REGINA
Remote communities & resource-based industries
Policy Brief
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Local Smart Specialisation: a strategy for remote communities with large-scale resource-based industries

Smart specialisation is the new regional innovation policy concept that is expected to provide EU regions with innovation, investments and jobs based on regional capabilities and assets. But is the smart specialisation concept also applicable for communities in remote and sparsely populated areas? Would a local smart specialisation approach that is complementary to a regional strategy provide added value to communities that often have less capacity to mobilise community resources for strategic planning? The REGINA project provides a laboratory of five northern communities to explore the issue.

Retaining local benefits from large-scale resource-based industries is a key question for many municipalities in remote and sparsely populated areas of the Northern Periphery and Arctic. Often, however, these small communities, with equally small planning and policy capacities, find themselves facing complex decisions and negotiating with international corporations wanting to develop large-scale industrial projects. In this policy brief, we tackle this mismatch by introducing the local smart specialisation strategy (LS3) concept as a planning tool box and policy framework for small communities.

The framework of the LS3 concept for the Northern Periphery and Arctic region is based on the experiences of five municipalities that are implementing it within the REGINA project. We will lay out the process for how an LS3 strategy can effectively address demographic and labour market change, land use planning and management, and the retention of local economic benefits.

Key concepts

- Smart specialisation

Smart specialisation (S3) is a strategic approach to economic development through targeted support for research and innovation. Development of a S3 strategy is an essential component for EU regions seeking access to EU Structural Funds.

- Local smart specialisation (LS3)

Local smart specialisation is a step-by- step strategy for local authorities in remote and sparsely populated areas. The aim is increased preparedness for communities to enhance local benefits and minimize risks associated with large-scale resource-based industrial development.

Why focus on smart specialisation?

Smart specialisation (S3) is the basis of the new bottom-up policy approach to regional innovation in the European Union. It was first developed to address the gap between Europe and other global competitors, especially USA and Japan, in R&D investment. The S3 approach is being promoted as the basis for the EU programming period 2014-2020. In fact, to receive EU Structural Funds, EU Member States and their regions must have a S3 strategy. The regional implementation of S3 includes an entrepreneurial discovery process, where entrepreneurs, companies, universities, technology transfer offices and regional development agencies jointly discover specialisation areas of R&D and innovation in which a region is likely to excel based on its existing capabilities and assets.

Based on research literature, early indications suggest the potential for S3 to improve regional development strategies and strengthen regional innovative capacity.

FROM S3 to LS3: The benefits of a local smart specialisation strategy

The starting point of the LS3 is the aspirations and competences of the local community and its institutions. It is inspired by the S3 concept, but focuses on the local level (municipal level) for identifying and developing local assets and capabilities.

The LS3 is particularly relevant for Northern and Arctic communities facing large-scale resource- based industrial developments. First, the level of remoteness and sparsity in a physical dimension can also resemble a similar level of isolation from effects of national and regional policy efforts. Second, these types of industrial developments tend to pose challenges and opportunities that materialise locally. By emphasizing these local dimensions an LS3 offers a strategic planning and policy response that improves the preparedness and reduces vulnerabilities of communities in remote and sparsely populated areas. It is based on existing territorial assets to secure economically beneficial, socially inclusive and environmentally responsible future development. This includes industrial developments, as well as their decline or closing-down.

Each LS3 is based on the following common challenges that are faced by municipalities in many northern, remote and sparsely populated communities facing large-scale resource-based industrial development:

- negative demographic structures;
- risk of land use conflicts;
- retaining economic benefits locally.

What are the components of an LS3?

The LS3 concept consists of six components, which have an underlying chronology: the current situation (1) is analysed first, followed by the identification of challenges & opportunities (2). Foresight analysis (3), planning & monitoring (4) and local benefit retention (5) can be implemented in parallel, and policy options (6) is the final step. The overall aim is to provide a clear framework for designing a community strategy; one that is also flexible to the specificities of each local context.

1. Current situation: This component describes and analyses current conditions in the municipality as a baseline for developing the remainder of the strategy. It is mainly built upon existing planning and policy documents, as well as local statistics, which is important for ensuring complementarity to existing plans and strategies. Four main themes structure the documentation:

1. Local governance and planning
2. Demographic and labour market trends
3. Land use and society
4. The structure of economic activity, focusing on entrepreneurship.

2. Challenges and opportunities – creating a common vision: This component identifies the perceived challenges, and emerging opportunities together with the establishment of a local community vision through a local stakeholder engage-

Fig. 1: Main steps of the LS3 concept

ment process. The vision motivates the development of the overall LS3, while the challenges and opportunities help to establish the main issues to be addressed in the remaining components of the strategy.

3. Foresight analysis: Municipalities will implement a demographic and labour market forecast model and produce scenarios at the local level. This allows them to better understand likely population and labour market trends. It also provides the possibility to test the labour market impact of opening or closing a specific industrial project, such as a mine.

4. Planning and monitoring: This component is based on REGINA's Social Impact Monitoring Plan (SIMP) tool. SIMP provides a flexible framework to help resolve potential societal conflicts relating to land use change caused by industrial development. It includes a survey template that identifies and evaluates opinions of industrial development projects among stakeholders and the public, as well as providing a basis for ongoing monitoring. It also includes advice on innovative geographic information system (GIS) tools for engaging the public in the development of land use plans.

