



Territorial Social Innovation in the Nordic Countries and Scotland



Útoyggjafelagið: The Association of Outer Islands, Faroe Islands

The Association of Outer Islands in the Faroe Islands addresses the issue of outmigration from the small islands by providing a platform for social networking and knowledge exchange among people living on the outer islands. A key function of the association is to provide support for entrepreneurs and small businesses in the area as well as to affect decision-making in fields such as land use, infrastructure and citizen services relevant for developing the islands.

Preconditions, Inspiration, Nurture

From 1989 to 1994, an economic crisis emerged on the Faroe Islands, causing an outmigration of approximately 10 percent of the population. During the 1980s, the government focused on making major investments in the fishing industry but when international market prices began dropping this caused a considerable financial challenge.

Due to the crisis, some internal migration among the people still living on the Faroe Islands also took place. In this internal rotation, some people also moved to some of the outer islands as a way of surviving economically through the availability of natural resources and for some to be closer to older family members.

The people living in the small islands experienced how the economic cost-benefit approach dominated the national policies as the years passed and the national economic situation improved on the Faroe Islands. After a few years, it became clear that the lack of attention and investments in this area had resulted in negative population growth.

In 1997, on Fugloy—one of the small islands in the North—the citizens decided that something had to be done if the islands were to avoid depopulation. They therefore convened a public meeting uniting all those living on the island, and also invited parliamentary representatives together with the head of the government.

Public meetings have been a tradition on the Faroe Islands since the 17th century, and are held in order to address major challenges for the community. Slowly, they gained increasing political attention and in 1998, a new government was elected and initiated ambitious plans for development opportunities in terms of both independence and the economic growth of the Faroe Islands.

The citizens in Fugloy held another public community meeting in the summer of 1998 and in that year, the new head of the government promised to take action and support future development for the smaller islands. The government initiated a three-year project named *'How to get the small islands back on track: What is the situation now and what can we do to improve it?'*

The project involved 16 representatives from the municipalities, one representative from the ministry and one coordinator employed particularly for the project.

One decision made by the coordinator was to engage the villagers as much as possible in terms of their future visions and their expectations and perception of opportunities. During the three years of the project, many meetings were held on the nine small islands participating in the project and one aspect that characterized them was that of the villagers' requests for support.

Something has changed since then because today, this need for support is never raised. Instead, a new mindset has emerged and the current focus is now on the different types of entrepreneurial projects the islanders are working on and the funding strategies that they are pursuing.

Implementation

Resources

The Association of Outer Islands was established in 2001. On the basis of the social network developed from the government-funded project to provide support to the outer islands, the involved actors decided to continue the work by forming the association *Útoyggjafelagið (Association of Outer Islands, Faroe Islands)*.

The purposes of the association were as follows.

- To foster the development of the small islands and to encourage population growth.
- To impact the political debate and follow up on the recommendations which were given in the report from the government-funded projects.
- To organize social, professional and political events to facilitate knowledge exchange and enhance social networking.
- To be a link to other Nordic projects engaged with sparsely populated areas.

The association began with approximately 200 members and is based on membership of individuals. The first annual general meeting was held in Skuvoy in 2002 and it was linked to a large island festival, thus making it attractive for people to participate and be part of the association.

The coordinator continued the coordination work a voluntary basis. She was employed part time at the university as a researcher, taught at the high school part time, and worked for the association as a volunteer in her free time.

During the first two years, the association only had the resources received from the membership fees, i.e., 200 DKK from each member. A priority for the association was to make the politicians aware of the benefits of supporting development in the small islands. Many of the laws developed at that time had a negative impact on the opportunities of the small islands.

One outcome of the government project was a report that included figures relating to the development on the islands. One figure concerned land use and ownership, and from this it was visible that large areas of the land available on the islands were owned by people living in the cities.

