities. Through this, a new concept of cooking and storytelling is being introduced. This concept circumvents some of the regulatory barriers that prohibit food experiences in your own home, as seen in the Faroe islands.

<sup>&</sup>lt;sup>1</sup>Open-box answer in survey

<sup>&</sup>lt;sup>2</sup>Visit Greenland (2020) "Analyse af pandemiens konsekvenser i 2020 blandt grønlandske turistoperatører"

<sup>&</sup>lt;sup>3</sup> Open-box answer in survey



### TRANSITIONING INTO A MORE RESILIENT TOURISM MODEL

Some entrepreneurs changed their business model, not necessarily to accommodate for local tourism, but for remote or distant tourism. Other entrepreneurs have seen COVID-19 as an opportunity to not only shift towards remote or distant tourism, but to become less dependent on tourism all-together. Two examples of this are Harriet and Rhoda. Harriet is a 19-year-old, 5th generation sheep farmer from the Faroe Islands. She grows her own produce, has an online photo gallery and raises sheep and chickens on her farm. Into her house, she also invites guests to experience a taste of local Faroese cuisine, culture and hospitality. She believes in the sentiment of changing the world - one meal at a time. Captured in her story, her business model and her outlook on life is what our project seeks to elevate. Harriet has built up a business that is mostly catered towards her, her family's and her local community's needs, which she then chooses to invite tourists to experience. Through her business, there is also great emphasis on preserving a culture that has been passed down through five generations - keeping it alive and thriving. All her produce is locally sourced, and her sheep and chickens wander freely across the property. Recently, she has also started exploring ways of "remote tourism" with her "sponsor a sheep" concept. In exchange for a small contribution, Harriet makes videos of her lambs to send to supporters, demonstrating their growth and progress. Harriet's business is a wonderful example of the innovation that has taken place in response to COVID-19.

Rhoda is another young entrepreneur from Tiree in the Inner Hebrides of Scotland, who set up Isle20 to provide a retail platform for island businesses during COVID-19 when islands weren't receiving any tourists. Five hundred island businesses are listed and IsleDevelop has been set up as a social enterprise to promote a range of further economic opportunities for the Scottish islands. In addition to this, retailers have started selling their products to other parts of the United Kingdom, promoting their products and services remotely. We thus see a business model that disrupts the current tourism industry in several important ways: Firstly, it is not dependent on "physical tourism" or other externalities such as weather conditions or global pandemics. As such, it is not as vulnerable to the seasonality of tourism and hence provides more perennial employment opportunities across skill levels. Secondly, it facilitates a kind of tourism that also serves local community interests, as opposed to existing frameworks that focus on distinct "segments" or prioritize the industry of tourism.



# Re-defining Peripherality

The pandemic has changed the outlook of the future. What was previously seen as weaknesses of small rural communities can become assets. This section identifies three potential future assets and describes the process of democratic destination development, successfully implemented in Iceland

### **RE-DEFINING PERIPHERALITY**

The pandemic has highlighted major assets of peripheral regions creating economic opportunities



### **Small-sized communities**

The survey, interviews and workshops have all placed a lot of emphasis on the advantages of living in a closely knit and small community. This has generated strong local support for local businesses, as locals who have had the opportunity offer support have done what they can.

> "It has been a strength/benefit to be a small community"

"A very strong sense of community between local providers"

"Big demand for local products."

As can be seen in the comments from the survey, this strong local connection has supported entrepreneurs through the crisis. The case of Rhoda Meek from Isle20 shows that the sense of community goes beyond the local area. The early success of Isle20, which initially was largely driven by a strong international diaspora, now has more than 450 businesses on the platform.



### **Abundance of natural resources**

Easy access to nature has allowed people to spend time outside their homes, which has helped their mobility feel less restrictive. Additionally, it has created possibilities to continue creating outside experiences directed at locals, benefiting both entrepreneurs and the local community. This also serves to develop new offerings for the upcoming season.

"Great access to nature has allowed us to not feel caged/restricted. More time and opportunity to visit nature has allowed us to prepare and plan new trips/concepts for the upcoming season"

Entrepreneurs have also started growing vegetables that they are selling to people in the neighborhood.

The ability to use nature for farming and outdoor activities has fostered opportunities for farmers to broadcast their work virtually and build connections with an online audience. This has attracted a significant international flowing, giving way to what can be described as virtual tourism.



### Scarcely populated

Considering that many communities are rather sparsely populated, the virus has been reported to spread less rapidly. Some Scottish islands have escaped Covid cases altogether, whilst others have been able to contain and suppress outbreaks quickly, through rapid community action and collaboration.

Icelandic entrepreneurs report that because of harsh weather conditions and a dispersed population, they are used to working remotely. As a result, there has already been a strong established practice for virtual work, which have been helpful in adjusting to the pandemic.

More jobs are now being performed online and the pandemic has increased the demand for access to nature. This provides opportunities to increase the number of jobs that can be performed from peripheral regions. In turn, this can increase the economic opportunities for peripheral regions, independent of tourism in the future.

# **INNOVATIVE NORTH** Democratising destination development in small-communities

### **Background** – A municipality fighting against climate change

The project was ignited, as a result of the ongoing merger between the two North Icelandic municipalities Skútustaðahreppur and Þingeyjarsveit. It was decided that this merger should be a catalyst for destination development with a goal of creating a new municipality that is a great place to live and run sustainable businesses. This ambition gave way to the Innovative North Project, which aims to put the new municipality at the forefront of the fight against climate change, strengthening the region's long-term competitiveness.

### **The Process** – Democratic destination development

The project is done according to the ideology of "local empowerment / bottom-up" and places great emphasis on cooperation with the inhabitants of the municipalities. Various inclusion methods have been applied, such as, citizen meetings, regional and mixed project groups, interviews and virtual open houses. Initially citizen meetings gave an opportunity for a broad and open discussion on opportunities. Following initial meetings, three project groups were appointed in each municipality. The groups prepared reports based on three topics identified in citizen meetings, namely (1) human resources, (2) land and (3) environment. The groups prepared reports and the short-term and long-term findings were discussed in citizen meetings. Next a SWOT analysis was performed on the relation of these findings to other areas. From this, both action plans for the coming 12-36 months, as well as a simple future scenario for 2030, were prepared for each focus group topic. Based on the results, the project groups were redivided into six action groups working on the following key areas: Research and innovation cluster, carbon binding, common destination branding, circular economy, resource analysis and creating a cohesive area experience.

### Outcome and Future Ambitions – New ways of collaborating

The Innovative North has been a success in **finding different ways to engage with locals**, identifying the opportunities and threats, and boosting constructive conversation within and across the municipalities. Additionally, the project has succeeded in collaborating with **universities**, **other municipalities**, **research centres**, **organisations and businesses**. This has built a strong foundation for realizing the ambitious action plans the project has set out. **The ongoing collaboration has created a robustness** that makes it feasible that these ambitions will be accomplished despite COVID-19.

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