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# Addressing climate change adaptation at the Nordic level

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## *Introduction*

The Nordic countries have a long common history. Since 1971, when the Nordic Council of Ministers (NCM) was established, Denmark, Finland, Iceland, Norway and Sweden as well as the three autonomous territories, the Faroe Islands, Greenland and Åland, have cooperated officially on various areas such as economic growth, research, environmental questions and welfare and culture in order to increase attractiveness their and to gain international strength (NCM 2011).

In the Finnish Presidency NCM programme for 2011, climate change is identified as priority and listed high on the political agenda in the Nordic Region. In this programme, the leading position of the Nordic countries and the importance of cooperation in this respect are emphasised: “We must, *as a region*, face up to the challenges of climate change in a pragmatic and result-oriented way. By working together, we will achieve better results and generate significant synergies” (NCM 2010, p. 9).

Adaptation to climate change has been considered on the national level in all Nordic countries (map 1) and numerous adaptation activities are currently ongoing at the regional and local levels. However, local initiatives are often taken up by engaged individuals who lack policy input and guidance from above while the experiences gained in local processes are often not effectively linked to long-term adaptation processes (Nilsson 2010). Furthermore, apart from projects and networks, very little cooperation is in fact occurring between national authorities due to the lack of an identified focal point for climate change adaptation work in the Nordic countries.

This paper begins by reviewing the current ‘state of play’ as regards climate change adaptation work in the Nordic countries and at the Nordic level. Secondly, we discuss the questions of whether a common adaptation strategy for the Nordic Region is needed from the national points of view and the possible added value of this as well as asking who could facilitate such efforts. The paper is based on a literature review and telephone interviews conducted during March and April 2011 and complemented by e-mail communication (June 2010) with national actors from four Nordic countries and two autonomous areas.

## *Climate change adaptation work in the Nordic countries*

The possible impacts of climate change and how they are to be tackled differ between the Nordic countries due to the existence of different geographies and economic structures. Sea level rise, changing precipitation levels and increasing storm surges (and resulting flooding) and their consequences for the built environment (e.g. infrastructure) are the most pressing

issues in Denmark, Sweden, Norway, Finland as well as Iceland. Adaptation work today in the North Atlantic Islands concentrates on the economic sectors that are dependent on natural resources such as fisheries (Greenland and Faroe Islands) and hydropower production (Iceland) which might be affected by a changing climate.

As members of the European Union, the work on climate change adaptation in Sweden, Finland (including Åland) and Denmark is influenced by EU strategic documents such as the EU White Paper 'Adapting to climate change: Towards a European framework for action' and the EU Baltic Sea Region Strategy in which the 'Establishment of a regional adaptation strategy at the level of the Baltic Sea Region' is defined as a strategic action (COM 2009). Norway, Greenland, Iceland and the Faroe Islands follow EU policies only on a voluntary basis.

Transnational and cross-border cooperation between the Nordic countries is fostered under the European Regional Development Fund (ERDF) for instance within the Baltic Sea Region Programme<sup>1</sup>. So far, three projects dealing specifically with climate change adaptation involve local, regional and national partners from Finland, Sweden, Denmark and Norway - among others - in climate adaptation work: BaltCICA<sup>2</sup>, BALTADAPT<sup>3</sup> and BalticClimate<sup>4</sup>. In addition, institutions from the Nordic countries are involved in various other nationally funded research projects and programmes<sup>5</sup> in which the respective actors cooperate and exchange knowledge. These networks are considered important and fruitful. The West Nordic countries also meet within the Arctic Council<sup>6</sup> where adaptation to climate change is being addressed in the Working Group on the Protection of the Arctic Marine Environment (PAME).

### *Climate change adaptation work on the Nordic level*

Climate change adaptation, as a cross cutting theme often considered within the responsibilities of the Ministry for Environment or the equivalent, is also of particular interest to e.g. the Council of Ministers for Fisheries and Aquaculture, Agriculture, Food and Forestry (MR-FJLS), Environment (MR-M), Education and Research (MR-U) and Business, Energy & Regional Policy (MR-NER). The Committees of Senior Officials (CSO), under the different themes of the Minister Councils (MR), is the operational level of the NCM and forms a decisive platform for cooperation on specific policy areas. For example, an informal meeting was held in November 2010 where the Nordic ministers responsible for national and regional planning adopted an action plan 2011-2014 in which sustainable urban development and adaptation to climate change is a prioritised theme.

As a part of the CSO, permanent or temporary Nordic Working Groups for e.g. Energy Efficiency, Renewable Energy or global climate negotiations play an important role in ongoing discussions and climate work. The Working Group for the exchange of experience and knowledge development (Urban Policies) under the Committee of Senior Officials for Regional Policy (EK-R) addresses climate change adaptation in Nordic urban areas.

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<sup>1</sup> Programme area: Denmark, Germany, Poland, Russia, Latvia, Lithuania, Estonia, Finland, Sweden and Norway.

<sup>2</sup> BaltCICA project: Climate Change: Impacts, Costs and Adaptation in the Baltic Sea Region, <http://www.baltcica.org>

<sup>3</sup> BALTADAPT project: Baltic Sea Region Climate Change Adaptation Strategy, <http://www.baltadapt.eu>

<sup>4</sup> BalticClimate project: Baltic challenges and chances for local and regional development generated by Climate Change, <http://www.balticclimate.org>

<sup>5</sup> Project example: NordKlim-Adapt project:

[http://www.smhi.se/hfa\\_coord/nordklim/index.php?page=about](http://www.smhi.se/hfa_coord/nordklim/index.php?page=about)

<sup>6</sup> Member states: Canada, Denmark (including Greenland and the Faroe Islands), Finland, Iceland, Norway, the Russian Federation, Sweden, and the United States of America

From the research aspect, a joint approach to climate change adaptation already exists. Established by the NCM, the NordForsk organisation provides funding for cooperative research on adaptation through two programmes: (1) the Top-level Research Initiative with its sub-programme: Effect studies and adaptation to climate change and (2) Climate Change Impacts, Adaptation and Mitigation in Nordic Primary Industries. Here, a number of research projects are currently ongoing to support the Nordic countries in addressing climate change and potential challenges.

### *A common adaptation strategy for the Nordic Region?*

In a series of interviews with national officials and researchers, both the need for strategic cooperation on climate change adaptation research and the importance of the exchange of experiences regarding the implementation of adaptation measures among the Nordic countries were emphasised. Despite differences in the impacts of climate change, population size, economic structure and challenges, several points were put forward as essential issues and opportunities, they include:

General arguments for a joint approach to climate change adaptation centre on not only the opportunity for mutual research and learning but also on historical and geographical commonalities and similar legal frameworks which ease cooperation between Nordic countries even on planning issues. A consensual common strategy could even encourage transnational learning between Nordic countries that have not yet cooperated on climate change adaptation thus contributing to the overcoming of local conditions that may hamper successful adaptation work such as the lack of financial resources, expertise and labour. Furthermore, a common database is needed that renders information and data on climate change impacts and adaptation more easily accessible and provides appropriate tools for further study.

At a more detailed level, a potential joint strategy at the Nordic level would help to raise awareness and communicate the breadth and seriousness of climate change to different administrative levels and the general public. As governmental bodies are able to carry out cross-sectoral analysis within their respective countries, one possible form of cooperation at the Nordic level would be to take advantage of this expertise. A clear advantage is also seen regarding the exchange of certain experiences such as ‘adaptation cost assessment’ especially between EU and non-EU countries in the Nordic Region. The EU has extensive experience of different types of projects concerning adaptation and has overseen work on the issue of the statistics of adaptation costs which is integral to the member countries if they are to apply for funding to work on adaptation.

According to the interviewees, the Nordic Council of Ministers could be a potential facilitator here as it is perceived as having the resources, information (including contact details) and data available to coordinate a joint strategic approach to climate change adaptation. Research programmes (such as NordForsk), ongoing projects and the Nordic Working Groups that already exist under the NCM could serve as a starting point. However, a common strategy would need to take into account the different local circumstances and needs to ensure a sense of ownership. As one of the respondents stated, it will not make sense “if we do not feel at home in the strategy”.

### *Potential added values*

A joint Nordic approach to climate change adaptation in the form of a common strategy could create the following added value for the region:

While coordinating adaptation efforts that are taken at all levels in the Nordic countries, the strategy could represent the long-term perspective that is needed when addressing climate change and could support climate change adaptation on its way into all levels, sectors and institutions, i.e. "mainstreaming adaptation" (Nilsson 2010).

A possible strategy could function as a guiding framework and action plan for the highly complex issue of climate change adaptation by providing guidance 'from above' (top-down approach) and illuminating local examples 'from below' (bottom-up approach). Moreover, the strategy could play an important role as knowledge broker between science (e.g. climate models and data) and practice (e.g. implementation of adaptation measures).

The strategy could also provide data and tools for climate change adaptation work at the regional level where potential Nordic cooperation could make a difference compared to those efforts currently taking place e.g. only at the national level, as it would have a larger volume of impact around policy development. A joint approach to climate change adaptation could also strengthen the Nordic position towards other regions (e.g. Baltic Sea Region) and countries (e.g. Russia).

