



SSV

Samtök sveitarfélaga
á Vesturlandi

Vest Norden Foresight

The foresight of the people in Borgarbyggð and Fjallabyggð, Iceland

Grétar Thór Eythórsson, University of Akureyri
Vífill Karlsson, University of Akureyri/Federation of Municipalities in West-Iceland

Samtök sveitarfélaga á Vesturlandi, SSV

Bjarnarbraut 8

310 Borgarnes

Sími: 4371318

Fax: 4371494

Heimasíða www.ssv.is

Netfang: ssv@ssv.is

ISSN 1670-7923

Skýrsla SSV

nr. 1 2011

Október 2011

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Ágrip

Skýrslan segir frá niðurstöðum rýnihóparannsóknar í Borgarbyggð og Fjallabyggð á árinu 2010. Rannsóknin gekk út á að kanna viðhorf, vonir og sýn íbúanna til heimabyggðarinnar og framtíð hennar og hvernig þeir sjái fyrir sér skrefin til framtíðar. Rannsóknin var unnin á Íslandi, Grænlandi og í Færeyjum samtímis. Hér greinir eingöngu frá niðurstöðum Íslands.

Einnig var stuðst við sjónarmið sem komu fram við vinnu sem var í aðdraganda sóknaráætlunar 20/20 auk íbúáþinga sem haldin voru skömmu áður.

Niðurstöður skýrslunnar eru fjölþættar (sjá samantektar og samanburðarkafli skýrslunnar á ensku) en á meðal þeirra eru:

- Íbúar beggja samfélaga voru sammála um að framtíðin byggist ofan á þá atvinnustarfsemi sem er fyrir í stað þess að snúa sér að algerlega að nýjum hlutum. Þó verður ekki hjá því komist að byggja á nýrri þekkingu og menntun. Ferðapjónusta var nefnd sem dæmi. Einnig telja menn að efla þurfi staðbundna þjónustu til að laða að nýja íbúa. Bjartsýni er ríkjandi meðal viðmælandi gagnvart framtíð byggðarlaganna.
- Þá voru sjónarmið ólík milli viðmælenda þessara samfélaga gagnvart frumkvæði íbúanna. Viðmælendur Fjallabyggðar telja hann vera þar mikinn á meðan viðmælendur Borgarbyggðar telja hann ekki vera nógan meðal íbúa Borgarbyggðar.

Abstract

The report describes the results of research based on discussions with focus groups in Borgarbyggð and Fjallabyggð in the year 2010. The research objective was to investigate the hopes and visions of the inhabitants in these areas and develop strategies for nearest future. The research is a part of a research program that was implemented simultaneously in Iceland, Greenland, and the Faroe Islands. This report covers only the preliminary results for Iceland.

The report relies on analysis in other similar studies implemented by the government and local authorities in Iceland. The preliminary results of the research are described in several summary chapters. The report concludes with a conclusionary chapter.

1 Project background – Methodology

1.1 The Vestnorden Foresight 2030 project

“Vestnorden Foresight 2030 – bygdenes framtidsvisjoner” is a transnational project meant to give people in rural communities in Greenland, the Faroe Islands and Iceland the opportunity to express their hopes, visions and development strategies for the coming decades. It is financed by the Nordic Council of Ministers, coordinated by the Greenland Home Rule and led by the consult company, Spatial Foresight. The resource persons from the three countries are from universities and The Federations of Local Authorities in each respective country.

The main idea was to collect representatives from civil society, businesses, industries, local authorities and organisations for one-day workshops. The aim was to go through and discuss opportunities and challenges for the communities, as well as the ambitions that existed for keeping long-term sustainability.

Most rural communities in the three West-Nordic countries (Faroe Islands, Greenland and Iceland), as well as in the north European periphery (north Finland, Sweden and Norway) have experienced outmigration for a long time. People, especially young people, move to the more southern parts, and in other cases, to other countries. It has been difficult to recapture these people. The opportunities for educated people are too often limited. The economic life is characterised primarily through production of agriculture or fisheries. In such, the labour markets lack diversity. Recruiting one educated person often means you have to find a job for the husband or the spouse, which often is a great problem. Then, it doesn't even matter if the rural communities are able to provide good public services or not (Gløersen, 2010).

But there still exist opportunities for development. The local natural resources can be a basis for a knowledge-based economy with more stable income. Tourism, increased technology-based utilisation of experience and some steps into the information society can be key for leading these kinds of communities into a safe and desirable future. However, even though this discussion is well-known among scientists and among those who work hands-on with regional development, it is not always obvious what should be done. The ambition of the project is to progress further in the debate on what is possible and what to do by reaching for the knowledge and knowhow among the people living in these areas (Gløersen, 2010).

With this background, the project, Vestnorden Foresight 2030, started in the autumn of 2010, and was funded by the Nordic Council of Ministers. A kick-off workshop was held in Copenhagen in late September 2010. The methodology and thematic emphasis in the project were decided; some months later, the data collection started in each respective country.

At the workshop, the steering group came to the conclusion that nine themes should be discussed in the local workshops in each respective country:

1. Local initiatives
2. The attractive local communities
3. Social capital
4. Capacity to change and adapt
5. The way forward
6. Openness for initiatives
7. Physical infrastructure
8. Access to services
9. Networks and alliances

The aim of this paper is to report, summarize and analyse the results from the workshops held in Iceland. We begin by explaining the methodology and our choice of cases for investigation.

1.2 The cases for investigation

In the Icelandic part of the project Vestnorden Foresight 2030, the decision was made to select two municipalities as the cases for investigation. These were Borgarbyggð, a municipality of about 3,500 people, located 75 km north of Reykjavík; and Fjallabyggð, a municipality of about 2,000 people in north Iceland, over 400 km away from Reykjavík, but close to the city of Akureyri, north Iceland's service and administrative centre. There is a more difference between Borgarbyggð and Fjallabyggð than the geography and the distance to the capital. While Borgarbyggð is an agricultural region with one significant service centre, Borgarnes and the rest are more or less countryside with farms. Fjallabyggð consists of two fishing towns and very little hinterland, but with only a few farms. Further, before the economic collapse in Iceland in 2008, these municipalities had experienced different development. While Borgarbyggð had positive population development after 2000, prior to the collapse, it was vice versa in Fjallabyggð. This was also the case with economic development. The closeness of Borgarbyggð to the capital area had the effect of strengthening economic life and businesses; in Fjallabyggð, not very much happened.

The great collapse changed much, especially in Borgarbyggð. Big and important firms went bankrupt and the local bank (Sparisjóður Mýrasýslu), which was partly owned by the municipality, also went bankrupt. The upswing, highly caused by the bubble in the capital area, and which spread its impact to communities within commuting distance, changed to a downswing that resulted in out moving residents and unemployment amongst other things. So, the people in Borgarbyggð are now at a crossroads and are facing threats, but at the same time, are facing a new beginning and building a strategy for a more sustainable future. The greatest change in Fjallabyggð was not caused by the collapse. However, the downswing there was not nearly as big as the one in Borgarbyggð. In general, fishery communities in the rural parts of Iceland were in some ways better off after the great devaluation of the Icelandic króna. Fish prices abroad went up, so income for many within the area developed

positively. The great change in Fjallabyggð is the new Héðinsfjarðargöng road-tunnel connecting the two fishing towns, Siglufjörður and Ólafsfjörður. This, of course creates opportunities in the business sector, in the running of state institutions and the running of the new municipality, which now has doubled in size from what it was before. So Fjallabyggð is also at crossroads. A new future in a new, twice as big community, is facing these people.

These are the similarities of Borgarbyggð and Fjallabyggð, which make them very interesting for a project like this – a Foresight to 2030. A significant similarity is also the fact that in both municipalities, gymnasiums have been established, in Borgarbyggð (2007) and in Fjallabyggð (2010). In both cases, this will likely impact the future for the young people and for the communities in general, as well.

1.3 The choice of a workshop method

In order to collect data on the foresight of the people in the communities chosen, the policy of the Nordic project was rather open-ended. Having a big workshop with dozens of people involved was the choice of some of our Nordic colleagues, but in both of the Icelandic cases, we made a different choice.

In Borgarbyggð, a citizen workshop (Stefnumót 2010) with 130 participants was held in January 2010. The theme was „economic and regional development“. The results were summarized in a report, which is accessible to all. In Fjallabyggð, a similar workshop with only 40 participants (i. Horft til framtíðar) was held in May 2009. The results from this workshop were reported later in a short report. Both of these citizen workshops gave some general overview of the beliefs and aims of the people involved but not any significant detailed or in-depth results about more concrete themes.

This meant that there was not much of a need to repeat the method of organizing larger workshops. Therefore, it was decided to go more in-depth in the VNF 2030 project by organizing focus group meetings, two in each municipality, held at the same time and moderated by each of the resource experts, Grétar Eythórsson and Vífill Karlsson. Both had assistance from one secretary each, Sveinn Arnarsson for Grétar and Finnbjörn B Ólafsson for Vífill. Sveinn and Finnbjörn also contributed through summarizing and organizing the discussions in the meetings. Each meeting went on for 3 hours, with a 20-minute coffee break in the middle.