Gas industry

5. Local benefit retention: This component looks at how communities can retain a larger part of the economic benefit when large-scale resource-based industries are developed in rural and remote areas. Potential solutions lie in supporting the development of the supply chain and complementary business. Here, the focus is on development of entrepreneurship and small and medium-sized enterprises. A SWOT analysis provides a basis for developing benefit retention strategies and policy instruments around core issues such as innovation and targeted education programmes.

6. Policy options: This final component focuses on practical policy approaches and implementation, tailored to the needs of the local community. Guidance is provided to municipalities on a process of reflection and discussion together with stakeholders. As the output, a set of policy actions is developed to guide the actions as well as mechanisms for monitoring

Local reflections on implementing the LS3

▸ Anna Kantola, Project Manager, Sodankylä municipality

In Sodankylä, Finnish Lapland, the REGINA project and its LS3 concept are helping us to develop an agreement based co-operation model together with municipality, local stakeholders and the mining industry. Through LS3 and SIMP tools, we try to find practical answers how the mining industry and local community can negotiate, agree and cooperate on voluntary basis, to ensure more benefits and possibilities for the local community and businesses, as well as to solve challenges and reduce negative impacts for the local community related to large-scale mining projects.

▸ Stig Göran Olsen, Business Manager, Alstahaug Municipality, Norway

Important aspects for our municipality are to reach a broad political consensus on carrying out new large-scale industrial initiatives, and to carry out on-the-ground work already suggested as a part of Nordland County's smart specialization strategy. A main benefit of the LS3 approach for us has been the possibility to bring in external competence via the REGINA project and the increased co-operation with people from resource-based industries throughout Nordland county.

▸ Keld Jensen, Development Manager & Rasmus Ole Rasmussen, Project Leader, Kommune Kujalleq, South Greenland

The starting point for the development of an LS3 in Kommune Kujalleq has been a survey aiming at mapping skills, competences and development strategies among the companies in the municipality. Furthermore, a focus has been on the competences available, and especially ensuring the availability of new types of qualifications that may be established. We wish to support more cooperation between the educational system and the labour market. Finally - and as a core part of the strategy - a series of REGINA workshops has been planned to discuss local challenges and possible solutions among local stakeholders in a participatory way.

▸ Johan Söderling, Municipal Advisory Board, Vännäs Municipality, Sweden

Participating in the REGINA project provides the municipality with new tools necessary to take advantage of the resources available in the communities. The LS3 provides a foundation for the municipality to better manage local retention of benefits and thereby avoid standing as the losers trying to restore the land after the exploitation by big companies. I experience a great deal of engagement in the implementation of the REGINA project.

Nanortalik community adjacent to Nalunaq Goldmine operating from 2004-2013 in South Greenland

REGINA project

REGINA aims to support rural and remote communities in the Nordic Arctic and Scotland facing large-scale industrial development projects. By increasing their preparedness during the planning process, we aim to decrease vulnerabilities and maximize local benefits.

▶ Local project partners

Sodankylä municipality (FI), Storuman municipality (SE), Alstahaug municipality (NO), Brønnoy municipality (NO), Kujalleq municipality (GL), Midtskandia Sweden, Midtskandia Norway.

▶ Research partners

Lapland University, Nordland Research Institute, Norwegian institute for Bioeconomy (NIBIO), University of Highlands and Islands, Nordregio.

▶ Associated partners

Nordland County Council in Norway, Nordic council of ministers (NCM)

Read more about the REGINA project on our website, including publications, planning tools and information on our final event in June 2018. www.reginaproject.eu.

REGINA stands for "Regional Innovation in the Nordic Arctic and Scotland with a Special Focus on Regions with Large-Scale Projects"

and follow-up on the LS3. For example, it could include direct financial support to small and medium-sized enterprises, establishing local business networks, creating an action plan for monitoring social impacts of industries, or facilitating new educational programmes and on-the-job training for employment development.

Key learning points: LS3 and results so far

Some of the main experiences from piloting the implementation of the LS3 for far include:

▶ First, as much as providing a clear framework, the local partners in the project have highlighted the importance of the LS3 for facilitating a platform for stakeholder dialogue. This has helped to strengthen the local legitimacy for policy makers dealing with decisions concerning large-scale industry.

▶ Second, the LS3 offers a comprehensive framework as well as specific strategic planning tools for targeted analysis. This provides the ability to follow the overall process to develop a main strategic document, or to pick and choose specific analysis or planning tools depending on local planning needs.

▶ Third, the process has shown the positive effects of local communities working together with research institutes and academia to develop planning tools and policy strategy through community cooperation. It has also developed local knowledge through exchange of experiences with other municipalities facing similar challenges.

▶ Fourth, the LS3 concept adds to the development of smart specialisation literature and guidelines by providing a local viewpoint that complements regional smart specialization, but zooms-in on the key challenges and opportunities of the municipalities at the local scale.

For more information contact:

Ryan Weber, Senior Research Advisor
ryan.weber@nordregio.se
Jukka Teräs, Senior Research Fellow
jukka.teras@nordregio.se
Leneisja Jungsberg, Research Fellow
leneisja.jungsberg@nordregio.se

Pictures by:
Zoran Orcik *(Gas industry)*.
Leneisja Jungsberg *(Nanortalik community adjacent to Nalunaq Goldmine operating from 2004-2013 in South Greenland)*

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