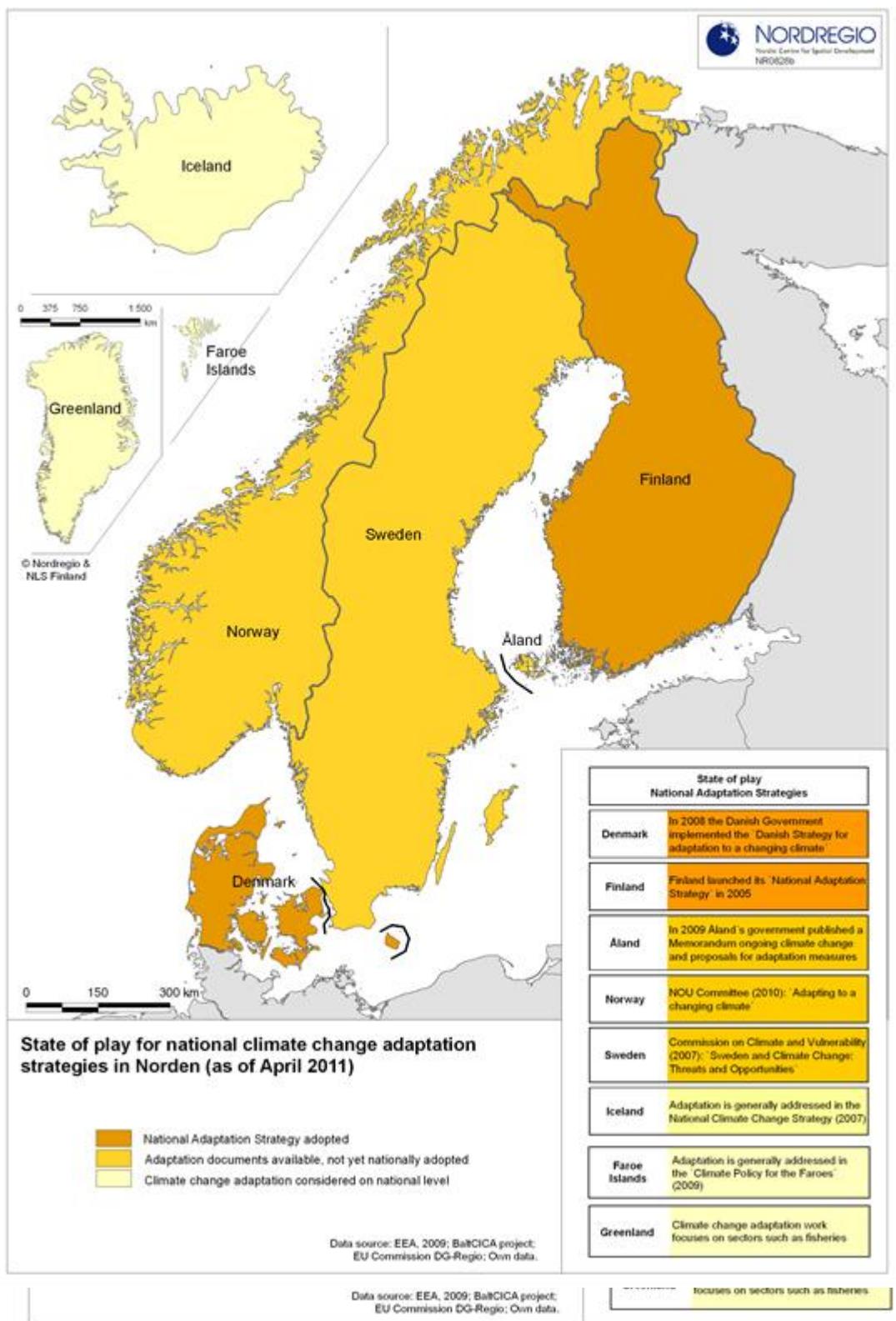
### ***Who could facilitate such efforts?***

The Nordic Council of Ministers (NCM) is well placed to facilitate cooperation between the Nordic countries. The strategic position of the NCM provides both a good overview of numerous actions at different policy levels in various policy fields and on how to connect and align these dispersed activities according to the specific needs of the region. As climate change adaptation is a cross-cutting issue, a common strategy could link the issues that are of relevance in each policy field. Facilitated by the Nordic Council of Ministers, the strategy could ease and encourage cross-border cooperation and transnational learning by providing a discussion forum and focal point for all relevant national authorities and policy units.

A possible joint strategy on climate change adaptation could be elaborated within the Committees of Senior Officials with input from the Nordic Working Groups: a new CSO focusing on climate change adaptation could be established or an already existing CSO could incorporate adaptation into their activities. For instance, the Committee of Senior Officials for Regional Policy (EK-R) could initiate a Nordic climate change adaptation strategy given the fact that adaptation to a changing climate is an issue that usually calls for the implementation of adaptation measures at the regional or local level and should thus be addressed within the broader context of Regional Policy.

### ***Acknowledgement***

The article is based on a literature review and telephone interviews conducted during March and April 2011 and complemented by e-mail communication (June 2010) with national actors from four Nordic countries and two autonomous areas. [repeated above] The authors would like to thank José Sterling who produced the map as well as Lisa Van Well, Klaus Georg Hansen and Ole Damsgaard for their valuable input and comments.



Map 1: State of play for national adaptation strategies in the Nordic Region

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# Women's entrepreneurship in Nordic sparsely populated areas: the case of Iceland

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This paper explores a public policy initiative which aims to support women's entrepreneurship in Iceland. The studied initiative is the business start-up course, Brautargengi (prosperity), which is run by Innovation Center Iceland – Entrepreneur and SME services, in Reykjavik, as well as in the rural areas of Iceland. The course has been run since 1996. This paper discusses the development and the relative success of the course in the capital and the rural areas of Iceland, taking as a point of departure the literature on the subject of women's entrepreneurship and recommendations for public policy.

The study is based on qualitative interviews with Innovation Center Iceland project managers, and women who have participated in the course, as well as a survey carried out in 2010. The case study is carried out as part of the project 'Women's entrepreneurship in Nordic Sparsely Populated areas' funded by the Nordic Council of Ministers.

## *Introduction*

In the Arctic, in general, a disproportionate migration flow of young adult females is currently taking place from the rural areas. Women tend to leave their birthplace more often than men for educational purposes. The factors which have mainly been found to influence women who choose town or city life over that of small villages primarily involve the continued existence of traditional rural gender roles for men and women, which do not prevail in the cities, and the major structural changes in primary traditional industries such as fisheries and agriculture.

The downscaling of these industries makes traditional women's roles redundant, while men tend to, to the extent it is possible, remain in what is left of the traditional industries (Arctic Human Development Report 2004). Over the last two decades Iceland has experienced an extensive process of migration from the rural areas to the capital, and consequently approximately 75% of the Icelandic population now lives in Reykjavik and its surrounding municipalities. The migration pattern demonstrates that more women than men live in the capital area, while more men than women live in rural areas (Regional Development Institute 2006). As employment opportunities are generally limited for women in the rural areas, self-employment is in some cases a solution for women who wish to stay in these areas (Arctic Human Development Report 2004).

In a global perspective, entrepreneurship is increasingly becoming an important source of employment for women in many countries. Evidence from the Global Entrepreneurship Monitor (GEM) shows that the rate of women's entrepreneurship is particularly high in low- and middle-income countries (Kirkwood 2009). However, generally speaking, the number of women who start a business continues to be significantly and systematically lower than that of men

(Langowitz & Minniti 2007). In comparison with the other Nordic countries, Iceland has a relatively high degree of entrepreneurship, 30% male entrepreneurs and 11.42% women entrepreneurs (GEM 2007, p.12). Meanwhile, also in Iceland, the level of women's entrepreneurship is lower than men's, with policy-makers wishing to increase the level of women's entrepreneurship in Iceland (Johannsdottir, interview).

Various influencing factors are introduced to explain the generally low rate of women's entrepreneurship. A lack of self-confidence is often highlighted as one such explanatory factor here, as studies have found that this is a significant barrier to women starting up a business. Generally, women are found to have a higher fear of failure with respect to entrepreneurship. They are less growth oriented than men, which is related to a lack of self-confidence, which limits their ability to access external financing (Kirkwood 2009; Langowitz & Minniti 2007). This argument is however contested by Ahl (2006) who argues that not wanting to, or being unable to expand one's business is not a gendered issue. It is to a large extent a trait of small business owners, male and female, who are often content with a manageable business that provides them with a living. She also underlines the fact that the types of firms which are run are not gender-neutral, and often women own businesses with less collateral and therefore have greater difficulty securing an expansion loan. Ahl thus points to a different explanation for why women entrepreneurs generally have greater difficulty accessing external financing as compared to men.

In a study by Kirkwood (2009), carried out in New Zealand, it was found that some women find strategies to overcome a lack of self-confidence, which typically involve pairing up with someone they consider to have the required confidence, skills and experience. Most typically this is a spouse, but it can also be a friend or work colleague. Langowitz & Minniti (2007) suggest that programmes to improve the self-perceptions of aspiring women entrepreneurs may lead to a higher rate of business start-ups. Thus, if women feel they have the skills and knowledge to engage in entrepreneurship, and believe these abilities will lead to success, they will be more likely to start their own business. The authors argue that policy can alter an individual's incentives, while the cultural factors that impact perceptions and risk profiles depend on the specific history of a place. Therefore, they argue that localised and specific approaches may be most appropriate with regard to altering the ways in which individuals think about themselves and their role in society.

Knowledge of other entrepreneurs has shown to have a significant impact. Langowitz & Minniti (2007) suggest that this knowledge can be evident with regard to role models, the existence of networks, or simply knowing other entrepreneurs. Similarly, Kirkwood (2009) suggests that in order to strengthen the self-confidence of women, policy should support mentoring from experienced women entrepreneurs, networking, and the introduction of women entrepreneurs as role models.

Gender-segregated education and labour markets provide another influential factor in the low rate of women's entrepreneurship, which sees many women employed in the public sector, especially in the Nordic countries (DAMWAD 2007). Nilsson (1997) examines this segregation in the Swedish labour market, where most women are employed in the public sector, while most men are employed in the private sector. Most managers are men and most secretaries are women. Women who are self-employed most often operate in the service sector, within fields such as tourism, health and social services, etc., (DAMWAD 2007).

In Iceland, the business start-up course Brautargengi was initiated at a time when unemployment was high among women and has been maintained for more than a decade due to the success rate of the course. The purpose of the course is to strengthen entrepreneurship among women, and nurture the competences required to develop a business plan. Over time, based on feedback from participants and the experience imparted by the Brautargengi project

leaders, an increasingly focus has been placed on strengthening the self-confidence of the women who participate in the course (Johannsdottir; Sigurjonsdottir, interviews). The course is considered successful in the sense that it has now run for 15 years with the support of the Ministry of Industry, Energy and Tourism. An independent survey (Social Science Research, 2010) has further confirmed the success of the course in terms of the number of firms established and the share of women who are in the process of further elaborating their business plans, in both the capital and rural areas of Iceland.

This paper explores the extent to which the course has been successful in terms of strengthening the competences of women entrepreneurs in business; and whether it has been successful in strengthening their self-confidence. Moreover, it introduces issues related to organising the course in the rural areas, in addition to the capital area where it was first initiated.

### ***Public policies to support women's entrepreneurship in Iceland***

Among the Nordic countries, Iceland is the only country which does not currently have a national programme or action plan to support women's entrepreneurship (Pettersson, forthcoming). Public policies developed to promote women's entrepreneurship in Iceland have in most cases been initiated 'bottom-up' by municipalities or individuals (Johannsdottir, interview), and have come under the auspices of the Ministry of Welfare and the Ministry of Industry, Energy and Tourism. This section provides a brief overview of public policies which have been/are in place in Iceland.

The Ministry of Welfare has, since 1991, given special grants to women, through the administration of the Women's Fund (Kvennasjóður). The aim is to reduce unemployment among women, help women to get access to finance to start a business, increase economic diversity and to reduce the depopulation of rural areas. Also in this field, the Women's Loan Guarantee Fund (Lánatryggingasjóður kvenna) which helps women to become entrepreneurs and participate in the business sector provides loan guarantees. Eligible projects have to be innovative and may not compete with comparable operations in the same area (WES 2007).