Usually, focus groups consist of 8 to 12 persons and an in-depth discussion about a theme or topic is led by a moderator. The goal of a focus group research is to learn and understand what people have to say and why. The emphasis is on getting people to talk at length and in detail about the subject at hand. The aim is to ascertain what people feel or think about a theme or whatever might be under discussion. The focus group has some advantages compared with individual interviews. The group dynamic is essential in a focus group. The

idea is that a response from one person stimulates another person in the group. Thereby, interplay of responses ensues, which can give more valuable information than an interview would give (McDaniel & Gates, 2007, p. 130).

In each case in Borgarbyggð and Fjallabyggð, 15-20 people were originally invited to participate; in Borgarbyggð, 14 showed up and 11 showed up in Fjallabyggð. This meant that in Borgarbyggð, there were two focus groups of 7 people each, and in Fjallabyggð, one group with 5 and one with 6 people. The desirable size for a focus group is believed to be 6-7, so this was close to that.

The choice of whom to invite was conducted with several criteria. We tried to select people from different ages, an equal gender distribution, people representing all the important private business sectors, and people from the local state administration, as well as the municipality (bureaucrats and politicians). Additional criteria were to invite people who were native-born, people who had immigrated and people who had emigrated but came back. To a large extent, we managed to keep this distribution. However, the gender rate in Fjallabyggð was not that even – 4 women and 7 men. In this case, 3 invited women had to cancel due to other business. We would also have liked to have had a broader age distribution. A slight underrepresentation of younger participants under age of 25 and of people over 60 years of age was present. That led instead to overrepresentation of the middle aged people, between 40 and 55 years. We think that the four focus groups, two in each municipality, were in all cases groups of 25 active, enthusiastic individuals who had ideas for the future and therefore contributed positively to the data collection of this project.

2 Borgarbyggð

Borgarbyggð is a municipality amalgamated from 12 municipalities in three steps, the first one being in 1994 and the last being in 2005. Borgarbyggð covers 5,000 km² and has 3,500 inhabitants. The service centre is in Borgarnes – a town with 1,800 people. Borgarnes does not have a long history as a service centre and by the beginning of the 20th century, only 50 people lived there. Three other smaller urban areas are in Borgarbyggð: Bifröst, Hvanneyri, Kleppjárnsreykir and Reykholt. Borgarbyggð is 80 kilometres north of Reykjavík (Figure 1).

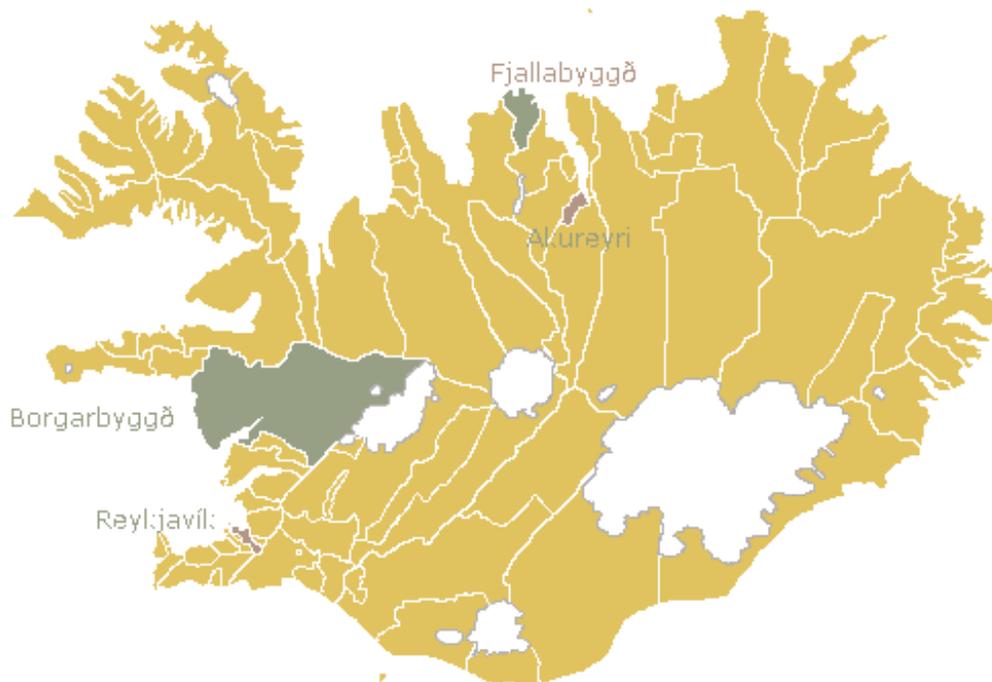


Figure 1: Iceland, Reykjavík, Borgarbyggð, Fjallabyggð and Akureyri.

During the late 60s and 70s, growing agricultural production gave rise to the processing industry in Borgarnes and the village grew by 40% from 1970 to 1980. In the 80s, transport routes to Borgarnes were improved and central geothermal heating improved living conditions.

Traditionally, the strong educational centre for West and North-West Iceland has been in Borgarbyggð. Presently, there is an upper secondary school in Borgarnes, a small business university in Bifröst and the Icelandic Agricultural University is located in Hvanneyri. Snorrastofa, a research centre for medieval studies and the history of Borgarfjörður, is in Reykholt.

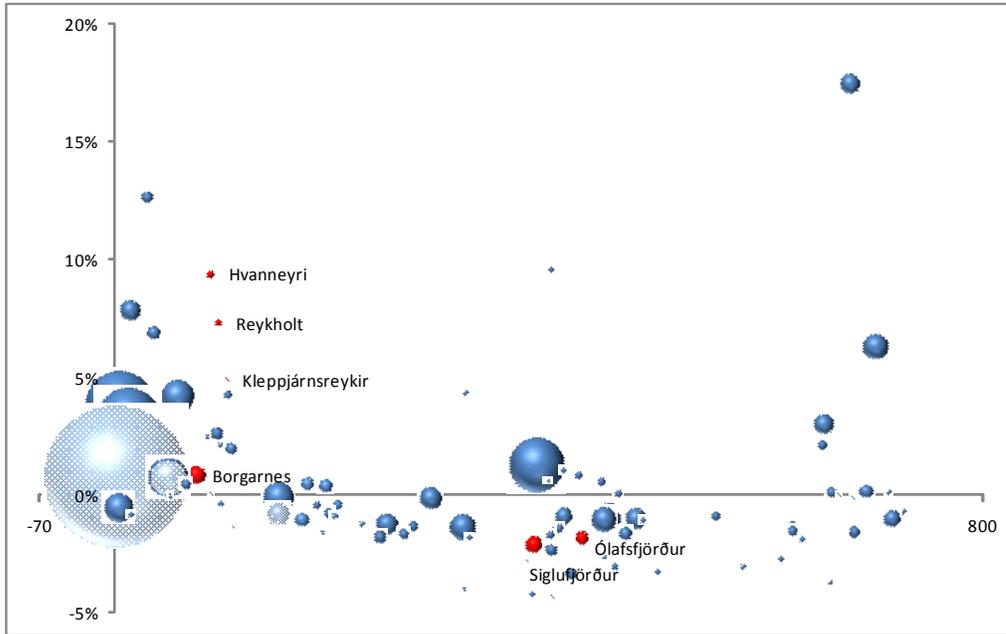


Figure 2: Development of local population in 1998-2007 (vertical axis) distance from Reykjavík (horizontal axis) and population 2007 (bubble). Source: Statistic Iceland.

In the late 1980s and throughout most of the 1990s, agricultural production was reduced due to quota restrictions and the abolishment of export support. This resulted in significant reduction of jobs in Borgarnes and loss in population. Since 2000, the trend has reversed (Figure 2) – mostly due to a strong building industry, tourism and the growth of the universities, although the building industry diminished after the 2008 crisis.

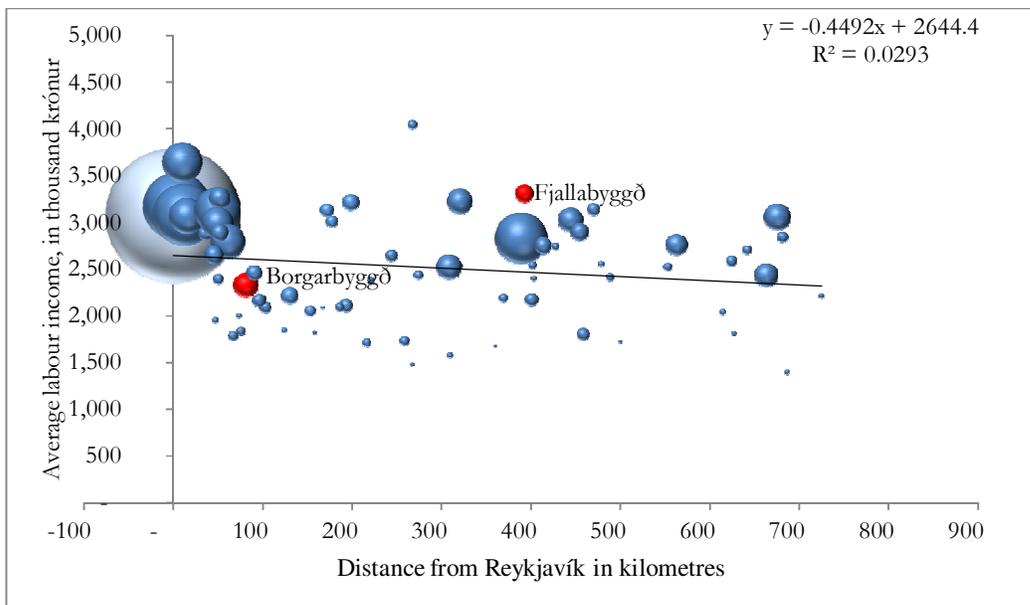


Figure 3: Labour income (vertical axis) distance from Reykjavík (horizontal axis) and population (bubble) in 2008. Source: Statistics Iceland.