By continuously making the politicians aware of existing regional inequalities, the association made a breakthrough when the government decided to provide core funding for its work. In the beginning this was about 70,000 or 75,000 DKK and after a few years

the amount increased to 150,000 DKK. Later, it was again increased, and a pooled sum of 750,000 DKK became available for projects on the small islands. Of this amount, the association has been receiving between 120,000–180,000 DKK each year for its work and the rest of the funding is allocated directly to citizens living in the small islands who apply for funding for certain projects.

There are some limitations to the number of activities and the support opportunities that are possible when everyone must apply to the same pool of funding. Therefore, the association has tried to find other income-generating activities by increasing its network.

The Network / Cooperation

Today, there are 250 members in the Association of Outer Islands. On each island, a person is elected to represent the island's interests. All these elected individuals constitute a council of representatives' which cooperates with the board/working group regarding priorities in the work of developing the islands. There are approximately 12 people in the ombudsmen's council and the activities of the working group are based on joint discussions. Very often it is the coordinator doing most of the practical work and thus ensuring that the association makes progress.

An important strength of the Association of Outer Islands has been the social network among the people living there and their engagement in the project. Because the volunteer coordinator currently works full time at the university on research relating to peripheral demographic challenges, some synergies also exist in this respect.

Links with the private sector are mainly established within the tourism sector, and cooperation has led to developing information materials about the small islands for foreign visitors. Companies based in the city regions in the Faroe Islands also tend to organize teambuilding trips, conferences and other types of meetings on the small islands.

In terms of outreach to the social network, the association has two main channels.

- A magazine published once a year. Through the sale of this and by selling advertising space in it, it is generating income. This is also part of the association's information work. The magazine has worked well to create solidarity and cohesiveness among the people in the small islands. It has also increased the perceived self-esteem; particularly the young people living in the islands have almost been competing to have their stories and pictures portrayed on the front page and asking if their projects are good enough to make a front-page story.

- The association's website is used to communicate and to further develop its public network. Together with the Faroese Tourist Council, it has produced a video with the purpose of attracting tourists to the small islands. In combination with the website, it attracts more tourists to the small islands to experience nature and their culture. The local inhabitants can use the website to offer, for example, a cup of coffee, locally grown organic vegetables, home-cooked dinners, fresh fruit juice, etc.

Enablers and Barriers

Enablers

One important enabler is to have role models and success stories that can inspire other people to get started. A woman from one of the small islands made her own rhubarb juice, which won a prize for best juice; she is now making a good income from its sales.

Something that motivates people living on the small islands is when they can see that young people are becoming interested in their initiatives. All young people have to leave the islands at some point to continue their education, so the major issue for the remaining family members is often whether the young people could be attracted to return. In cases where some successful businesses have been created, young people are more likely to return to an island if they can see something fun and interesting is happening there.

Some people realize that they can earn and sustain a living by being independent. This has been the case with the island of Kalsoy, where more and more people are becoming interested in building up their own business based on different types of fresh produce. The market for this type of locally-produced delicacies seems to grow and grow in the Faroe Islands, and people are eager to become part of contributing to the local market.

The small islands are perfect for recreational purposes and more and more people are realizing this. Many Faroese people visit one of the small islands at least once a year.

Barriers

The greatest barriers relate to financing the startup of businesses on the small islands. At the moment, it is mainly the coordinator who supports the process of applying for funds for the entrepreneurial initiatives. In one of the small islands, there is a family that took in tourists to their home every summer. In 2006, they began to apply for loans and funding to build a small hotel to increase the number of overnight guests. In the first business plan, they applied for a loan of 5 million DKK, which would result in an attractive hotel with 24 double rooms and a restaurant with extra space for a small art exhibition. This island

receives between 10–15,000 tourists each year; the highest tourist figure among the Faroe Islands. In spite of this positive situation, it has been impossible, for nearly 10 years to find any source of financing for such a structure.

The banks do not, as a matter of principle, provide loans to peripheral areas because of the 'high' risk. At present, however, they are in dialogue with the West Nordic Fund and are interested in examining an application and potentially support it. The agricultural fund is also being considered as an option.