The Ministry of Welfare initiated a project which was run during 1998-2001, where a specialist was employed to provide counselling to women entrepreneurs on identifying funding opportunities, how to apply for loans, and on issues to be dealt with in individual businesses in the north-western part of the country. After this, the project was expanded to the rest of the country where it was run during the period 2001-2005. This project was run in cooperation between the Ministry of Social Affairs and the Institute of Regional Development. The Institute of Regional Development, under the auspices of the Ministry of Industry, Energy and Tourism, works towards strengthening regional and economic development in Iceland outside the greater Reykjavík area. The project offered the services of Equality and Employment Consultants in targeted areas of Iceland on a rotating basis. The consultants' primary task was to work towards increasing job opportunities for women and to help them to establish and run their own businesses. There was a special emphasis on women in rural areas who worked with natural resources, e.g. herbs (WES 2007; Johannsdottir, interview).

At the grassroots level, networks have been developed for women entrepreneurs. The Icelandic Association of Women Entrepreneurs (FKA<sup>7</sup>) is a non-profit professional organisation for female business owners, which aims to bring women entrepreneurs together in order to strengthen networking between them and make them stronger and more visible in the business community. A similar organisation for women has been established within the farming community, called Vivid Agriculture<sup>8</sup>. It organises seminars for women, as well as conferences in

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<sup>7</sup> <http://fka.is/?i=36>

<sup>8</sup> <http://www.landbunadur.is/landbunadur/wgsamvef.nsf/key2/indexenglish.html>

the urban areas to introduce farm life and agricultural products. It has the overall purpose of promoting gender equality within agriculture (WES 2007).

Innovation Center Iceland operates under the Ministry of Industry, Energy and Tourism. Innovation Center Iceland started running the business start-up course for women, Brautargengi, in 1996. This course is the focus of this study and will be elaborated further in the following section. Since 2008, in addition to Brautargengi, and in cooperation with the Trade Council of Iceland, Innovation Center Iceland has run an internationalisation course for women called 'Konur i utrasarhug'. This course is run in Reykjavik. Moreover, Innovation Center Iceland consultants have, since the mid-2000s, been located across the country, and are available locally to advice women, as well as men, who run a business or wish to start-up a business. As part of an EU-network, Innovation Centre Iceland is currently also involved in the project 'Female Entrepreneurship in Nordic Regions'<sup>9</sup> which is run by Enterprise Europe Network members in Iceland, Norway and Denmark. The purpose of this project is to establish networks and to inspire women in all three countries to become self-employed. Women 'ambassadors' have been appointed in each country, and throughout the two year project period a series of workshops and events are organised.

### *The Business start-up course Brautargengi*

The business start-up course for women, Brautargengi, is run by Innovation Center Iceland – Entrepreneur and SME services.

The Brautargengi course was initiated in Reykjavik in 1996, at a period when the unemployment rate was especially high for women, as compared to that for men. In response to this, with the support of Reykjavik Municipality, the course was initiated. The course was part-financed by the Municipality until 2010 when financing was withdrawn due to budget cuts in relation to the Icelandic banking crisis. It is now solely financed by Innovation Center Iceland and through participation fees. As a result of initiatives by Akureyri Municipality (the second largest town in Iceland), Brautargengi was initiated in Akureyri and across the rural areas of Iceland in 2002. Until the onset of the financial crisis, the course was also here co-financed by the municipalities involved. The participation fee in the rural areas is slightly lower than that in the capital area, which is mainly due to a difference in demand in the two areas.

The course is run twice a year, one day per week (a work-day), for six hours, for a period of 15 weeks in Reykjavik, Akureyri, and in a selected rural area. It varies in which rural area the course is held; most often the decision is based on demand and on ensuring variation between the different areas of the country.

The main focus of the course is that the women who participate work through their business plan during the 15-week course period. Some women have already started up a business, but may participate because they have a new business idea they want to implement, or because they wish to improve their existing business plan. Other women are only at the phase of working on their business idea, when they join the course. The focus of the Brautargengi course is placed on the various elements that need to be taken into consideration in relation to starting up a business, such as finances/bookkeeping, market analysis, marketing, and presentation skills. The course consists of a mix of lectures and group work on the different topics.

At the final meeting of each course a graduation event is organised by Innovation Center Iceland. A formal ceremony takes place where graduation papers are handed out to the women, and the best business plans are appointed. A person in authority, often a mayor or a minister, attends the graduation and hands out certificates and prizes, along with recommendations, to the best business plans. Moreover, a successful business woman/role model, as well as a woman who has attended Brautargengi, chosen by the class, gives a speech at the graduation ceremony. After

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<sup>9</sup> [http://www.nordicbusinesswomen.eu/en/the\\_project/project\\_description\\_and\\_target.htm](http://www.nordicbusinesswomen.eu/en/the_project/project_description_and_target.htm)

this there is a cocktail party which allows time for networking in the group. This is considered an important event by the project leaders, in the conclusion of each course.

During each period a maximum of 20 women can be accepted onto the course. Once a course was run in Reykjavik with 28 persons but this was found to be too many. In Reykjavik this limit entails that not all course applicants can be accepted onto the course, and often twice as many have applied for the course. This has not been the case in the rural areas. However, applications can be declined here if they do not demonstrate a good business idea and the necessary level of motivation to participate. There are no educational requirements for women to participate, but in the selection process the ideas of the women are partly assessed based on the suitability of their educational background with regard to their likeliness to succeed with the business. When there are many applications, an attempt is also made not to accept women with very similar ideas, not in the sense that people in the same line of business are not accepted at the same time, but consideration is paid to whether the business ideas are similar. This approach has been taken since there was an incident in 2007, where one participant implemented the ideas of another participant after the end of the course, thus entailing that the woman who originally had the ideas would not be able to use them and in turn lost customers to the other person. After this incident, all participants at Brautargengi in both the capital and rural areas sign confidentiality agreements at the beginning of each course, which is intended to prevent similar incidents from occurring in future.

Formal objectives have not been set for Brautargengi. However, according to the Project Managers, the main purpose is to increase the number of women entrepreneurs in Iceland. A survey carried out in March 2010 by the University of Iceland (Social Science Research, 2010) demonstrates that in Reykjavik 55% of women who have participated in the course are running their own businesses, while 20% are at the stage of further developing their business idea. In the rural areas the figures are very similar with 55% of women who have set up a business and 19% who are at the stage of further developing their business idea. The success rate of the course, combined with the low level of women's entrepreneurship in Iceland, entails that the course is fully supported by the Ministry of Industry, Energy and Tourism.

### *Running the course in the rural areas*

According to the Project Managers, there is a difference between the types of businesses which are set up by women in Reykjavik and those in the rural areas. In the rural areas women often start up businesses mainly as a necessity, to find a way to help them remain in the area, and in most cases they do not have plans to expand their business. Many of the businesses set up in these areas provide services related to the tourism industry which is a seasonal industry and implies that some are only open in the summer period. In the capital area, it is more common that businesses are set up with plans of hiring employees, and also of exporting.

In the beginning, when Brautargengi was first rolled out into the rural areas, it was difficult to attract women to the course from areas outside Akureyri. Innovation Center Iceland employees phoned women in these areas who they thought might be interested and encouraged them to sign up. In time, most of the women attended after having heard about it from other women in their community. In the smallest villages of less than 2000 households, a brochure is sent out to each home in advance of a course in the area; in addition, local newspaper advertisements are also effective in terms of attracting women to the course. A recent development here is that the course is now advertised on Facebook, which has proven to be very efficient, both in Reykjavik and in the rural areas.

During the initial years of the course in rural areas, long distance education tools were used. Thus, the course was held in Akureyri and through a video link, another group based in a rural area followed the lecture. A representative from Innovation Center Iceland was always present in the rural area to assist the women here. This approach was amended after the onset of the financial crisis, which entailed significant budget cuts, after which the course started to be taught by Innovation Center Iceland employees both in Akureyri and in a rural area. This method has also received more positive feedback from the students in the rural areas, e.g. as the women have more opportunity to ask the teacher questions during the coffee break.

During the running of a course various teachers will come to the rural area to teach different parts of the programme. Innovation Center Iceland ensures that there is always a local contact person in the area where the course is being held to attend part of each class, provide consultation, and maintain communication with the women. This representative is in some cases a business advisor from Innovation Center Iceland based in the area, or a collaboration partner in the area, e.g. from the regional development office. Moreover, the Project Manager for Brautargengi in the rural areas maintains contact with the women throughout the course period.

Until the onset of the financial crisis, Brautargengi in the rural areas held its start-up meeting at a hotel for two days, where both the participants in Akureyri and the participants in the rural area - following lectures through a video link - met. The women were brought together for this one meeting in order to have the chance to network and to get to know each other as they were following the same classes in different places. Now that the video link is no longer used, and the women in the two areas have their own distinct programmes, such a meeting is no longer organised.

### *A course designed for women*

Innovation Center Iceland runs a course for both men and women, which is shorter, but similar to Brautargengi. In the beginning Brautargengi was run in a similar way as the mixed gender course. However, in recent years, since the mid-2000s, changes have been made to utilise learning methods more adapted to the needs of women, especially with an emphasis on strengthening the self-confidence of the participants. Three main elements distinguish the course for women from the mixed gender course.

Firstly, the Project Manager in Reykjavik found that an important part of strengthening the self-confidence of women is to include women role models as part of the course. Thus, in Reykjavik up to five successful Icelandic businesswomen come and introduce themselves during the running of the course, followed by the opportunity of the students to discuss and ask questions. In the rural areas, there is slightly less emphasis on presentation by role models, as there are fewer of them based in these areas, and the travel costs from Reykjavik can be high, but it is also a significant element of the programme.

Secondly, in Reykjavik emphasis is placed on hiring female teachers for the course, which is based on sub-optimal experiences with male teachers who were often unable to make the women feel confident in relation to specific topics. This became clear in the evaluations filled-in by the course participants. In the rural areas, it has not been possible to only engage female teachers, but emphasis is placed on hiring teachers who are outgoing and see the potential of the business ideas of women, thereby ensuring that women will feel comfortable asking questions to the teacher.

Finally, the women's course includes more time for coffee breaks, as this has proven to be an important time in terms of networking and provides an additional opportunity to ask the teacher questions.

These are elements which have been found by project managers to be of higher significance in the course for women, than the mixed-gender course. The mixed-gender course however, is also shorter and does not leave as much time to implement the three elements. The changes which have been made to the course have mainly happened based on the feedback and

evaluations which the project managers have received both during and at the end of each course. As such, the women themselves have helped to further develop the course.

At the end of Brautargengi, due to the lack of resources, it is not possible for Innovation Center Iceland to maintain an organised network for the women, and to organise follow up meetings, etc. Innovation Center Iceland does however have a website with some information on it plus all the contact details of previous participants and also has a Facebook group, where they post news through which the women can contact each other. Moreover, Innovation Center Iceland representatives inform course participants about the opportunity to join the network organisation FKA, which organises events and network meetings for women entrepreneurs nationally and in local communities across Iceland.