Due to strong relation to agriculture, tourism, trade and service, labour income has been below the national average, despite its proximity to Reykjavík (Figure 3).

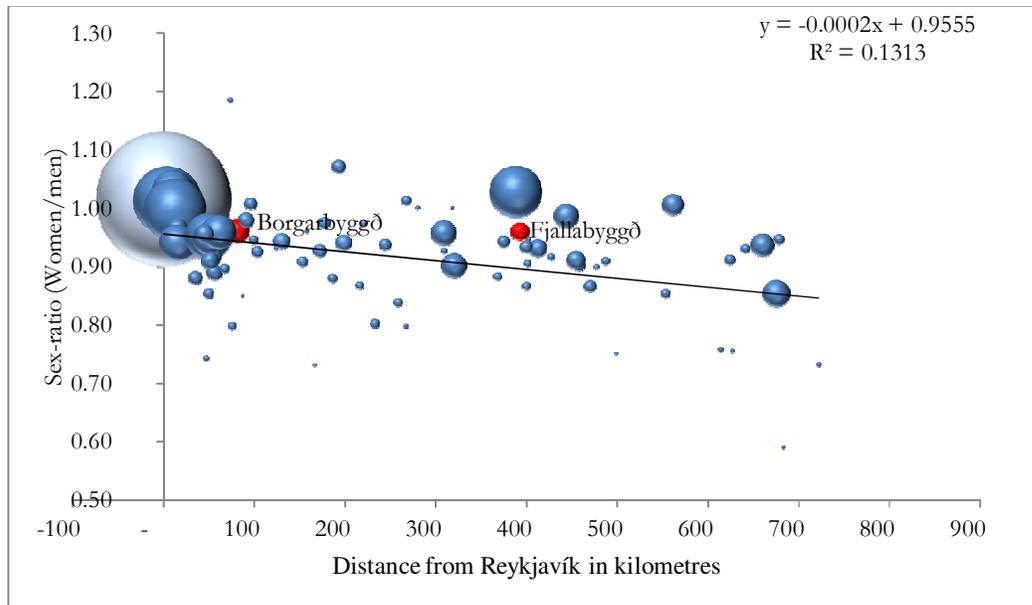


Figure 4: Sex-ratio (vertical axis) distance from Reykjavík (horizontal axis) and population (bubble) in 2009. Source: Statistic Iceland.

Borgarbyggð has been dealing with known changes in the construction of the local population such as aging, fewer women compared to men and immigration. Even though there are fewer women than men in Borgarbyggð, it is above the national trend line with respect to distance (Figure 4).

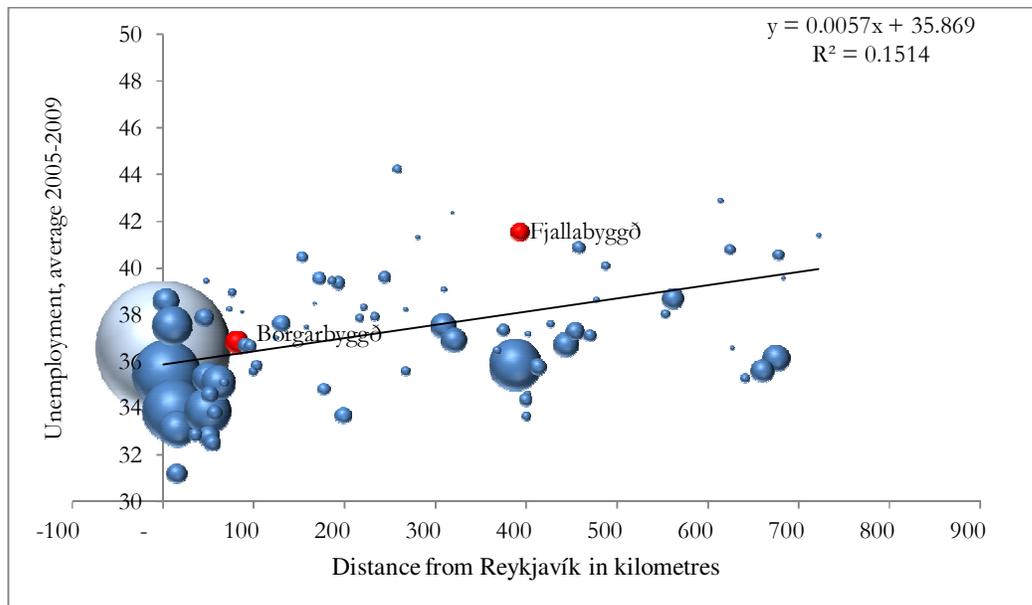


Figure 5: Average age 2009 (vertical axis), distance from Reykjavík (horizontal axis), and population 2009 (bubble). Source: Statistic Iceland.

Average age in Iceland is generally lower than in other western countries. The average age in Borgarbyggð is however slightly above the national trend line with respect to distance (Figure 5).

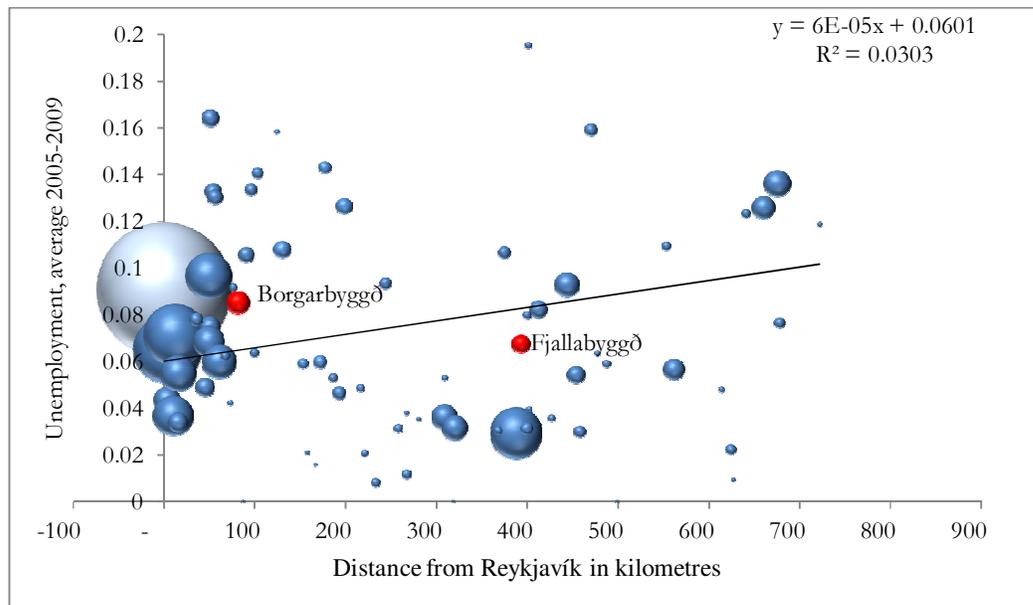


Figure 6: Immigrants 2009 as share of local population (vertical axis), distance from Reykjavík (horizontal axis) and population (bubble) in 2009. Source: Statistic Iceland.

When it comes to immigrants in Borgarbyggð, there have been relatively many – mainly because of the construction industry and other unskilled occupations (Figure 6).

2.1 Local initiative

2.1.1 *The present and the past*

On the question to what extent any entrepreneurial spirit exists in Borgarbyggð, the responses of the group were both positive and negative. The Cooperative (i. Kaupfélag Borgfirðinga) so dominated the economic life of the whole region that other actors had difficulties establishing themselves in the area. As for other communities where one company is dominating the local economy, it affected the business development in Borgarbyggð. There was limited space for individual initiatives. This has put its mark on the attitudes of the older people, especially. The younger ones are more likely to do something new and put fresh ideas forward. But this has also meant that the greatest initiatives and efforts in establishing something new have come from newly immigrated citizens. As one of the participants put it: „... maybe the people of Borgarbyggð are slower than others since the Cooperative only left recently“. Following a much harder competition in retailing for more than two decades ago the entire Cooperative business cartel was in need for reconstruction. They did not manage to do that fast enough and experienced a serious loss of market share. The local monopoly situation of the Cooperative is, however, still living in

the heads of many local civilians. The respondents, however, do not all agree in this matter. Some of them claim that many other private enterprises prospered while the Cooperative was strong in Borgarbyggð. Still, there is truth in both opinions. The cooperative, as any other dominating company, tried to defend their market share and created opportunities for entrepreneurs in terms of spin-offs, simultaneously. It is, however, hard to tell which impact was larger. A formal investigation is needed in the matter but the rumour still exists.

Also, not only have the native-born residents been reluctant, but also in some cases, they are negative. In the case of the very successful **Settlement Centre** (i. Landnámssetur), the native-born residents were sceptical and negative in the beginning, but when this project turned out to be a success, everyone has placed himself behind it. It is difficult to bring new ideas into this traditional, formerly agricultural community.