It would make a large difference if there was a public fund that could provide venture capital for people in the small islands in order for them to become entrepreneurs. Currently, the only money that exists is the annual pool of grants totaling 750,000 DKK, which is used for applications from all of the small islands. Some applications from some islands to start a small business have been successful. One island managed to establish an industrial kitchen by obtaining 50,000 DKK one year and 100,000 DKK the next.

On Suderö it has been possible to obtain support to build a slaughterhouse that permits sheep and lambs to be slaughtered and the meat to be sold legally. This is the only slaughterhouse in the islands with the exception of the one in the capital, Torshavn. It would benefit the nation if all small islands were able to slaughter and sell mutton and lamb, but this would be a long-term project.

Social Innovation Effects

Outcomes & Impact

Some of the most important outcomes derived from the association are the following.

- Contributing hope and inspiration regarding the development of businesses and other income-generating activities for people living on the small islands.
- Providing educational activities to increase skills and competences for the people on the small islands.
- Contributing knowledge and information to the rest of the Faroese society about existing opportunities on the small islands.
- Articulating the value of having strong communities generating income and offering services on the territories of the small islands.
- Receiving political support (although it is more verbal than financial).

An important part of the association's work is about maintaining diversity. People from the small islands often have a different approach and a different perspective when it comes to discussions with people in the cities. A varied composition of the population is also a factor in fostering development by affirming subcultures and developing various approaches to problem solving.

By having people living in the small islands, there is an opportunity to be more self-sufficient. This also creates certain unique opportunities for restaurants in Torshavn if they can serve local and freshly-produced meat and vegetables from the islands. When people live on the small islands it also creates an opportunity for activities that would not be possible if no-one were living there. Thus, it is a way of utilizing the resources available at the Faroe Islands.

Another outcome is about the change in self-perception among the rural communities. Previously, the cost-benefit approach dominated the Faroe Islands, which resulted in the rural areas being articulated as a burden and a high expense rather than as a resource. Today, this perception has changed and it is more and more common to have teambuilding workshops or company retreats on the small islands.

Among the most important impacts derived from the association are the following.

- A stabilized population curve. Although there is no population growth on the islands, there is no longer a negative outmigration trend; this is probably the result of the new opportunities that are perceived by the citizens living there.
- Participation in political public meetings regarding suggestions for new laws affecting the territories of the small islands.
- Entrepreneurial business activities on all the small islands that are part of the association.

Lessons Learned

A lesson learned for the association is one relating to the strategy for visibility and influence, which has changed a few times. In the beginning, the focus was on being extremely visible and commenting on everything regarding the small islands in public debate. After a few years, people became somewhat tired of always having to listen to the opinions of the association because they thought they knew their position on the relevant topics.

Therefore, the association began to put less effort in to the visibility part and instead applied its resources to focusing more on lobbying among influential people in the political system. After some years of using this strategy, people started to ask about the association and wondered why they never heard about it anymore. Therefore, it was decided to work toward more visibility again and balance it with networking among the municipalities and national government bodies.

Another lesson learned is how the courses offered at the entrepreneurial centers in Torshavn and Klaksvig have a different culture in relation to managing business startups than the approach taken on the small islands. The association has tried to encourage people to participate in the courses in the cities but there seemed to be a gap between the approaches toward starting up a business. To write an application with a business plan can be a big barrier for many. Usually, people from the small islands are much more practically oriented in terms of building and converting, for example. an old stable into a cozy café. Therefore, we hope to work toward establishing the same type of business support for these people using the approach used in Iceland, whereby an advisor visits them at the location where they want to create a business. Through dialogue relating to the opportunities, the advisor helps with the more bureaucratic aspects related to developing a business.

An important point to keep in mind is that the work currently carried out by the coordinator of the association. She could work on these issues full time if the resources were available, but they are not. However, she is in a unique position where she is able to combine her academic work with work for the association. This has benefited the association for many years, but it is unlikely that the arrangement could be continued with another person. Therefore, the association is examining the opportunities to establish a 'bygdestol' which is an organ consisting of several people who would work on a volunteer basis to manage the ongoing work currently undertaken by the coordinator