### *Women's experiences of Brautargengi*

A total of seven women entrepreneurs were interviewed in Iceland, all of them run their businesses outside of Reykjavik. They participated in the course at different times during the period 2005-2009 and in different places in Iceland, some in Akureyri and some in the rural areas where, in the first few years, the course was run through a video link. Two of the women run firms which sell products, while five sell different types of services. Four of the women had started up their business before participating in the course while the other three set up firms after taking the course.

Of the four women who had already started their businesses when they participated in the course, only two had started making a profit. None of these women had previously received advisory services when starting up their business. All of them stated in the interviews that the part of the course that dealt with financial planning in particular helped them become more focused on their business. Three women stated that they learned that they were offering their products/services too cheaply, and they would need to plan better in order to make a profit. After the course they quickly began to cut back on activities that did not generate a profit while one of them has employed two part-time employees to help her with production and sales. The fourth woman went to the bank for the first time after her participation in the course to ask for a loan in order to carry out the business plan she had developed at Brautargengi. Today she is planning to export her products. The four women business owners all stated that their participation in the course led to increased turnover for their businesses.

In addition to financial planning, marketing was also considered to be especially useful by the interviewees. One person stated that she was able to use the marketing strategy that she learned at the course to start up collaboration with other actors in the tourism industry in the area where she is based, and consequently a tourism organisation has been established in the greater Akureyri area. Working through their business plan, two women stated that they learned that they would need to look for specialists to help them with certain parts of their business development, and thus that they did not now expect to have to carry out all of the work required as originally planned.

Some interviewees referred to presentations by successful women entrepreneurs as the most inspiring part of the course. Moreover, others stated that the most inspiring thing was to see the development of the other women who became more self-confident during the period of the course. Rising self-confidence was a recurrent theme across all interviews, both as the women stated they saw others develop, but also that they themselves became more confident.

Notably, after the end of the course three of the interviewees embarked upon further education programmes/courses within their different professions in order to be able to improve their businesses. A fourth interviewee was also planning to attend courses to improve her business. These educational programmes were all related to the business plans that the women worked on during the course, and some stated that their decision to gain a further education was directly related to their participation in Brautargengi.

Most women stated that a fundamentally important part of Brautargengi was the sense of community with the other women who participated. Some have continued to keep in touch with their classmates; some have started collaborating, while others have got new customers through the other course participants. Most women participated in the course after it was recommended to them by other women who had participated previously, which indicates that the reputation of the success of the course is widespread on the island, not just among the women interviewed for this project.

One interviewee stated that she did not establish any strong connections at the course. She participated in a rural area, at the time when the video link was still being used. Although she met the women who participated in Akureyri on the weekend trip during the course initiation session this was not sufficient to form networks, and during the remaining part of the course she only saw these women on the video screen during classes. Only four other women participated in the rural area, during the same course period as the interviewee, none of whom established a business afterwards. Thus, she criticised the way in which the course was previously run in the rural areas, which has now been changed. One may however note that although the video link is no longer used, and the teachers are present in the rural areas, the number of participants may still be more limited than in Reykjavik and Akureyri, and thus also the opportunity to create a network. However, this is the best opportunity that the women have, as distances are too long to travel, and most would not otherwise participate in the course.

A recurrent theme in the interviews is the importance of family, both in terms of financing and in terms of other support. With regard to financing, two women have shared ownership with their husbands, and one woman's parents are important investors in her business. One woman depended on her husband's income during the establishment phase of her business; she would not otherwise have taken the risk of investing. Moreover, two of the women receive assistance from their daughters who are also now considering becoming business partners. One of these women, introduced above, is interested in exporting, and she receives support from her daughter who handles the main part of the "business side" of her firm.

With regard to the fact that Brautargengi is targeted only at women, most of the women interviewed state that they themselves would have taken the course if it had also been open to men. However, all of them state that it was important for some of the other participants that it was only for women. Most of the interviewees agree that there is a general difference between men and women. For example, it was mentioned several times that men are more focused on growth and profit, and that they are more straightforward than women and there would thus have been a risk that they would have dominated the class. Consequently, women would have been reluctant to ask questions if men had also been present. Some interviewees stated that a key difference is that women need to be sure what they are doing, as was noted by one respondent: "Women often play on the safe side, we learned at Brautargengi that we need to take chances." The project leaders also believe that a general difference is that women, unlike men, tend to spend a significant amount of time thinking about implementing their business idea before they actually seek to implement it.

## *Conclusions*

In 2010 a total of 69 women graduated from Brautargengi (Johannsdottir, interview). Concluding this study, one should note that seven women entrepreneurs, who have attended the course, have been interviewed, which is only a fraction of the total number of women who have attended Brautargengi since it was first initiated in 1996. Nevertheless, the study does point to some interesting findings.

With regard to the question of whether or not the course has been successful, the question was divided into two sub-questions: whether the course has been successful in terms of strengthening the competences of women entrepreneurs in business; and whether it has been successful in strengthening their self-confidence. A review of women's experiences from the course indicates that the issues of strengthened business competences and strengthened self-confidence are interlinked, and hence not easy to evaluate separately.

Previous studies have found that a lack of self-confidence is a significant barrier to women starting up a business. Consequently, it has been suggested that policy should support mentoring of aspiring entrepreneurs by experienced women entrepreneurs, networking, and the introduction of women entrepreneurs as role models (Kirkwood 2009). The project leaders of Brautargengi, based on course evaluations and their own professional experience, have to an increasing extent placed emphasis on the introduction of role models in the course. Networking among women attending the course is also emphasised in the course, e.g. in the sense that more time has been allocated for coffee breaks, which has proven to be a valuable time for networking for the women. Mentoring, however, in the form of experienced business women mentoring aspiring entrepreneurs, has not been a part of Brautargengi. Another case study of the on-going research project, 'Women's entrepreneurship in Nordic Sparsely Populated areas', carried out in Norway, exhibits the usefulness of providing women with the opportunity to receive mentoring assistance, in addition to a business start-up course. Here it becomes evident that the mentors are often able to help entrepreneurs with concrete problems, which help them in terms of marketing and similar issues in the start-up phase. Meanwhile, as part of Brautargengi, women are able to discuss their business with teachers, project leaders and business advisors.

Research indicates that women are less growth-oriented than men, which is related to a lack of self-confidence, thus limiting their ability to access external financing. Some women find strategies to overcome their lack of self-confidence, which typically involves pairing up with someone they consider to have the required confidence, skills and experience (Kirkwood 2009). In turn, Ahl (2006) argues that women often own businesses with less collateral and therefore have greater difficulty securing a loan, i.e. that the issue of financing is not an issue of confidence. Meanwhile, all women who were interviewed stated that their self-confidence was raised during the course, and several stated that it was inspiring to see the development of the other course participants. For the women who were already in business, what they learned at the course entailed that they became more focused in their business and consequently increased profits. For example one woman had been in business for more than a decade when she joined, and afterwards, for the first time, she went to the bank and got the loan she needed to expand. Some of the women who were interviewed decided to start further education/courses after 'graduating' from Brautargengi, in order to further improve their business. Some stated that their decision to gain further education was directly related to their participation in the course. Moreover, there were several examples of women who depend on family members to varying degrees, some in terms of financing and others in terms of other types of support, e.g. certain skills which the women do not find that they have themselves.

Based on the interviews, one can conclude that the course has been successful in terms of strengthening the self-confidence of women. In some cases, women stated that this was a determining factor in the subsequent increased turnover of their business. However, increased knowledge and competences in business, especially with regard to financing and marketing, were stressed as highly significant in terms of the women becoming more focused and increasing profits after their participation on the course. Thus, as stated above, the two elements of the course are interlinked, increasing competences in business and the self-confidence of women in

business. The fact that the course is especially targeted at women, was, overall, found to be significant for the respondents who all stated that other women at the course would not have been comfortable asking questions if men had also attended.

As noted above, during the last two decades Iceland has experienced an extensive process of migration from the rural areas to the capital, and today more women than men live in the capital area, while more men than women live in rural areas. This study has indicated that, in general, there is a difference between the types of businesses which are established in respectively the capital and the rural areas of Iceland, i.e. women who start up firms in Reykjavik are to a greater extent focused on growth. Meanwhile, the independent survey indicates that the rate of start-ups is the same in Reykjavik as in the rural areas. This may also indicate that Brautargengi makes a difference in terms of supporting women who wish to stay in these rural areas, although it is not possible to clearly establish the effect it has had in this regard. The women interviewed for this project were all based outside the capital, and they unequivocally indicated that they had become more self-confident and focused on the profitability of their firms through their participation in the course.

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### **Entrepreneurs:**

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Participant 2, various services to firms and TV-advertisements, Akureyri (Brautargengi 2009, start-up 1991) 18 January 2011.

Participant 3, production of scented candles, Sälfors (Brautargengi 2005, start-up 2000) 17 January 2011.

Participant 4, physiotherapy clinic, Akureyri (Brautargengi 2005, start-up 2010) 18 January 2011.

Participant 5, hotel owner, Skagafjördur (Brautargengi 2005, start-up 2006) 18 January 2011.

Participant 6, gallery owner/artist, Akureyri (Brautargengi 2008, start-up 1992) 18 January 2011.

Participant 7, self-empowerment courses for women, Akureyri (Brautargengi 2005, start-up 2009) 19 January 2011.

# **Understanding Reality - An Alaskan Perspective on Planning Processes and Perspectives**

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## ***Introduction***

Alaska is a resource economy. The natural resource economy is the most important part of the state's private sector. According to Goldsmith (2008), the direct and indirect effects of natural resource production accounted for almost half of Alaska resident personal income in 2005. When government spending of natural resource revenues is removed, the production of natural resources still accounted for almost 34% of resident personal income. Decisions about the use of natural resources affect the livelihoods of most Alaskans.

This is true for the rural as well as its urban residents of Alaska. In the formal economy natural resource production includes fisheries, oil and gas, hard rock mining, timber, agriculture, and tourism. These industries provide jobs, incomes, and public revenues for residents of cities and towns throughout Alaska. While the state's rural residents are affected by the jobs, incomes and public revenues generated by industrial resource production, they also depend on natural resource products for a large part of their diets. Over 85% of the state's rural residents consume fish and game produced locally by subsistence activities (Wolfe, 2000).

This paper looks at the state government's role in making decisions about the use of natural resources. We are particularly interested in the potential for conflict that results from public management of resource use and the effect these conflicts have on the efficiency of development decisions. While government participation in resource use decisions is often thought of as a way to reduce conflicts, the reality may be that government decisions in certain institutional settings may actually increase the possibility for conflict. The next two sections outline the state of Alaska's unique responsibility in resource use decisions and identify the potential for conflict that results. Following that we examine a particular case of resource decision making, the Shallow Natural Gas programme which illustrates the role of state decision making institutions. Finally, we present some conclusions and policy observations.