It was also expressed that a lack of investment capital in this (and other) agricultural communities had prevented more serious initiatives – at least compared with the fishing communities in Iceland.

The two Universities located in the municipality have also contributed to the increased entrepreneurial spirit: Bifröst University College and Hvanneyri Agricultural University. Both current and present students and employees have become part of the local population, which leads to increased local skill level. By their larger applied projects, students have contributed with professional analysis to the local economy. Several spin-off companies have been established too. These are a couple of IT companies and one in planning. Despite these positive impacts, there are still opportunities in universities' local spin-offs through incubation centres, which have not been established yet.

Recent analysis (Jóhannesdóttir, 2006) shows that even though university students come from all over the country, proximity matters. When corrected for local population, more students of Bifröst University comes from district areas of Iceland than from the capital area. Furthermore, more students come from Borgarbyggð municipality than from any other municipality. It is also interesting to see that 22% of graduated students still live in West Iceland a year later (where only 5% of the domestic population lives) and 20% two years later; most of them are in the Borgarbyggð municipality.

The Settlement Centre opened in 2006 and has grown from a rather small, cautious local initiative to one of Iceland's best known cultural centres outside the capital area. It was a mutual judgement of the people in the two focus groups in Borgarbyggð that the establishment of the **Settlement Centre** in many ways cleared the road for new and more entrepreneurial thinking in the community. The people behind it showed the people and politicians in Borgarbyggð that things like this really could be done – and done without any greater local support in the beginning. Thus, the belief has come to stay.

The sceptical and negative attitude of the local citizens regarding new inventions as earlier in the case of the Settlement Centre has apparently changed. The owner of the new **Centre for Puppet arts** (Brúðuheimar) expresses her positive experience of coming to Borgarbyggð with the business. She was contacted by the municipality and offered help. That mattered a lot.

Still, our respondents pointed out a characteristic of many native-born residents in Borgarbyggð – to always try to do things by themselves, without any support or help from other people or the municipality, as such. That is, pride is preventing people from going further with ideas.

2.1.2 *The future*

So, what is to be done and what can be done in the future?

The primary way to improve the conditions for local initiatives is by strengthening the two universities. The respondents suggested that increased skills and courage among the citizens was vital for the community and that the entrepreneurial education offered to younger students either at the gymnasium or even at the primary school could be helpful. We have to teach the kids to think in an entrepreneurial way – to see initiatives as a norm. One respondent put this into words by labeling it „growing eccentrics“.

Another way of strengthening the conditions is to improve the living conditions in the municipality so that people, especially people in leading positions in businesses, are more willing to move into the area rather than living in the Reykjavik area and commuting, as is found to be the case too often. In other words, the connection between the community and the businesses has to be tightened by stronger and more competent living conditions. By doing this, emigrants would be more eager to move back into the community, bringing new ideas and initiatives with them.

The third kind of future strategy necessary to foster entrepreneurship concerns the role of the municipality. Not only should the public authorities encourage people to develop new ideas, the importance of active information and support should be improved. This can be done, not only with direct support and consultation from some formal arena, but also through getting people to believe in the future of the community and thereby believing that a new business can be profitable. Several means could be implemented in order to meet that goal. The local government could be initiate informal meetings between managers; initiate formal meetings (i. fyrirtækjastefnumót) between managers and potential innovators and entrepreneurs; provide innovation and training programs for people with business ideas; define local comparative advantage; implement a cluster strategy; encourage collaboration between school levels for innovation training, business games and innovation tournaments; and improve the relationship between the educational and industrial sectors.

2.2 Living conditions – the attractive community

2.2.1 *The present and the past*

So what did our respondents say about whether Borgarbyggð was a good and attractive place to live in?

Health care was brought forward as highly important. One said that nowadays, they don't get doctors to move to Borgarbyggð and work in the Health care centre (which is a general problem for the more peripheral areas). They mentioned that it seems to be too much strain on the health care centre doctors so they are rather seeking jobs at hospitals. People complained about the access to the doctors as a consequence of this: „Before we could get an interview with the doctor right away, now we have to wait for weeks“.

A second theme here is the services related to children: namely, kindergartens, primary schools and the gymnasium. People seem to be rather content with these services but there were warnings raised. One pointed out that the present heavy cut-downs in the public sector did mean that people had to defend the kindergartens and the primary schools, which were the cornerstones in the living conditions, together with the gymnasium. Another one was pleased with the basic municipal service where the kindergartens, especially, have improved. Yet, another mentioned that the services provided for kids and youngsters had caused her to remain there. The gymnasium, which was started in 2007, is also believed to have meant a whole lot in keeping the 16+-aged people at home longer.

One discussed theme was the supply of jobs for the spouses. If educated people are recruited to jobs in the community, their spouses have to get work, too. This is highly important if we want educated people to move into Borgarbyggð. It was mentioned that, for example, all the school rectors (Universities and Gymnasium) are living elsewhere because of this problem. One mentioned that Borgarbyggð was the opposite of the big cities, where people live outside and commute in to the city centre. „Here, people live in the Capital city centre and commute to us,“ he said!

Other disadvantages with the present situation in Borgarbyggð that were mentioned were: lack of diversity in the economic life, lack of pubs in Borgarnes and bad Internet connections in the rural parts of the municipality.

2.2.1.1 *Future strategy*

So, what are the main things to do or think of into the future?

The emphasis is clearly on the living conditions related to family conditions. More choice in recreation and sports for the youngsters, improved primary schools and the gymnasium are believed to be an important future strategy. Keeping the image of the community as good for bringing up children helps, both because of the service level and the surrounding natural

conditions. Additionally, it was pointed out that these things can be secured because they are political decisions.

The quality of all infrastructures is considered very important to keep and develop. This is especially true of road communications and internet connectivity. These are believed to be the key factors to an attractive community in the future: road communications, both within the municipality and the Borgarfjörður region, as well as Internet connectivity in these regions. And one of our participants from the rural part emphasized it this way: „Living in the countryside and having good kindergartens is far from enough if we don't hear the state radio and have bad Internet connections! “

The third thing to improve in the future is job opportunities for the women in the community. This is important because of the fact that the women seem to be less willing to commute (Karlsson, 2004) than men. The women seem to stay closer to the home, which probably confirms their excess burden of household duties – that is, running the home and taking care of the children.

By improving the transportation system, access to a larger labour and service market will be better and increasingly more civilians of Borgarbyggð will find it profitable to seek jobs and services in other places. This will, of course, hurt the local specialised services but an access to better paid jobs will give some return in greater local demand of goods and service. A new investigation (Karlsson, 2010) confirms that commuters in the region produce higher wages.

The question of a multicultural and flexible community was also discussed in the meeting. It was a common belief that the community should try to initiate mobility of people as much as possible, and that there is nothing wrong with living in Borgarbyggð but working elsewhere.

On the question of multiculturalism, people said they should welcome foreigners and try to involve them better into the community. The natives should show the foreigners and their culture more interest. This would be a gain of human capital. Forcing foreigners to build their own groups within the community only decreases the functionality of the community. Adventives from other nations are often full of ambitions and as we have said earlier, adventives have shown to have more new ideas.

Immigrants were perceptible in Borgarbyggð before the growth period, especially 2004-2007, when they increased rapidly in numbers. These were mainly unskilled workers and artificers from East Europe. Several formal immigration programmes were offered, such as an Icelandic course and a course in Icelandic culture and community, and a special venue for a multi-cultural community centre was constructed. The programmes have made foreigners better informed and their economic welfare improved. Their social welfare has also improved following the programmes, especially within the immigrant community. However, social barriers between foreigners and native-born citizens could be reduced further, even though they do not meet any hostile attitudes.

2.3 Solidarity – Social capital

2.3.1 *The present and the past*

From the theory on social capital, it is known that trust is a significant precondition for solidarity and social capital. The trust between the local citizens was harmed when the local savings bank, one of the largest in Iceland, went bankrupt. It was established and managed by the local community and served as the local pride and the largest trustee for local cultural events and research. The bank's board and management team were respected members of the community and it shocked the citizens when it crashed (the first bank institution in Iceland to do so) in fall 2008. The economic crisis, however, has brought the citizens together; people seem to pay more attention to local issues. According to the respondents, trust seems to be present between inhabitants. Some of them pointed out that proximity support the trust; trust is good between individuals within each village but much less between individuals of different villages. A newly developed cluster in tourism has increased trust between participants. The downtown organizations¹ also create trust and solidarity. The organizations were relatively closed in the beginning, but now, they are wide open for those who want to participate.

There are many other organizations in Borgarbyggð who create trust and solidarity – such as sports clubs, Lions, Kiwanis, Rotary, amateur theatres and choirs. This was evident last summer when national sports games were held in the municipality on short notice. Many locals were activated (many of them were volunteers) and it was a successful performance.

The schools also improve solidarity. Decades ago, several independent primary schools were in the municipality. The amalgamation of municipalities has led to more collaboration between them and the foundation of the local gymnasium has also led to communication between young people from all sections of the municipality. A newly developed dance school has had similar impact.

Solidarity is also present and all interlocutors seem to agree that it grows when troubles hits the community. However, solidarity could be better against innovators. Some citizens „even laugh at them if they fail“. People tend to envy those who do well. Envy is too boisterous in the community. This could be related to relatively weak self-esteem among the citizens. Not all interlocutors agree. However, many of those who succeeded in introducing their business idea and captivate people around them have received honest support from the local community.