## ***Alaska, the Owner State***

In Alaska most potentially productive natural resources are either controlled by government or managed by government. The federal and state governments are the primary owners of Alaskan land. The federal government controls over half (59%) of Alaska's 372 million acres of land. The state controls 28% of the land. Only 13% of Alaska is in private ownership. Most private land in Alaska is owned by the twelve Alaska Native Claims Settlement Act (ANCSA) Corporations; only 1% of the state's land is in non-ANCSA private

hands. State and federal government also control resource use through their ownership of submerged lands off Alaska's coasts and through regulation of oil and gas production, fish and game harvests, and environmental quality.

To emphasise the important role of state government in Alaskan resource decisions, a previous Alaskan governor referred to Alaska as 'the Owner state' (Hickel, 2002). In terms of most other American states this highly unusual showing an almost totally inverted pattern. Private ownership is the dominant form of land holding in most states. The ownership rights of Alaska's non-ANCSA private land owners are also limited by Alaska's statehood compact which requires that the state maintain ownership of the subsurface rights when land passes into private hands. This bifurcated nature of the land estate provides a major source for the conflicts described in the fourth section of this paper.

Federal and state government land ownership forms a patchwork of areas across the state. This mix of governmental land ownership is one source of conflict in decisions about resource use. Federal and state objectives and rules concerning the environment, endangered species, subsistence harvest and land development, differ. These differences are sometimes a source of conflict in the use of Alaskan resources.

In this paper, however, the conflicts we examine involve state citizens with different interests in the use of particular state controlled resources. We usually think of government as a solution to the resource use conflicts caused by different types of market failure such as the tragedy of the commons or other externalities. In reality, however, the nature of public decision making may actually generate conflictual outcomes. Public choices about the best way to use public resources may also result in a type of failure that, like market failure, does not result in the selected use of a resource maximising social welfare.

The use of Alaska's natural resources is guided by Article VIII of the state constitution. Alaska is one of the few states to address resource use directly in its constitution. The Alaskan constitution reflects the fact that the state is a major resource owner. Sections 1 and 2 of Article VIII define the state's general resource policy and authority in resource use decisions:

Section 1. Statement of Policy. It is the policy of the State to encourage the settlement of its land and the development of its resources by making them available for maximum use consistent with the public interest.

Section 2. General Authority. The legislature shall provide for the utilization, development, and conservation of all natural resources belonging to the state, including land and waters, for the maximum benefit of its people.

The state's founders felt Alaska had been treated poorly by mining, fishing and other interests prior to statehood with exploitation leaving little behind and outside owners doing little to produce in Alaska. The constitution says that Alaska's state resources will be developed and used for the benefit of the citizens of the state.

In reality identifying “the maximum benefit of its people” is difficult. A decision to use a particular resource one way in most cases denies the ability to use it in another way. Alaskan public life is filled with intense clashes between those who wish to use a resource in different ways. Many of these conflicts reflect differences between those who want to develop public lands versus those who want to preserve them. Should land be preserved as a wilderness or developed for oil or mining activity? Conflicts also arise over different non-consumptive uses of the resources. Should the ‘backcountry’ be used for helicopter skiing or quiet cross country skiing? There are even disagreements about different types of commercial use. Should fishing and game hunting be designated commercial or sporting activities? There are a number of competing uses for any resource and this inevitably becomes a source of conflict when public choices have to be made.

Disagreements over the best use of a resource remain a major source of public conflict. Such issues are further complicated by two characteristics of public decision making. First, in terms of state owned resources all Alaskans have ownership rights so many people and special interest groups become involved in public decisions. These groups may hold a variety of opinions about the best use of a resource and they may hold these views with varying levels of intensity. When the cost of entering the public debate is low anyone with an opinion can join in.

The second complicating characteristic is the lack of compensation for losers in these classic ‘all or nothing’ situations. For the most part, this type of choice pits users against each other; they cannot all win. When groups lose in the public debate they receive nothing to compensate them for their loss. This generates intense conflict to ensure victory in public decisions. Public resource decisions in Alaska often involve the courts or legislative action as well as intense lobbying and the courting of public opinion. These efforts are meant to reduce the chance that your side will be the loser. This is in contrast to decisions made in the market where owners who give up the use of a resource are compensated by payment. Compensation for a loss limits the conflict in the decision making.

### *The Evolution of the Best Interest Finding*

The ‘Best Interest Finding’ is one mechanism the state of Alaska uses to try to balance these conflicts and arrive at the resource use which displays the “maximum use consistent with the public interest”. Best Interest Findings (BIF) are well informed decisions by the Alaska Department of Natural Resources. Best Interest Findings are required before contracts can be written for resource use. Best Interest Findings are based on extensive analysis of social, environmental, geological and geophysical information. Since 1994 preliminary findings have been issued with two months allowed for public comment before the final findings are issued. This process allows the state to make use of the best information about the consequences of a decision and the views of the interested parties (for a more complete description of the evolution of Best Interest Findings see Protas and Huskey, 2005).

This was not always the case. When Alaska became a state in 1959, Alaska’s first Governor, Bill Egan, told his resource commissioner to begin the competitive sale of oil and gas leases as quickly as possible. The oil companies were eager to pay for leases in the state and the new state needed the money (Roderick, 1997: 111-120). From 1959 to 1973 the state sold twenty-eight oil and gas leases without much controversy. These sales raised considerable revenue, including the \$900 million sale for leases on the North Slope after the discovery of oil at Prudhoe Bay in 1968. These sales were held with little analysis of the consequences of development beyond the revenues raised.

The Best Interest Findings process was introduced following a controversial oil and gas lease sale in 1973. In 1973 Governor Egan held an oil and gas lease sale in lower Cook Inlet near the fishing town of Homer. Although the citizens of the region protested that oil and gas development would ruin their fishing livelihood, the lease sale was held. The conflict between oil and gas and fisheries was an important issue in the next election for Governor. The next Governor, Jay Hammond, came into office with a promise to choose fish over oil and a pledge to buy back the leases. As a result of the Kachemak Bay controversy, the Alaska government could no longer “sell leases to the oil companies without any real reflection on the environmental impact of the sale, simply for the purpose of gaining immediate revenue to run government” (Flagg, 2005).

The Governor of Alaska could no longer act independently to lease oil and gas resources in the state. The Best Interest Findings became part of a more complex administrative process now required to manage the Alaskan subsurface commons for oil and gas. These changes had two related effects on oil and gas development in the state.

First, the Best Interest Findings extended decision making authority about these resources from the Governor to everyone with an interest in a particular resource. This created a legal ‘anti-commons’ category in respect of Alaska’s oil and gas resources. While a commons faces problems resulting from too many actors having the right to use the resource, the anti-commons suffers from having multiple owners with the right to exclude others from the resource. While the tragedy of the commons results in over use of a resource, the tragedy of the anti-commons is the under use of a valuable resource (Heller, 2008).

The second effect was to increase both the public and private administrative costs of resource decision making. The process affected resource development costs by increasing the uncertainty in the development process and the time involved to bring a resource on line. These changes increased the cost of resource development in the state. The effect of these increased costs was the likely reduction in oil and gas development in the state.

Over the years the Department of Natural Resources made changes to the process designed to lower the cost of resource development. The duration of a BIF was extended from five to ten years reducing both the numbers of studies that had to be conducted and the uncertainty that findings would change. The state also moved from competitive sales of single leases to area wide lease sales. Single lease sales could require a separate Best Interest Findings evaluation exercise for an industry nominated patchwork of potential leases. With the move to area wide lease sales in 1998 one BIF could be conducted for an entire area which minimised costs to the state, the interested public, and the industry.

The Best Interest Findings process increases the cost of development but it also provides a mechanism for incorporating concerns about the consequences of resource development for all interests. This process alerts managers to potential conflicts with stakeholders that need to be resolved before the development of oil and gas resources can occur. The Best Interest Findings is meant to limit the type of conflicts that developed in the Lower Cook Inlet in the 1970s. Ideally the process provides reasonable protection for the non-petroleum interests in the region of development while allowing development to proceed.

*“Sometimes you’re the windshield, sometimes you’re the bug”*

This line from Mary Chapin Carpenter's song, 'The Bug', illustrates a primary problem faced by citizens when state government makes decisions about the use of natural resources. There is no guarantee that government decisions will always benefit one group over another. Without a decision making procedure citizens do not know whether they will gain or suffer as a result of the decision. The 'all or nothing' nature of these decisions creates conflict because the only alternative to winning is losing.

The Best Interest Findings procedure provides a mechanism for reducing the conflict over government decisions about oil and gas development between people with different interests. Without this process those who will suffer a cost from resource development have a strong incentive to stop development whether or not the development is good or bad for society as a whole.

The story of Alaska's Shallow Natural Gas leasing programme provides an illustration of what happened when attempts at resolving these conflicts were ignored. Shallow natural gas was supposed to have been an important new resource for the state, providing both natural gas for local energy and public revenues. The failure of the state to recognise the different conflicting interests over SNG development however resulted in the elimination of this industry before it got off the ground.

In 1996 the Alaska Legislature created the Shallow Natural Gas (SNG) leasing programme (AS38.05.177). Shallow natural gas lies within 3,000 feet of the surface. The SNG programme provided a new source of revenue for state government and a potential source of natural gas for the state's urban and rural communities. The legislation allowed gas producers to bypass regulations which applied to the Conventional Oil and Gas leasing programme. The state began to implement the new SNG programme in 2000.

In the place of competitive auctions the SNG programme allowed leases to be acquired over the counter for a \$5,000 application fee. Applicants could choose the land they wanted to lease. The Alaska Department of Natural Resources was authorised to issue a three year non-competitive lease to explore as much as nine square miles for the development of this resource. Once production began the leases could be automatically extended. In February 2000 the Dept. of Natural Resources began the lease programme and received 270 lease applications across the state. About 60% of these applications were in the populated Mat-Su borough north of Anchorage. Sixty leases were finally issued in 2003 in this area.

To promote the development of this small scale but high cost resource the state limited the right of the general public and local governments to review and comment on SNG sales. The SNG lease programme, unlike conventional oil and gas leases, was exempt from the provisions of 'Best Interest Finding'. Best Interest Findings were replaced by the decision of the Director of the Department of Natural Resources that the development of the local source of natural gas would "benefit the residents of an area." The SNG legislation also allowed local planning authority approval and requirements for compliance with local ordinances and regulations to be waived when the ADNR demonstrated an overriding state interest in the development. The SNG leasing programme changed the rule book by extinguishing the rights of the public and local governments to influence decisions on the development of this resource.

The legislature's pre-emption of local planning and zoning authority over SNG development and the absence of a Best Interest Finding, gave producers free reign in their pursuit of shallow natural gas leases. Other safeguards for residents of affected locales were also limited. Public notice was reduced to one day's posting in a state-wide and local newspaper and the state government website. Driller's had only to post a \$25,000 bond (not the \$1 million bond required of conventional oil and gas exploratory drilling) and provide area land owners with a plan of operations before applying for a lease permit.

These changes certainly reduced the cost of exploring and developing shallow natural gas in the state. If the SNG industry were asked to follow the same procedures as the conventional oil and gas industry the costs may have been prohibitive. Unfortunately these changes also increased the level of risk to residents in areas where production was likely to occur. Stories from other states with experience of coal-bed methane production told tales of dry and contaminated wells, wildlife and landscape destruction, and the pollution of creeks, rivers and the air. The state's actions created a group of citizens without protection from the costs of development and without a means of participating in development decisions.

Two factors brought these conflicts to a head. The first was the location of the leases. The state's conventional oil and gas development in most cases occurs in remote unpopulated areas. Shallow natural gas leases were often located in the state's populated areas. Mat-Su borough has the fastest rate of population growth in the state and much of the region is occupied by people who commute to Anchorage for work. This increased the number of residents who could potentially suffer from the externalities produced by SNG development.

The second factor was the state's unusual distribution of property rights for land owned by private citizens-Alaska's bifurcated land estate. For most private land, property rights are split, the residents are owners of the surface rights and the state owns the subsurface rights. Alaskan Native Corporations and some owners of land acquired before statehood own the subsurface rights, but Alaska's statehood compact required it to keep these rights even when the state sold the surface rights to land. For many land owners in the affected regions, the SNG lease sales were the first time they realised they did not own the subsurface rights to their property.

The subsurface rights trumped the rights of the land owners. To explore and produce from the shallow natural gas leases, producers needed surface access. Subsurface rights gave producers the right of access with minimal compensation or safeguards for the owners of the surface rights. The new subsurface leases were viewed as the first step in implementing operation plans which would eventually result in gravel drilling pads, access roads, noisy compressors, pumps and pipelines. The potential social and environmental costs were obvious to the residents of these areas.

The residents of the areas where SNG leases were issued were outraged that, in this case, they were "the bug not the windshield". The residents of these areas brought political pressure to bear in order to limit SNG development. In October 2003 new shallow gas lease sales were halted and political discussion with regard to buying back the issued leases began. By the spring of the following year the Alaskan legislature had passed a bill placing the SNG programme under the conventional leasing and exploration licensing programmes.

The legislation increased the influence of local residents in leasing decisions. The Department of Natural Resources was required to conduct a Best Interest Finding prior to leasing. This process required extensive public notice and input. The requirement for a 'Best Interest Finding' meant that the interests of all affected parties needed to be balanced prior to lease sales. Primary authority for local zoning ordinances was, in these development cases, also reinstated. Both the state and local Mat-Su borough government adopted significant new standards for development. These required longer periods for public notice and comment. The local ordinance was designed to keep development away from settled areas.

Public pressure and the increased requirements and limitations imposed by the new state and local legislation reduced production companies' interest in Alaska's SNG resources. Those holding existing leases were given the one time opportunity to apply for a non-competitive exploration license with a Best Interest Finding. By the fall of 2004 the major owners of SNG leases agreed to relinquish their interests in the majority of their leases and not take advantage of the state's offer to pursue exploration licenses. The initial SNG boom in Alaska was over.

### *Conclusions*

Alaska's state government has an incentive to encourage the production of natural resources. Natural resource production is the primary driving force in the Alaskan economy. Revenues derived from resource production also provide the bulk of state government revenues. Alaska is in a particularly unique position - as an 'Owner State' - to encourage this production. The story of Alaska's shallow natural gas leasing programme provides a number of lessons about state resource decisions. These lessons illustrate the reality that public resource decisions need to be reflected in designs of public policy.

Like all actions, government decisions about the development of natural resources have both costs and benefits. The best decisions are those for which the benefits of the state actions exceed the costs. The ability of the state to achieve a best solution is hindered by three realities.

The first reality is that the costs and benefits of government decisions are not shared equally by all interested parties. The distribution of these costs and benefits will influence how interested groups react to government's potential decisions. In the SNG story, residents of leased areas faced a whole set of environmental costs and the possibility of seeing reduced property values while producers and the state benefited from the revenues generated by production.

Second, unlike resource allocation decisions made in the private sector, losers in a government decision are not likely to be compensated for their loss. According to the 'Coase Theorem' with well defined property rights, resources will be used efficiently independent of ownership. In the SNG case, private property rights were split and the owners of surface property had few negotiable rights when the natural gas resource was found under their property. They also had limited rights to affect the potential environmental and property value costs that might result even when production occurred on neighbouring property.

Government decisions may be the source of conflict. This is the result of the third reality of public decision making. Government decisions are generally of an 'all or nothing' type. Losers in these cases receive no compensation for their loss. Because they face a real and uncompensated loss if the government decision goes against them each affected interest group will fight hard to influence the decision. Since each party is only interested in the consequences for them, they care little about the net benefits for society. The state and

producers received benefits by producing and the initial legal structure was designed to quickly and cheaply achieve this result. Land owners in the leased areas had the opposite incentive; they wished to prevent development and with it the possible costs they would incur. The legislative response to the political pressure of the land owners was to ensure that they would not be harmed by development.

The state's 'Best Interest Finding' provides an administrative solution to the conflicting interests found when resource development is proposed. Through research and public hearings the state uncovers the potential concerns of all parties and structures lease sales to minimise the costs of affected parties. The Best Interest Findings process is a process designed to seek balance between the competing interests around a resource leasing decision. In the SNG case the state simply removed the possibility to use this process thus biasing decisions towards 'development'. The response at both the state and local levels to the potential costs of this decision likely biased decisions toward not developing the resource. Neither extreme position was however able to achieve a 'best solution' in which only choices where benefits exceeded costs are made.

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For a list of Shallow Natural Gas case study references please contact the authors.

# **Administrative challenges when settlement structures are changing**

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## ***Introduction***

The Arctic is changing with many major trends at work. Climate change is a recognised reality, and perhaps the most obvious consequences of this are the ongoing changes in the accessibility of the Arctic region and its resources. It is also obvious that in the economic field new development options will bring significant change, just as new types of social stratification are already taking place.

Some may see changes as representing a challenge to traditional lifestyles and acknowledged administrative structures, while others envision the embracing of the new opportunities they are able to generate. Whether or not considered a challenge or an opportunity, changes aiming at the re-structuring of the administrative organisation of physical planning, in order to adjust to the requirements shaped through the new situations, are going to be impacting life in the Arctic for the next decades.

In the division of tasks between different administrative levels conflicts may emerge between the requirements of central and local governments and the endeavours of municipalities and individuals. In this context the municipalities are perceived as being closer to the interests of individual citizens, while central planning and centralised activities are often perceived as more distant activities focusing on more general requirements for planning tasks: the former wants to defend the public interest best, while the latter may have a more geographically limited view of their priorities.

What is viewed as an appropriate structure and division of labour very much depends on what kind of functions need to be performed to maintain a given or desired economic structure, and secondly, what kind of social and cultural tasks are perceived as common or individual activities.

The need for a re-organisation of the administrative requirements also opens up questions over what kinds of decisions could, or should, be delegated to lower levels and which issues should be retained for centralised decision? Where would an increased focus on more overarching structures become advantageous? When could centralisation become an advantage, even as seen from the perspectives of smaller communities?

In what follows examples of ongoing changes in the social relations and social structures of Arctic communities are highlighted. These changes will have significant implications for the shape of administrative structures across the region. Based on this, conclusions are drawn on what issues and rationales are at stake in relation to future administrative reforms.

## *Ongoing processes of change*

### ***Demographic characteristics***

Major shifts in the demographic structures of the Arctic are taking place and, indeed, have already been underway for decades. Changes to basic demographic parameters such as birth and death rates are changing the age structures of the communities, just as changes in migration patterns are influencing the development perspectives for many communities. A combination of changes in the basic demographic parameters combined with the impact of globalisation on the everyday life adds to the level of complexity in predicting future population trends.

A positive aspect of current developments in the Arctic is the increased longevity of the population. This development however brings its own challenges. In recent decades the average age of the population has increased leading eventually to a marked change in age composition.

This implies *inter alia* that the number of children born has seen a steep decline and the dependency ratio has thus shifted from a predominance of children and adolescents to a dominant and increasingly "old age dependency ratio". Moreover, this latter change adds to an increase in pressure on the working population, due in the main to the significant difference in demographic characteristics between cities and villages – though the villages themselves are undoubtedly changing character. The traditional pattern of a large number of births and a small group of older people is beginning to change such that birth rates in the villages are declining while the older aged group has increased markedly.

Drastic changes in population structures present significant challenges to Arctic communities as the balance between age groups, especially in relation to the share of population in the workforce and the dependent age groups, i.e. children and the old age groups, is being altered. Depending on the underlying characteristics of the welfare system such changes may be costly in terms of balancing budgets and adequate service provision relating in particular to kindergartens, old age homes, schools etc. Naturally, such questions relating to the allocation of resources necessarily impact those over where (in terms of administrative and political levels) decisions should be made.

### ***Gender characteristics in response to ongoing social change***

At present one of the most important demographic challenges is the emergence of marked differences in gendered migration patterns. More females than males tend to migrate permanently away from their home community and region, not only to look for job opportunities which better fit their qualifications, but also for social and cultural opportunities outside those characterising the traditional economic activities in their communities.

The question of job opportunities is often emphasised as being among the primary reasons for moving, though questions relating to accepting or adjusting to the social matrix of the community are clearly among the most important factors contributing to these challenges. While some people may show a preference for staying in their home community, more recent research seems to indicate that the question of "escaping" communities where the discourse is primarily male, and the cultural aspects are limited to the male-oriented traditional cultural components, may be an important contributory factor in the decision to leave and go elsewhere. It is also among the factors impacting the gendered response to change, as men tend to look for jobs in relation to traditional employment sectors, in

addition to having the option to enjoy sports and physical activities, fishing and hunting etc., in their spare time, while women look for jobs requiring new types of skills and knowledge, cultural diversity, a higher degree of social interaction, and challenges outside their traditionally-bound experience.

Whatever driving forces may be triggering the tendency, the consequences are clearly generating challenges to both smaller and larger communities – in the smaller places to provide jobs that are attractive to women, and in the larger places to provide the facilities that are best able to respond to these new demands.

### ***Changes in economic characteristics***

For many parts of the Arctic the extraction of renewable as well as non-renewable resources and large scale production have been a reality for half a century or more, while other parts of the region are just beginning to experience such developments. Given the predicted developments in respect of climate change however this may eventually result in the opening up of the region's previously inaccessible resources to development. This may include access to non-renewables such as mineral and energy resources while also promoting the expansion of, or changes in, renewable resource exploitation patterns, for instance fish resources connected to the opening of the Arctic Ocean and the warming of Arctic waters, or changes in forestry due to climate change, or in hydropower generation.

Involvement in such activities may create economic revenues as well as job opportunities for the communities. It may, however, also result in adverse effects such as the distortion of local economies, local resource utilisation and resource protection, demographic challenges due to the temporary or permanent influx of an external labour force, imbalances in the gender structure and to general changes in social structures.