¹ The organization was established in order to preserve the old centre of Borgarnes. The centre shifted (ca. 2002) when the main highway through Borgarnes was moved (1981). All shops have left the old centre and moved closer to the main highway but several old buildings serve as venues for cultural events such as the settlement museum, theatre, puppet theatre and restaurants.

Venues for communication are related to community meetings and electronic communications. The municipal web page (www.borgarbyggd.is) is not considered as being a good webpage.

A joint image does not exist for the municipality. Most of the respondents think that this is unfortunate and others disagree.

2.3.2 *Future strategy*

According to the respondents, the future strategy for improving solidarity and social capital could be based on numerous actions; creating a joint image for the community is one. Better general support for pioneers is another suggestion for both moral and physical support. Moral support is free for the contributor and valuable for the receiver. One suggested that an investigation of the case of a local savings bank should be conducted. Further, it was believed to be important to improve solidarity. By increasing communication and collaboration, the schools could be used to improve local solidarity.

People believed it was important for the future citizens to behave as people in the same municipality, not as former citizens in some other municipalities: one meeting for one subject, not three meetings in three different locations for the same topic, as there have examples of.

The community also needs more and better venues for communication. Community meetings (i. íbúafundir) should be held more frequently and their structure could be improved. Electronic communication should be implemented in order to reach out and meet new demands. Modern web-solutions, such as interactive webpages or Facebook and the like, could be the way to improve public administration in order to activate the citizens and reach out to them. The presence of a pub and similar public activities could improve the local informal communication. More opportunities should be taken to organize public meetings. Such meetings should be short and focused.

The public administration could be more transparent. Improved web solutions would serve to meet this objective, as well.

2.4 *Adaptability*

2.4.1 *The present and the past*

The adaptability in the community seems to be good. Several decades ago, traditional agriculture and a large related service industry were active in the municipality. Now, only a small share of those industries still exists. The population has, however, not decreased at the same time. Growth in other different industries, like two university colleges, a construction

industry, and tourism, has continued and this development suggests that the community has adaptability.

According to the focus group participants, the opportunities for the community lie in the Hvalfjörður tunnel, education, adult learning, and lower real estate prices than those available in the capital area. Tourism is also an opportunity for this area.

2.4.2 Future/strategy

Future strategy lies in access to capital, collaboration between schools at all levels in the municipality and a dormitory for the gymnasium in Borgarnes.

Our participants stated that the community has to defend present industries. Today, it is easiest to expand the tourism industry because of the favourable currency rate. Other industries, the construction industry and the two universities, have to be defended. The construction industry is in a very bad shape due to the lack of domestic demand. The industry should concentrate on surviving the crisis and trying to construct a more flexible business model in order to adjust to the business cycle. The industry has never received any public support. Such public support could be in terms of counsel service and transport cost subsidies. A vast cut in public expenses has threatened the existence of the local universities (especially Bifröst, the private business school), which have experienced serious cuts in demand. The business model of the universities should be revised in order to adjust to changed market conditions. Both the construction industry and the university sector should be supported during the crisis because their business models are unique for Iceland and the problems are temporary because they are highly connected to the crisis; that is, there is a correlation between GDP and their demand. One of the interlocutors mentioned that education, information and knowledge were necessary for local industrial transformation.

What happens if the highway passes by Borgarnes? Is that a threat or an opportunity?

Transportation improvements are needed, i.e. a presence of (free) local public transport and a new bridge pass over the Hvítá-river in order to shorten local highway distances and improve the internal spatial flexibility. The utility of the schools at all educational levels was mentioned in this regard. The bridge would also contribute to connect the southern coast and the western coast of Iceland. It could support the tourism and communication between the areas. The competition in tourism is intensive between these coasts.

Fibre optic cables are present in the area, but too many have no access to them, even though they live close by.

A four lane highway is needed. Traffic congestion is present, especially on Fridays. The road toll should be cancelled at the Hvalfjörður tunnel.

Better accommodations are needed. The tourism industry has fought for better accommodations but has not succeeded. The government has to intervene.

2.5 The road ahead for the community

The community had an unfavourable combination of labour markets a couple of decades ago. It changed for the better when Bifröst University and the Agricultural University at Hvanneyri were established – that is, they upgraded from secondary to tertiary educational institutions. The future must be based on a favourable blend of primary and knowledge-based industry – a dynamic labour market based on well-qualified labourers.

Firstly, we should build on what we have – not try to invent the wheel!

The infrastructure must be strengthened, as well. There should be increased collaboration of private and public organizations.

The presence of many summer houses, historical monuments, and a lot of heterogeneous nature makes the area suitable for the leisure industry and should be a milestone for the future development. The community can be based on modern people who want to obtain and enjoy a "country romance".

Endogenous growth is dependent on a future based on present industries, infrastructure and natural resources. We can also rely on our neighbours, like the opportunities for work and development in the Grundartangi area, especially the rapidly growing harbour, which soon will be the freight harbour for the whole capital area.

The community should not rely on large-scale industry. First, we have to begin to learn how to smile. There will be a lot of pure nature to enjoy by 2030.

2.6 Infrastructure

What infrastructure is most important for the municipality in the future?

We need to build more on the educational system – the gymnasium, as well as the universities at Bifröst and Hvanneyri. The connection to Bifröst is still too weak – cooperation between the municipality, businesses and the university with faculties of law, business and social sciences could be improved.

The second type of infrastructure is the road system. The smaller roads in the rural parts are in many spots outside the 21st century standards in that they are not asphalted. Then, there is the competition with South Iceland, which is a similar distance from Reykjavík. Our disadvantage is that the road tunnel under Hvalfjörður (the road between Reykjavík and Borgarbyggð) is not free of charge – it costs up to 2,000 ISK to drive back and forth. That

extra cost reduces the one-day visiting traffic from Reykjavík to our area. Making the Hvalfjörður tunnel free of charge would even the competition between us and the region east of Reykjavík. This could be important for culturally based tourism.

2.7 Access to local services

The interlocutor mentioned that the health care service should be improved, especially regarding the number of doctors. They also mentioned that schools should be improved. Education for the youngest children was mentioned in that regard, in order for the community to attract and keep young parents.

Could further amalgamations of municipalities strengthen the services and lift the service level in the community? The amalgamation of the whole of West Iceland has come up to discussion, but it is questionable whether that great amalgamation would make the difference, at least looking at the service level. Borgarbyggð is already a municipality of 3,500 people and very large, geographically.

2.8 Borgarbyggð - Summary

If we try to summarize the ideas from our meetings, people in Borgarbyggð do not seem to think they need any dramatic changes to get back into business after the economic collapse in 2008 and its consequences on the economic life of Borgarbyggð. The entrepreneurial spirit is believed to exist and, in general, the people of the community should focus on continuing to do what they have done before and what they are good at – not trying to re-invent the wheel! New interventions would gain by being based on present industries.

However, the public actors should contribute to a positive development by keeping the level of family-related services high and modern – kindergartens, primary schools and the gymnasium are important for the future. Furthermore, the support from the public actors should also be there to help local initiatives – especially, for help and encouragement to the entrepreneurs in the community. Improvements in infrastructure are also found to be important. Here, the people are less concerned about Internet connections, in the more rural parts of Borgarbyggð.

3 Fjallabyggð

The municipality of Fjallabyggð existed as a municipality since the amalgamation of two municipalities, Siglufjörður and Ólafsfjörður, in 2006. The precondition for this merger of the two fishing towns, which had always been isolated from each other, was the making of the Héðinsfjarðargöng road-tunnel through the mountains between the towns. The 11 km long tunnel reduced the distance between Ólafsfjörður and Siglufjörður by 217 km on a whole year basis and by 47 km if only looking at the summer traffic (Heiðarsson et al., 2010). Even though the tunnel wasn't opened for traffic until October 2010, the amalgamation of the two municipalities was already implemented before the local government elections in 2006. The idea was to use the time to adapt and prepare what was to come some years later (Eythórsson, 2010). The map below gives an overview of the area:

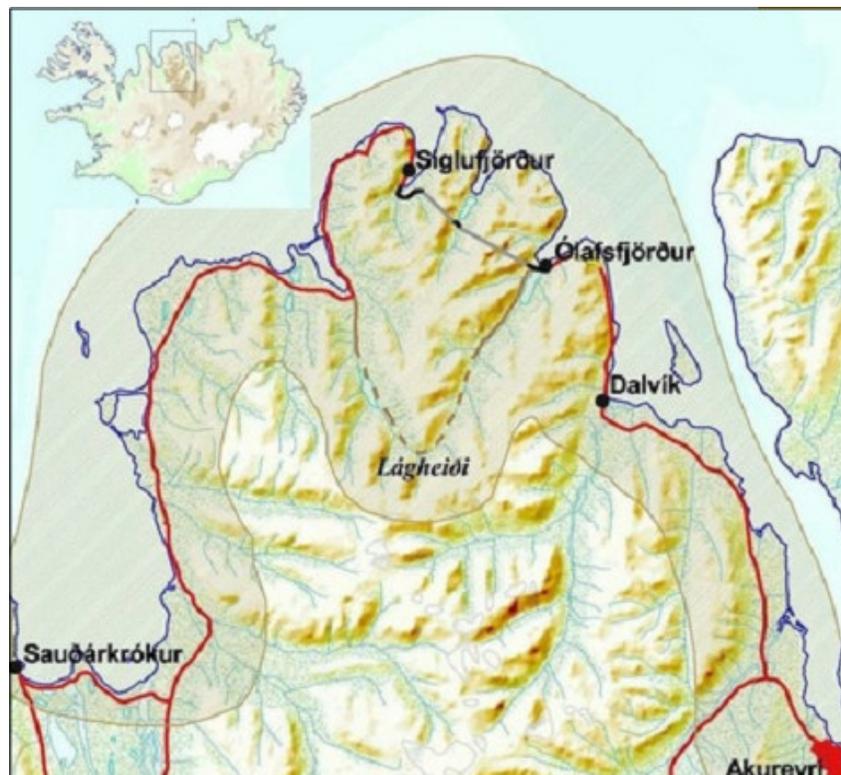


Figure 7: Map of Siglufjörður and Ólafsfjörður and Héðinsfjarðar tunnel marked by a grey line between them.