In most parts of the Arctic public sector activity dominates the economy. The reasons for this may have been different – geopolitical considerations, colonial characteristics, regional policies etc., - but the consequences have nevertheless been quite similar: a large public sector with the state and regional authorities involved in most regulation and planning measures. Parallel to this, however, a private sector has increasingly come to challenge the public authorities as the main provider of services.

In many parts of the Arctic the result has been a situation where we have the increasing delegation of the tasks and roles of formerly centralised public authorities to local and regional structures. The delegation of public authority tasks to the private sector has however turned out to be even more pronounced with such a process opening up for further consideration what exactly the administrative implications of such changes may be.

### ***Changes in accessibility to renewable resources***

Increased levels of interest in the Arctic's resources and the need to develop new activities in order to provide the necessary economic means to maintain the population are confronted with a situation where the consequences of climate change are increasingly well understood. This has to be reflected in the region's political management structures. Given the magnitude of climate change and the effects of human exploitation on ecosystems, the added factor of sudden threshold changes undoubtedly complicates societal responses. It is then necessary to rethink resource management in terms of conservation science and management in this perspective. Human action and human perspectives need to be grounded firmly and securely in better knowledge of the complexity of social systems and social relations interacting with the complexity of human environment relations and how they intersect with regional and global processes.

Thresholds present significant challenges for managers of ecosystems and ecological services, and in order to improve our understanding of how thresholds work, interdisciplinary models of ecosystems should be improved but also used more interactively with models of social systems, in order to provide a framework to organise observations and assess changes in ecosystems in response to management actions.

In this context the question of Ecosystem-based management should be included, underscoring the need for management to develop appropriate strategies including the coupling of local observations with scientific understanding of the connectivity between ecosystems.

### ***Need for qualifications***

The Arctic has always depended on human resources. But while an ability to hunt and fish were once absolutely decisive for survival in the Arctic environment the question of education has now become a key field of concern in relation to the concept of “development”.

For many the question of access to education is perceived as a key indicator of human development, as it contributes to the accumulation of human capital. Equally important is the content of education, including how well it fulfils different levels of needs – from the local to the regional, the national and the global etc., – and thereby contributes to the role that the social capital may have in a specific setting.

It is often noted that many Arctic residents have a highly sophisticated grasp of matters important to their well-being, but that their knowledge often does not translate into high scores in terms of adult literacy and gross school enrolments. Moreover, when looking at goals and methods, it is clear that, across the region, neither the state, the regional authorities nor indeed Arctic residents themselves share the same level of authority in respect of education policy. As a consequence, the current educational characteristics of formal educational systems in the North reflect differences in approaches to the status of, and changes in, societal and cultural goals. At the same time the divergence between society's expectations and the response of young people to them is undoubtedly on the increase.

There is no doubt that a solution to the question of how to provide education is extremely important for the future of the Arctic and that potential solution must begin with changes at the earliest grades. Part of the reason for the low level of education, among other things, can be explained in relation to the need to ensure that village children get the necessary qualifications. Clearly problems remain in this regard. Both in terms of the level of recognised qualifications and the social qualifications attained through the general process of ‘socialisation’ in the educational system show that a significantly lower percentage of children from villages, as compared to children from larger settlements with more advanced educational opportunities, are currently benefiting from the educational opportunities offered. This is clearly highlighted when considering the number of children pursuing further education after finalising their compulsory schooling.

A key issue in this context is that of empowerment. On the one hand individual empowerment enables a proportion of students to continue through compulsory schooling and beyond to gain places in technical colleges and post-secondary institutions. On the other hand, communities are also empowered through increases in their educational capital ‘pool’ enabling them to react more adroitly to the ongoing changes associated with globalisation and climate change etc., not only by adjusting to external requirements, but enabling them to react to these requirement in a manner where education not only serves the external but also the internal requirements of the community and where the most critical concerns are for control, relevance, and access to education.

It is important, however, to emphasise that empowerment is a multi-dimensional concept leading to divergent consequences. Individuals may be empowered to fulfil important functions in the community, thus enabling them to stay. But education may just as well empower the person to leave the community in a search for adequate challenges and opportunities elsewhere. Education can bring “the outside into the community”, but if the social system is not able to accommodate this, it may also “force the educated to leave”.

The present focus on post-colonial measures may strengthen the communities, enabling them in the short term to resist the pressures from the outside. These measures, however, tend to be less responsive to the marked differences in both gender and generational foci in relation to development, which is clearly indicated in the contemporary analysis of ongoing demographic changes.

### ***New approaches to welfare***

The Nordic welfare state ‘model’ is viewed by many as inspirational for welfare development in other parts of the Arctic even though the welfare system is now generally under pressure and where the key to maintaining sustainability rests on the development of a stable workforce. Demographic change and an ageing population represent one of the key challenges to the current system due to the rising dependency ratio. Another issue here is the impact of increased mobility and the concentration of the economic activities, leaving some communities with limited economic prospects while others prosper and push for the further re-distribution of economic resources. Yet another is the shift in the economy from manual labour in the primary and secondary sectors towards so-called ‘third sector’ activities. The prospects for the welfare system in the Arctic, therefore, rest upon the ability to relocate existing activities and especially to generate and handle economic activities over long distances.

### ***New responses to health***

It is generally recognised that the health of the Arctic populations has greatly improved over the last 50 years. This has to do with a combination of improved housing conditions, a stable food supply and increased access to a wide variety of goods combined with a decrease in morbidity and mortality rates from various diseases due to improved health services. At the same time, however, the increasing globalisation of the Arctic economies has been accompanied by improvements in the Arctic transportation infrastructure which has increased overall vulnerability, for instance to many infectious diseases such as influenza, SARS and multi-drug resistant tuberculosis. And in addition, environmental pollutants such as mercury and other heavy metals, PCBs, DDT, other organochlorines and dioxins which originate in the mid-latitude industrial and agricultural areas of the globe, are increasingly concentrated in the Arctic as a result of atmospheric, river and ocean transport. These substances appear in local food sources and end up in the people who consume these products.

As in most of the developed world “lifestyle” health problems have become an increasing burden for health systems across the Arctic. The problems are, however, magnified by the fact that a process of long-term socio-economic change is taking place which is witnessing the region’s societies move from being highly dependent on subsistence hunting and gathering to the adoption of a more Western diet, and increasing rates for smoking, alcohol and drug abuse associated with increases in “modern diseases” such as obesity, diabetes, cardiovascular disease, and cancer. In addition, increasing rates of child abuse, alcohol abuse, drug abuse, domestic violence, suicide and unintentional injury contribute to unsatisfactory living conditions, especially for the vulnerable groups of the population such as women, children, and often also the elderly.

As a consequence, life expectancy is still lower and infant mortality higher in the Arctic, and especially for Indigenous Arctic residents. These “modern” lifestyle-related health problems have however generated, at least among the younger and wealthier parts of the population, an increasing focus on healthier habits such as the consumption of local and imported organic products and reductions in smoking and drinking habits as well as an

increase in exercise and participation levels in sports. These evolutions in social habits moreover suggest a need to re-evaluate the most appropriate level for health care to be administered across the region.

### ***Implications of the changes for administrative structures***

Structural reforms are usually a reflection of changes in societal needs. This could, for instance, reflect changes in the political structure due to changing demographic and occupational factors or the resultant pressure on service provision. Structural changes can also be seen as a conscious decision to bring service provision closer to people. On the other hand, removing services from the local level can increase regional coherence and economies of scale, etc. Finally, there is obviously a financial dimension to the various proposed solutions. This may be the desire to save on administration by grouping tasks together into fewer units or fewer levels.

The reasons for the increasing level of demand on the restructuring of planning systems relate to the current situation in the Arctic where there are two main processes – as described above - at stake. On the one hand there is increasing pressure on welfare systems as a result of ongoing demographic change - including an ageing population - that places high demands on standards of service, an increase in demand for education, and major changes in the economic development conditions where local renewable resources provide only a limited contribution to sustainable economic development. And on the other hand, we have the urbanisation of the population where the diversity of demands combined with increasing population concentration in fewer, larger, places creates a new set of challenges. Any attempt at reconstruction, however, raises a number of questions.

### ***The question of Democracy***

It is often emphasised that the closer citizens are to the decision making process the better are their opportunities to realise their interests. Similarly it is also noted that only through consensus can the most direct influence and involvement be reached. Consequently this approach is often used to argue for the retention of small municipalities, and to aim at consensus building as a desirable goal.

The arguments above can however be reversed to argue for municipal mergers allowing for the relocation of decisions from the regional or state level to local and/or regional levels providing the opportunity to move both tasks and decisions closer to the citizens.

Similarly the question of consensus can be reversed to argue that this is just the maintenance of old power structures, especially the old patriarchal structures which still dominate across the Arctic. Instead it could be suggested that the use of elections and representative democracy instead provide a tool for change in the administrative and decision making structures which also reflects the interests of a more globally-oriented youth segment.

### ***The question of Identity***

It is also often emphasised how the question of decision structure is also one of identity and local ties in the sense that it can be argued that a common identity within the administrative unit is necessary in order to fully ‘engage’ citizens, just as the relationship between politicians and citizens is becoming stronger and opens up for a better dialogue.

Very often, however, these arguments highlight situations where most decisions relating to a community's population were taken locally and were only related to the services provided locally. There are, however, new community requirements here relating to more regional, national and global issues. For instance, involvement in resource management not only based on local knowledge, but related to more overarching issues such as ecosystem-based management, thus requiring a fundamental change in perceptions relating to the role of municipalities - not only are they now primarily service providers they are also profoundly connected to issues of office-identity and autonomy.

### ***The question of efficiency***

The efficiency argument consists primarily in reference to 'economies of scale': larger units can provide better and cheaper service levels. In some cases, where the municipalities are very small, it is often the case that they are simply too small to even offer certain types of services and are often legally obliged to buy services from other municipalities. The related efficiency issue is then also a reflection of the argument about whether the state or the regional level is best suited to coordinate sector services.

Depending on the modest nature of the original structure, this argument can be used either to move tasks up in the management hierarchy or to enhance either the municipal or regional levels, so that the decentralisation of tasks becomes possible. Cost arguments can also focus on the administrative costs of the individual levels. This argument is used both to argue for fewer units, or even administrative levels, but can also be used to suggest that larger units have higher administrative costs. Similarly, arguments for, or against, a reform will also, in effect, entail a discussion about whether the new structure will increase or reduce the administrative burden ('red tape').

Arguments over economic growth in regions/municipalities directly link opportunities for regional development to the size of each municipality/region. Often the argument for larger units has more resources to deploy in trying to meet the challenges posed by globalisation. These may be financial resources, and thus the ability to launch major projects, or political resources with a view to highlighting region/local potentials and needs. This type of argument generally considers larger units to have more power and strength. Globalisation and increased mobility, both in terms of labour and capital, also need to the territorial planning covers a larger area, and according to the argument about economic growth leading to larger entities better able to make overall planning to suit the needs of regions where more diverse functions are crucial. The counter-argument here, against the linkage of this growth argument and larger units, is that administrative reform is not in itself creating economic growth.