From a historical perspective, both towns have been very isolated communities, surrounded by high and steep mountains, with difficulties in making good road connections to neighbouring communities. Siglufjörður was more or less isolated until the 800 meter road tunnel, *Strákagöng*, opened road communication to the West in 1967 – a road communication which is, at times, unstable and dangerous, but far better than nothing. For Ólafsfjörður, the situation was pretty much the same. In 1960, a rough road in Ólafsfjarðarmúli was opened, which made it possible to drive towards the Southeast and to Akureyri. This road was periodically closed and frequent mud and snow slides made it

dangerous. In 1991, the Ólafsfjarðarmúli 3,4 km-long *Múlagöng* road tunnel was opened. That improved the situation for Ólafsfjörður very much – with travellers now being able to drive to Akureyri in less than one hour. The new Héðinsfjarðargöng tunnel has moved the towns close to each other, and since Siglufjörður has had rather unstable road communication, this tunnel is, in a way, breaking the isolation of the people of Siglufjörður. Since autumn 2010, they only have to travel 77 kilometres to Akureyri, the service centre of north Iceland, compared with 192 kilometres before the tunnel. So, in a way, the living conditions in Siglufjörður should have improved a lot.

Siglufjörður, a town of about 1,300 people and Ólafsfjörður a town of about 1,100 people, were both at the period of the amalgamation traditional fishing communities. Both had experienced reduction of jobs in the fishing sector several years before the amalgamation, mostly due to increased fish processing aboard the trawlers as well as negative consequences of the quota system, where there existed selling of quota and thereby transfer between municipalities and regions (Bjarnason and Stefánsson, 2010; Eythórsson, 2010). The population development has also been striking and the towns have been losing people – an average loss by 2% per year since 1998 (Bjarnason and Stefánsson, 2010. See also Figure 2 in chapter 2).

Looking at some other socio-economic factors, we see in the figures in chapter 2 that the average income in Fjallabyggð is above national average (figure 3), and there are less immigrants than, for example, in Borgarbyggð. The high income is without doubt due to the rather high wage level in fishing communities and the “lack” of immigrants is probably because of the absence of the economic boost before the collapse in 2008.

The dependency on fish and fisheries has dominated, and still does, but the new tunnel will not only change access to services, it might easily expand the labour market for the people of Fjallabyggð. As we will show in our reports from the meetings, it is believed to mean a big increase in tourism in these formerly isolated communities. For example, the skiing resort at Siglufjarðarskarð is now a part of the row of skiing resorts in the Eyjafjörður area. That would increase the winter tourism in Fjallabyggð.

3.1 Local initiative

3.1.1 *The present and the past*

On the question whether there was an existing entrepreneurial spirit in the community, most people agreed. Creative thinking is said to exist and a lot of diverse new ideas have been going around. With the new road tunnel between the two towns now having been completed and opened, people had begun to think through the tunnel and were seeking and searching on the other side. But this was the more positive picture.

It is also claimed that the entrepreneurial spirit is not spread through the whole community. In our focus groups, people said that this was usually limited to rather few, and most of the time the same, persons. In such, it is claimed that a strong entrepreneurial spirit is not a characteristic in the community. Furthermore, any support from the local authorities is limited and a lot of energy is spent in proving the existence and validity of new projects. This criticism has to be addressed by both the municipality and the Eyjafjörður Region Business Development Centre (AFE).

Most of the initiatives are in the field of small manufacturing: fire truck building had been established in Ólafsfjörður, and Siglufjörður SRV (SR-Vélaverkstæði) is making machines that make grindings out of organic waste, selling it all over Iceland. Initiatives in the tourism branch are increasing after the opening of the tunnel, especially in Siglufjörður, which after the tunnel, has a whole new access to a region of 20,000, including Akureyri, at only 75 kilometres' distance.

3.1.2 Future

The main emphasis in the future for fostering and supporting local initiatives lies mainly in the way of thinking and in the preconditions in the small community, according to our participants.

Envy and demolition of ideas is too common and people have to realize that new things can be beneficiary to the whole community. People have to be more aware of the common benefit for all from new ideas and new businesses. It is also important for the future to avoid conflicts and estrangements between the two newly-connected towns. The people of the rather new municipality of Fjallabyggð have to learn that they are on the same team – on the same boat. In a small market area, support and positive attitude from each person matters. In our groups, personal and political conflicts were mentioned as hindrances for good local initiatives.

On the conditions for local initiative and entrepreneurship, the smallness was believed to be an advantage – at least in the manufacturing and craft. In the small industrial units, every person is more all-round and the flexibility is greater in the smaller context. This is believed to strengthen the preconditions for successful local initiatives and people are willing to adapt. It was pointed out that once a small shoe factory opened in Ólafsfjörður, there were no problems recruiting people to work. People are, in general, ready to try new things if they have to.

3.2 Living conditions – the attractive community

3.2.1 *The present and the past*

Naturally, the people in Fjallabyggð were very concerned with the new road tunnel, which is believed to have dramatic impact on the future development of this community by connecting the two towns. The shortening of the distance between the towns from over 200 km (one a whole year basis) to 15 km will surely affect almost all aspects of the community. The coming of the tunnel created the opportunity to amalgamate the two municipalities, which in fact was done in 2006, four years before the opening of the tunnel. The tunnel was also a precondition for the gymnasium, which opened in the autumn of 2010. No wonder that the impact of that institute was in the spotlight at our meeting!

People agreed on the positive impact of the new gymnasium in Ólafsfjörður. In fact, people mentioned the tunnel and the gymnasium at the same time – these two have had the greatest impact. The school helps keep the young people 16 and older at home longer. Their out-migration to a distant gymnasium costs a lot for the parents so this has both a social and an economic side. It brings demographic balance into the community, as well. The gymnasium as a working place gets people with education to move in by recruiting teachers. This has increased the diversity in the community, which until now has been very one-sided on both sides.

The family-friendly environment is seen as an important future factor. It is seen as a safe environment for children to grow up in and to help them remain healthy. As one respondent said:

“You can leave the keys in the car and the house unlocked. Maybe the tunnel will change this, now both towns are a drive-through when I moved here, people in general and the priest showed me great kindness – everyone seemed to care”.

Related to this is the picture of the quality of the “lebensraum” in the countryside environment. Another participant said that being in Fjallabyggð was, in itself, a quality of life. Horses running by, cross-country skiing one minute away – the tempo is much slower than in bigger communities. It brings to mind this classic expression:

“You breathe...and you do have time to breathe”.

But the development has also had its negative sides. The tunnel from Ólafsfjörður into Eyjafjörður, which was opened in 1992 (Múlagöng), caused shutdown of a bank and bakery in the town. The town lost the distance protection by suddenly being only 45 minutes from Akureyri. Specialized services were threatened, and in many cases, closed down due to the uneven competition from the nearby Akureyri. Now, this could happen in Siglufjörður, which is now only a one-hour drive from Akureyri.

3.2.2 Future

The gymnasium not only keeps the young ones at home longer but also enables older people to obtain further education. That strengthens the community into the future, but educated people are used to different lifestyles. They need cafés and bars. There is too little to do here, some of our participants said. We have to build up more diverse lifestyles.

Basic services such as health care services and education have to have high standards. Otherwise, people might move away.

More diversity in the economic life is believed to be needed, as well as more diverse jobs to get people to move in. To get more educated people, here we must not see mobility as only a threat, one said.

For the younger ones the sports and recreation has to be kept and protected. In Fjallabyggð, the sports life is broad and good. Skiing is the speciality, both cross-country and alpine, and then there is soccer.

The local cultural characteristics must not drown in all the forthcoming tourism. We have to keep what is special here and what is special about us as a community.

Foreigners have certainly moved into the community to live and work, but they have not been integrated sufficiently into the community. We have to integrate them better and make them participants, not only spectators.

3.3 Solidarity – Social capital

3.3.1 The present and the past

Trust seems to be present among the citizens of Fjallabyggð but according to one of the interlocutors, empathy and solidarity are missing. The community is rich in empathy according to another. People support each other when something goes wrong. When everything goes back to "normal", conflicts tend to appear. There are some clustering of cliques, especially when it comes to families and politics. All in all, solidarity is stronger than conflicts in Fjallabyggð and that makes the interlocutors positive. However, most of the interlocutors think that the community is rich of empathy, solidarity and trust.