### ***Conclusions***

As outlined above, the reasons for and against the reform of administrative structures across the Arctic region are diverse, and generally - depending on the purpose of the argument, used both for and against changes in the size of administrative units. Lessons drawn from the Nordic Countries indeed show that very different approaches often coexist side by side within the same system.

Nevertheless it is important to note that the establishment of guidelines for the division of labour between different administrative levels - based on the rational reflection of what, if any, benefits society as a whole can enjoy - is determined by a series of parallel political conditions that may prevail and they have a significant influence on what, if anything, can be achieved.

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# Planning across even greater distances – experiences from the new municipalities in Greenland

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## *Greenland's new municipal structure*

The new municipal structure in Greenland came into force on the 1st of January 2009, when the former 18 municipalities were merged into only 4 new, larger, municipalities. This restructuring also included a reorganisation of the public tasks handled at the national and the municipal levels, respectively, primarily through a transfer of tasks from the national to the municipal level.

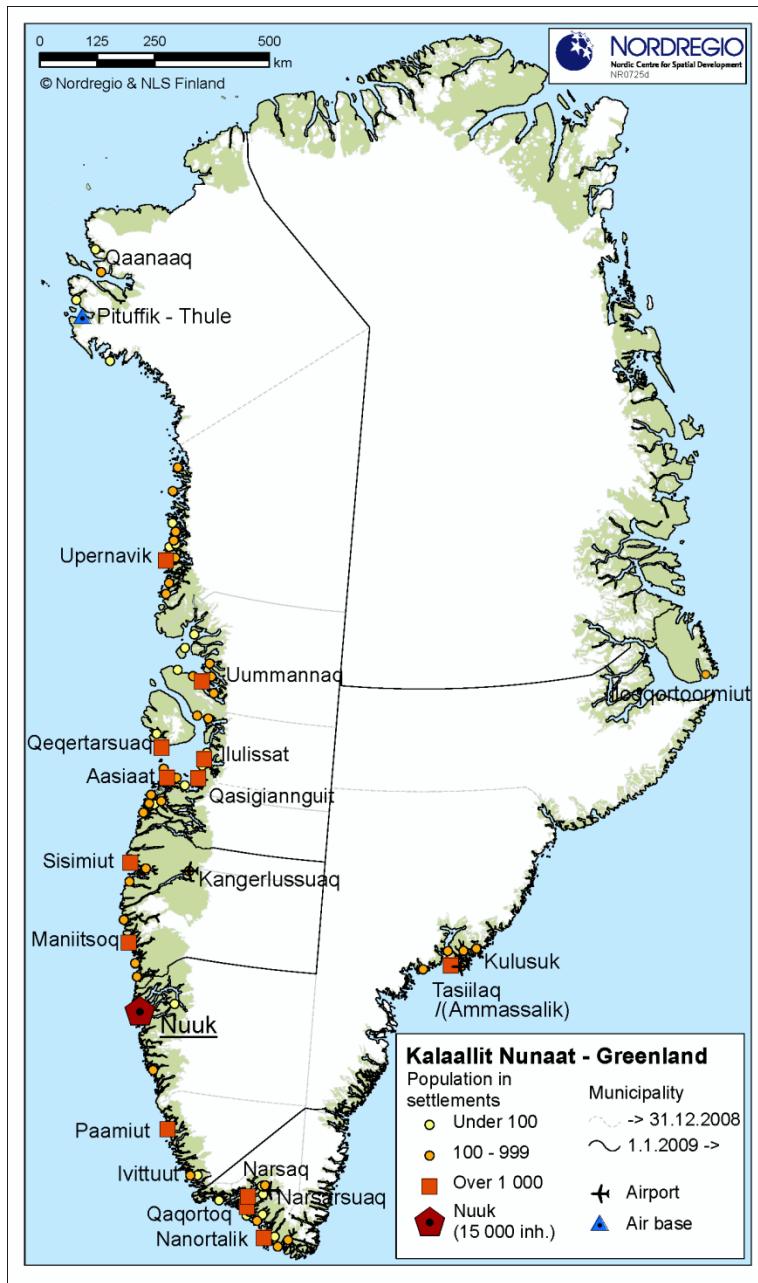
### *Argumentation behind the restructuring*

The main argument behind the administrative restructuring process was to provide citizens with better levels of service by being able to move decisions closer to the local level. It was argued that to make this possible the municipalities needed to have sizes which made increased task performance possible - both in terms of resources and capacity. Within the planning sector, primarily tasks related to land use management were moved from the central government of Greenland to the municipal level. The intent here was to move decision making, in respect of binding detailed planning, closer to the citizens and thus it has primarily been the operational tasks that have been relocated to the municipal level. Thus it can be argued that the service provision task – despite the creation of the new larger municipal units – was moved closer to the citizens.

Furthermore, a second aim of the restructuring process was to facilitate cuts in municipal spending, both by transferring tasks from the national level without increasing municipal budgets and by minimising costs by reducing the number of administrative units.

### *Characteristics of the new municipal structure*

The municipal amalgamation process saw the merger of between two and eight former municipalities in the new larger units. This means that in some municipalities they have only had to merge two administrations while other municipalities have had a much larger body of various administrations, staff individuals, and planning cultures to unite. Similarly the new municipal geography varies from the now very large units – with regard to distance and land area – to comparatively smaller units, just as the municipalities comprise a diverse number of towns and settlements - from 8 up to 40.



Map 1: Old and new municipal structure in Greenland

The municipalities have however become more comparable in terms of population size. Previously the municipalities ranged from very small units in terms of population to a few relatively large units e.g. the municipality comprising Nuuk. While some of the larger Greenlandic towns still affect impact the population size in their municipalities, the new municipalities are less polarised in this respect, cf. table below.

A related aspect here is that the new municipalities have more comparable profiles in terms of socio-economic indices relating to the total population, just as they now all cover territories embracing both small settlements and larger towns. This means that all municipalities must now balance the attention given to planning issues related to both settlement structures and urban issues.

<b>Greenland</b>	<b>Year 2005</b>	<b>Year 2009</b>
No. of municipalities	18	4
Average no. of citizens	3151	13 988
No. of citizens in the largest municipality	14 874	20 955
No. of citizens in the smallest municipality	176	7631
municipality < 1000 citizens	3	-
1000 < municipality < 10.000	14	2
10.000 < municipality < 100.000	1	2

Table 1: Municipal structure before and after the restructuring of the municipalities.

### *Initial experiences from the new larger units*

The new municipal structure has only been in place for just over 2 years while the final transfer of tasks from the central government to the municipalities is not yet finalised. This initial period has thus been characterised by various transition processes, the development of new procedures and practices and of the new municipal plans. Thus, while it is rather early to evaluate the process a few experiences and tentative findings can nevertheless be listed.

While it may seem obvious that the creation of larger municipal units enabling the transfer of tasks from the national to the municipal level moves decision-making closer to the citizens this becomes rather debatable when taking the geography and practical reality of Greenland into account. Due to the lack of roads between towns and settlements, distance in Greenland is not an absolute measure and thus it may not be correct to assume that the distance from e.g. one small settlement in the North to Ilulissat 1600 km south within the same municipality should seem much closer than to Nuuk only another 550 km further south; particularly when bearing in mind that all non-local transportation occurs via plane – and phone and mail are not dependent on absolute physical distance.

A number of additional points should be made here. Firstly, it is important to bear in mind that due to the “island structure” of Greenlandic settlements (separation by ice and rough landscape instead of water) a large number of settlements and their citizens already faced a significant distance journey to their former municipal centre. Obviously it makes a difference if one has to travel vast distances but the main reason for the need to travel was already necessary. Furthermore, not all former municipal administrations had designated staff addressing physical planning on a daily basis so the mere existence of a planning department in some of the new municipalities represents something of an improvement.

Another criticism related to distance that could be raised against the ‘diminishing costs’ argument is the increased amount of travel that the planners have to do in order to carry out inspections in the new, larger, municipal territories. However, in the former smaller municipalities, extensive travel was already required in order to reach the more isolated parts of each municipality.

As such, Greenland's above-mentioned 'island structure' already provided a challenge in the smaller units. Several of the planners do travel rather more than previously though. They might not travel as often as they did previously but they now take longer trips – both in distance and in terms of travel days when they try to include as many inspection tasks on each trip as possible.

The long distances now travelled have however helped provide for new ways of organising the work which, to a certain degree, can reduce the physical distance between the planning department and the citizens in terms of distant settlements and towns. One such example is the utilisation of locally-based employees who can provide the planning department with local knowledge from a distance and who can also communicate directly with citizens on behalf of the planners.

A rather more complex issue here with regard to the new larger municipalities is that all planning departments in the new municipalities have to plan for an even more extensive, non-coherent territory - in the largest of the new municipalities the planning office have to plan for an area the size of France - with very large differences between each town/settlement in terms of socio-economic measures. This includes attempting to equalise the existing differences in physical infrastructure that have occurred as a consequence of differences in the previous municipalities expenditures in this regard, and which the citizens now expect to reach the same level across the new municipalities. These uneven starting points obviously add a certain amount of strain in respect of how to balance planning and investment in the new units, while the relatively few employees in each planning department also have to learn about a new larger area.

Where the restructuring has resulted in larger planning departments, the increased synergy in capacity and competence within the municipality has led to room for taking on more of the tasks from the central level – although the restructuring processes as well as the need for new municipal plans have had an impact on the workloads of individual planners – just as larger departments mean the possibility for more specialisation within the staff which in turn can promote a higher level of efficiency. Despite the small sample and the short time period since amalgamation, one obvious benefit of the greater ability to deal with complexity in respect of planning issues in the new units is that it seems easier to recruit qualified staff for the new larger units. In this respect it is necessary to emphasise that although talking about larger units, planning departments in Greenland remain very small in comparison with larger countries – only 1-5 employees – and as such they are very vulnerable to budget cuts, changes in staff etc. Similarly the increase in qualified applicants for vacant positions could be a result of the current surplus of planners in Denmark just as the restructuring process itself might prove a 'pull' factor for planners looking for new opportunities.

### *An interesting road ahead*

The restructuring of the municipal units and the transference of tasks have been followed by other new initiatives such as a nationwide GIS system, digital municipal plans, and increased interaction between the municipal planners and the central departments during the restructuring process. While the planners in Greenland have also previously networked across municipal borders these networks appear to have become more formalised and thus recognised as being important during the implementation process.

Thus, it seems that the restructuring of the municipalities is not just about a changed administrative structure but also about a changing approach to planning, and it will be interesting to follow how future municipal planning in Greenlandic settlements develop over the course of the next few years.

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