Extracurricular activities and other leisure activities are great venues for communication. There are lot of different formal leisure activities, such as the rescue patrol, amateur choirs and theatres. Informal chat about anything that interests the members takes place within each activity. An interaction between activity groups could be better. An interactive local web-page (www.siglo.is) is a venue, as well.

People are more willing to visit each other in a small community like Fjallabyggð than in larger ones like Reykjavik. The tunnels are so recently opened that empathy, solidarity and trust are not established yet between the towns.

3.3.2 Future strategy

Empathy and solidarity could be strengthened in Fjallabyggð. Venues for communication could be used to reach that goal. These venues should be improved and there, the local authorities play the key role. When community meetings are held, they should be focused and limited to one subject. One said there was a need for a small cafe and the tradition of going there to meet other people for joy.

3.4 Adaptability

3.4.1 The present and the past

Siglufjörður was the capital of the Icelandic herring fishing for more than 70 years. A crash in the north-Atlantic herring stock in 1963 and a great restructuring of the fishing industry due to major change in fishing policy in 1983 witnessed some adaptability of Fjallabyggð municipality, where the population went down by 60% in Siglufjörður since 1948 and 30% in Ólafsfjörður since 1983, when the local population was at its maximum.

According to the participants, the community is challenged by a newly opened tunnel (October 2010), the amalgamation of the municipality and a newly established upper secondary school.

There are weak banks and other financial institutions in the community. They are, however, reluctant to lend money to local companies. The supportive industries, like Innovation Centre Iceland, are also not supportive enough. One of the interlocutors suggests that entrepreneurs in Fjallabyggð feel like they stand alone. The upper secondary school teaches entrepreneurship in order to prepare and motivate young people to create their own job opportunity.

Many shops have been closing down, especially those who have not been driven by local owners. Therefore, interlocutors feel like they must do something by their own. One of them said that life can take unexpected directions. Suddenly, he was managing a hotel and was forced to adjust to that, which he did.

3.4.2 Future/strategy

There are opportunities in unemployment. A lot of young people are out of work and they should be motivated to do something on their own. A young man is more willing to take risk than an older man and likely to become an entrepreneur. Limited capital access is, however, a problem.

A mixture of favourable currency rate for the export industries and newly opened tunnel can support the processing of fish. Better access to Akureyri means better access to the international fresh fish market, which presently is the most valuable fish market for Icelanders. The tunnel will also widen up the "local labour market". Some of us will seek for job in other places of Eyjafjörður, like Akureyri.

The community must increase its capacity in tourism, since the opening of the tunnel connects the municipality to an interesting round trip for tourists passing through the region. The experience already confirms, that the off season tourist traffic is badly met by the local businesses.

Traditionally, the local residents don't attend schools of higher education. That is changing because of the newly established school of upper secondary education. The experience from the foundation of a similar school in a similar town in rural Iceland (Grundarfjörður) shows that proximity increases the demand for education. Therefore, the community must try to prepare for welcoming people of higher education if possible in order to keep some of the young educated people.

The local economy in Fjallabyggð is rather traditional for coastal areas of Iceland. It is made up of fisheries, the construction industry, and tourism. In order to move ahead, the community should rely on that foundation. So, an endogenous growth is seen as the most prominent one. There are still opportunities in fisheries and processing of fish. It is strange how the decrease has been large in fisheries in Siglufjörður when the proximity toward prosperous fishing grounds is kept in mind. IT and the development of the telecommunication system is seen as an great opportunity for the municipality as Fjallabyggð in a small knowledge-based industry, where the input and the end product is easily transported by fibre cables. Even some kind of data processing projects for low skilled workers could be implemented in communities like Fjallabyggð.

Emphasis on creative studies in the school of upper secondary education could bring opportunities of new dimensions, since the creative industries is large in Iceland and several Icelandic artists are known for their work such as Björk, Erró, and Sigurrós.

A lot of the local citizens have great ideas, only they need more motivation and support. The local government could be more active there. Experience shows that local collaboration has returned valuable results.

Some doubt was shed regarding the adaptability of the present local population to revolutionary changes. As mentioned earlier, the community experienced revolutionary changes when the herring industry disappeared and the new fisheries policy was established in Iceland. Several examples confirm that the local population have the ability to adjust to

structural changes, such as production of fire trucks, fish processing machines, and Primex². Apparently, it is almost always based on present industries. It is probably supportive to rely on new and young migrants to move the community through big changes, if necessary. The new school will, however, be helpful in making the present population more flexible and ready for changes.

3.5 The road ahead for the community

Marine industries (i. hafnsækin starfsemi) could be the future for the community. Better access to Akureyri and the entire inner Eyjafjörður gives the community back-up in the marine industry and new opportunities in tourism. High mountains and cold winters offer opportunities for both summer and winter tourism. The staff at the local museum has noticed increased visits of domestic tourists, especially from inner Eyjafjörður. So, the combination of tourists is probably changing. Suddenly, Fjallabyggð is a larger part of an interesting round-trip. Good access to both cold and geothermal water is supportive. This is a good milestone for the future Fjallabyggð.

Because of the newly established school and the tunnels, the community can flourish if we play our cards right. It is our call; it will be interesting to meet the challenge and the future is bright if we want.

The future community will be much more developed than the present one. It will be based on the good foundation from the present community with more service, greater traffic of tourism, and a more interesting community, in general.

The young people, leaders of future Fjallabyggð, will embrace empathy. The future is bright because of the people and the opportunities they have and can create; they will get their return. This community will flourish in the future.

3.6 Contact networks and alliances

There exist external branch networks: The herring industrial museum (i. Síldarminjasafnið) works within a regional cluster of museums in the north and north-east regions of Iceland. A cluster which originally came about with the Eyjafjörður region growth agreement in 2004 should be mentioned, as well. The industries related to the services for the fishing boats and the fish industry do have their own contact network, both within and outside the municipality. The external network is, however, rather limited, but of course these businesses are members of the nationwide Federation of Icelandic Industries (SI). The

² Primex is an Icelandic marine biotech company who is a global leader in the manufacture and supply of chitosans and chitin derivatives.

opening of the tunnel in October 2010 will probably tighten and expand the internal branch networks within the community of Fjallabyggð.

Networking through clusters has not been adapted yet in the communities of Fjallabyggð. *The Eyjafjörður region growth agreement* (i. Vaxtasamningur Eyjafjarðar) in 2004 started some work of that sort but since it was not renewed in 2007, collective attempts of that kind will help the forms and people of Fjallabyggð in that direction – but they can of course try by themselves.

The internal networks are mostly through social activities. First there are sports. The two sport clubs now have a joint team in the men's and women's soccer league. Other social activities are through charity organizations such as Rotary, Kiwanis International and Lions International, which all are very widespread and active in Iceland. These are, of course, important contact networks, both internal and external.

It is believed by our participants that getting more emigrants to turn back to Fjallabyggð could bring valuable contact networks, both social and business, into the community of Fjallabyggð.

3.7 Infrastructue

Fjallabyggð, or more precisely the two towns who now together generate Fjallabyggð, have recently had a revolutionary improvement in the infrastructure – the 11 kilometre long road tunnel connecting the towns. Previously, Siglufjörður was connected to west with the Strákagöng tunnel from 1970 and Ólafsfjörður connected to Eyjafjörður (south) with Múlagöng tunnel from 1992. So this community has got its share of infrastructure improvements, but has this been enough or is there more to think about?

One member in our groups mentioned immediately the Múlagöng tunnel. It was built with only one lane, so occasionally, there has been a plug in the traffic flow to and from Ólafsfjörður. After the increased traffic due to the new Héðinsfjarðargöng tunnel, this is believed to be a greater problem. That is, some great delays will occur, especially in the rush hours. Solving this problem will cost a lot of money but people believe this is a task for the future.

The Internet connection is another concern. Cable connection to the national fibre optic cable is bad. Fjallabyggð needs connection to the nationwide cable through Akureyri but it's not coming. This is said to be a consequence of the privatization of the national phone company, Síminn, in 2005, when the whole telephone market was privatized, meaning that the distribution network was sold as well.

Further, some future possibilities related to more eventual things were mentioned. An eventual oil searching/drilling in the North Atlantic ocean north of Iceland on the boundary

zone to Norway could bring some great opportunities for service harbours in north or east Iceland. The harbour in Siglufjörður is clearly relevant in that discussion and competition, so there might be a future strength in the infrastructure. Diverse harbour services to Greenland were also mentioned as opportunities for the harbour in Siglufjörður. The thought behind this last idea is based on the fact that a lot of trawlers from Greenland are fishing closer to Iceland than their home harbour. This means that some of them have delivered their catch in Icelandic harbours. This closeness to Icelandic harbours also means that in many cases the Greenland trawlers buy food and technical services in the Icelandic harbours.

3.8 A citizen-workshop in Fjallabyggð in 2009

In May 2009, a citizen workshop was held in Fjallabyggð. It was named “Looking into the future” (i. Horft til framtíðar). The participation was, however, rather limited; only 40 showed up. Of the 40 people attending, 1/4 were local politicians or administrators. The main results were summarized in a report from August 2009.

The results were summarized in following main themes:

- A. The community in Fjallabyggð
- B. The amalgamation of Siglufjörður and Ólafsfjörður
- C. Economic development of Fjallabyggð.

In A, that is, about the community, three sub-themes came out: What makes Fjallabyggð attractive? How do we keep the qualities of our community? And what is the role of the municipality in the community? The main emphases of the workshop were following:

A. The community

On the sub-theme, *what makes Fjallabyggð attractive*: There were mainly three factors. 1. The nature and environment, 2. Family friendly community, and 3. Culture and friendly community.

On the sub-theme, *how do we keep the qualities of our community*: The main factor was Keeping high level of service by far most important.

On the sub-theme, *what is the role of the municipality in the community*: The municipal services were dominating. Living up to all mandatory services as well as those who are voluntary was clearly the most important issue in the eyes of the people.

B. The amalgamation

On the first sub-theme: *What should the amalgamation bring us?* Rationalization in the management of the municipality, stronger and more capable community, as well as improvements in the municipal services were the three dominating factors.

On the second sub-theme, *where should we rationalize*: Two were by far dominating; the municipal administration and primary schools.

C. Economic development

On the first sub-theme, *how to strengthen our businesses*: Three factors were seen important: Innovation, consulting and marketing.

On the second sub-theme, *who to support and how*: New firms, innovation firms and were most frequent mentioned as whom. Consulting was most frequent in how.

The third sub-theme was *what is the role of the municipality in economic development?* Support, consulting and creating conditions were dominating as the factors.

To sum up, the workshop *Horft til framtíðar* in 2009 gave some main patterns. The quality and speciality of Fjallabyggð lies in the family friendly and countryside environment. The new amalgamated municipality has an important role in this by using increased capacity to further build up the service level in order to improve the living conditions. Further, support and consultation is seen important to build up future economic development. And the new municipality is clearly seen as the key actor in this, partly by being able to rationalize after the opening of the tunnel.

3.9 Fjallabyggð - Summary

The people of Fjallabyggð are right now at a crossroads, where a dramatic road communication improvement has changed almost all preconditions for the community. Almost all important factors in the social and economic development already have, or will be, affected by the new tunnel. So, people in Fjallabyggð will still have to see where the roads can lead, but they have visions and they have ideas already!

The findings from our focus group meeting seem to be in line with most of the results in the citizen workshop in 2009.

The role of the municipality is important in building the future. To make full use of the new situation, support to local initiatives and entrepreneurs is seen as of high importance. Sometimes people with good ideas have to have some help to make them reality. Further, there is a strong emphasis on keeping good municipal service level, especially in family and children related areas such as kindergartens, primary school, the gymnasium and sports and recreation.

Further, even though being at a crossroads, the emphasis on building on present skills and knowledge is clear. As in Borgarbyggð, people don't seem to want to invent the wheel again!

And again, as in Borgarbyggð, infrastructure improvements still have a significant role. In Fjallabyggð, the people seem to be concerned with trying to improve the traffic flow through the Múlagöng tunnel – with only one lane, the tunnel slows down the traffic between Fjallabyggð and Akureyri. And, as in the Borgarbyggð case, Internet connection with fiber optic cables is still a problem. These problems are, in fact, connected to the privatization of Síminn, the national telephone company, in 2005, in which the whole company and its physical network was sold to a private company. This has had its consequences for the more sparsely populated areas in Iceland.

To finish the summary of the Fjallabyggð findings, we give a statement of our respondents:

„I think the community can flourish in the future if we play our cards right after having got the gymnasium and the tunnel. We are the ones who decide our future and it is exciting to see how we will manage. We will develop into a more modern and developed community than before. Still, the good old things will be here but we will have a small town with much higher level of services and much more drive-through traffic. Our community will be much more fun in 2030, a community where our young people today will have seen more of common identity. The future is bright, we have lots of opportunities and we are going to be richer in the future. This community will surely flourish“.

4 Some comparative remarks

There have been mentioned both similarities and differences between the two municipalities, Borgarbyggð and Fjallabyggð.

The differences are mostly the structural economical and geographical facts:

- Special for Fjallabyggð is that in the autumn of 2010, a tunnel between the two towns of Siglufjörður and Ólafsfjörður was opened. It shortened the way between the towns, from 200 kilometres to 15.
- The distances from the capital of Reykjavík are very different. While the distances from Reykjavík are between 74 and 104 kilometres from Reykjavík to the towns/villages in Borgarbyggð, the distance to localities in Fjallabyggð is 386 to Siglufjörður and 401 to Ólafsfjörður. However, Fjallabyggð has the regional centre, Akureyri, in 60/75 kilometers distance.
- The closeness of Borgarbyggð to the capital area has also meant that the region gained from the economic boost prior to the great economic collapse in 2008. People moved out of Reykjavík without changing jobs and began to commute from Borgarbyggð. After the crash, the areas in a commuting distance from Reykjavík have suffered from a negative economic and demographic development (Karlsson & Eythorsson, 2009). At the same time, the distant Fjallabyggð did not. Therefore, the collapse was not as drastic in Fjallabyggð as it came to be in Borgarbyggð.
- The economic structure in the two municipalities is very different. While Borgarbyggð is characterized by agriculture and services, Fjallabyggð consists of two coastal towns, where fishing and fish processing are the dominating occupation.
- Borgarbyggð has two Universities within its boundaries: the Agricultural University of Iceland in Hvanneyri and Bifröst University at Bifröst. Both rely much on the closeness to the biggest market area, Reykjavík. Fjallabyggð is in a daily commuting distance from the University of Akureyri. In Borgarbyggð, our participants have some doubts and mixed feelings about the impact of these institutions; the students come and they go.
- In Fjallabyggð, our participants claim that the entrepreneurial spirit exists. Due to the isolation, people have had to invent many things by themselves. In Borgarbyggð, there are more doubts about this. Some said that the former Cooperative suppressed all attempts to invent things or start new, due to the size and domination of the local market area. So, innovation has more come from in-migrants, as exemplified by the Settlement Centre in Borgarnes.

Despite many differences, there are many common things when looking at the development in education, municipal structure, and not least, the problem perception of our participants.

- Both municipalities are results of municipal amalgamations from recent years. Borgarbyggð was amalgamated with neighbouring municipalities in 2006. Fjallabyggð was also amalgamated in 2006, even though the tunnel wasn't ready until 2010.
- A new gymnasium started in Borgarbyggð in 2007 and the same was true for Fjallabyggð in 2010. There is a great optimism about the impact of this, especially in keeping young people at home and bringing more life into the towns at wintertime.
- There are problems with developing 21st century standard IT infrastructure, since in both cases, there are parts of the community that have no access to fiber cables.
- Both have some considerations on the impact of being too close to large towns/cities. At the same time that the closeness to bigger places is an advantage, it is and can be a disadvantage. At the same time that one is closer to some important services, the closeness can undermine the local specialized services. So, in both cases, the closeness is a double-edged sword.
- In both cases, our participants agree that the way into future sustainable economic development is not through re-inventing the wheel. One must build on the old industries to go further. The know-how can be transformed into something valuable. However, there is an interest in building up tourism. In that sense, Borgarbyggð has come further, but after the opening of the tunnel in Fjallabyggð, people in Siglufjörður are rapidly increasing tourism.
- In both cases, people also agree that great emphasis shall be put on good local services to attract and keep people. Here, people are primarily talking about family-related services such as kindergartens, primary schools, gymnasiums, sports and recreation facilities, etc.
- Optimism regarding the future of local communities exists in both of them.

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6 Appendix 1 - List of participants

Borgarbyggð

Bárður Örn Gunnarsson	Working at Bifröst University
Bergur Þorgeirsson	Director of Snorrastofa Medieval Centre in Reykholt
Brynja Brynjarsdóttir	Director of Hraunsnefsöxl Guesthouse
Eygló Egilsdóttir	A deacon in Borgarnes
Geirlaug Jóhannesdóttir	Working in administration at Bifröst University, local politician
Gísli Halldórsson	Former director of several companies in Borgarnes
Heba Björnsdóttir	Marketing agent for the West region of Iceland
Helgi Eyleifur Þorvaldsson	University student in the Agricultural University of Iceland
Hildur Jónsdóttir	Director of the Centre for Puppet Arts
Hrefna Jónsdóttir	Director of West Iceland Federation of Municipalities
Jónína Erna Arnardóttir	Music teacher, local politician
Ólafur Sveinsson	Director of West Iceland Economic Development Centre
Sigurður Guðmundsson	Director of N1 in Borgarnes
Sigurður Már Einarsson	Director of the Institute of Freshwater Fisheries in Borgarnes

Fjallabyggð

Axel Pétur Ásgeirsson	Hotel director in Framnes, Ólafsfjörður
Ámundi Gunnarsson	Fire brigade marshall
Ásgeir Logi Ásgeirsson	Fishing firm director, former mayor in Ólafsfjörður
Fjóla Dögg Gunnarsdóttir	Student at University of Akureyri, native-born in Ólafsfjörður
Helgi Jakob Helgason	Out-migrant, student at University of Akureyri
Jón Hrói Finnsson	Former Vice mayor
Jóna Vilhelmína Héðinsdóttir	Vice-headmaster at the Gymnasium, former local politician
Konráð Karl Baldvinsson	Director of the Fjallabyggð Health institute
Lára Stefánsdóttir	Headmaster at the Gymnasium
Ólafur Sigurðsson	Director in SR, machinery specialized for ships
Rósa Margrét Húnadóttir	Newly immigrated and working at the Herring museum