



Northern Periphery and  
Arctic Programme

2014–2020



EUROPEAN UNION

Investing in your future  
European Regional Development Fund

**CODEL**  
Community Development Lens

# NPA COVID-19 RESPONSE PROJECT ON ECONOMIC IMPACTS

## MAIN REPORT

### PART 1: KEY FINDINGS, RECOMMENDATIONS AND SUMMARIES

by Thomas Fisher

*drawing on 10 partner reports*

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*The project involved the following partners and associated partners:*



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

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LATER PARTS OF THE MAIN REPORT DELIVER MORE DETAILED EVIDENCE AND ANALYSIS:

Part 2. From economic disruptions to disrupting economic paradigms

Part 3. Flexibility, adaptation & innovation by enterprises in the NPA in response to Covid-19

Part 4. Time for a radical change? Shifting to genuine sustainable tourism

Part 5. Resilience factors in peripheral areas of the NPA

Part 6. Changing demographic trends in peripheral areas of the NPA

## 1.1 Introduction

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

As Covid-19 spread throughout Europe in spring 2020, the NPA Monitoring Committee agreed to support seven projects dedicated to what has become known as the “NPA Covid-19 Response Call”. Each of these projects address one of six themes aimed at understanding the impact of Covid-19 across the NPA region: (A) Clinical aspects, (B) Health and wellbeing, (C) Technology solutions, (D) Citizen engagement/community responses and (E) Economic impacts and (F) Emerging themes, which focused on care homes and university campuses. A 7<sup>th</sup> CoRE project coordinated the thematic projects and is collating the information and learnings from all of them.

This report is from the economic impacts project which brought together a partnership of:

5 partners

1. CoDeL Community Development Lens, Scotland (Lead Partner)
2. Baltic Sea Cluster Development Centre, Denmark
3. Nordregio, Sweden
4. University of Eastern Finland
5. Prince Edward Island University, Canada

7 associated partners:

6. Austurbrú, Iceland
7. Búnaðarstovan Agricultural Agency, Faroe Islands
8. Sermersooq Business, Greenland
9. Mid Sweden University
10. NHS Highland (Highland Health Board)
11. Ulster University, Northern Ireland
12. University of Limerick, Ireland

2 external experts:

13. Steve Westbrook and Associates, Scotland (economist in the Highlands and Islands)
13. Katinka Svanberg, Sweden (human rights)

In less than 6 months the partners delivered 8 reports, and the project had access to an additional two reports:

1. *Economic Impacts and Future Pathways: Covid-19 in Atlantic Canada* (Prince Edward Island University)

2. *Covid-19 and Economics: Assessing the impact of Covid-19 on tourism-driven entrepreneurship* (Baltic Sea Cluster Development Centre)
3. *Considerations on regionally varied impacts of Covid-19 in NPA regions* (Nordergio)
4. *The Economic Impact of Covid-19 on the Finnish Regional Health Care services* (University of Eastern Finland)
5. *Human Rights in times of Covid-19* (Katinka Svanberg)
6. *Changed strategies of small businesses during the Covid-19 pandemic 2020: A case study in Jämtland, Sweden* (Mid Sweden University)
7. *Economic Impacts of Covid-19 on the cultural sector: Traditional Music in Scotland* (CoDeL)
8. *Sectoral and cross sectoral impacts from Covid-19 on Scotland's Highlands and Islands* (Westbrook and Assoc)
9. *Covid-19 Impacts on Rural Economic Development in Atlantic Canada* by Heather Hall and Tara Vinodrai, DRAFT Report prepared for the Canada Rural Revitalization Foundation
10. *Economic Impacts of the Covid-19 Pandemic: An Exploration for the Northern Periphery and Artic Region*, by Ilias Kostarakos and Conor O'Toole, Economic and Social Research Institute and Trinity College Dublin, prepared for the COVIDWATCH-EU-NPA project

Together these reports total more than 350 pages of research, with over 600 references or notes, based on extensive desk research, 80 interviews and almost 30 casestudies. Insights from this material, on economics and health and how these interrelate, have been gathered into this main report that challenges many traditional perspectives on the NPA regions and on peripherality in general.

## 1.2 Reassessing paradigms

It is not possible for this report to do justice to the wealth of detailed information, insights and findings of all these reports. The project outputs must therefore be seen as a collection of evidence comprising all 10 reports listed above, as well as this main report comprising both this summary section (Part 1) and more detailed analysis in Parts:

2. From economic disruptions to disrupting economic paradigms
3. Flexibility, adaptation and innovation by enterprises in the NPA in response to Covid-19
4. Time for a radical change? Shifting to genuine sustainable tourism
5. Resilience factors in peripheral areas of the NPA
6. Changing demographic trends in peripheral areas of the NPA

This substantial collection of evidence on the economic and other impacts of Covid-19 in peripheral regions of the NPA is significant because of the weight of evidence it delivers across many different regions in Canada, Greenland, Iceland, the Faroe Islands, Sweden, Finland, Scotland, Northern Ireland and Ireland and across many different sectors: economics, enterprise, tourism and regional development, health care, culture and human rights.

The evidence from each region or sector would be of interest in suggesting hypotheses on economic as well as health impacts and on peripherality in general. Collectively this substantial collection of evidence becomes far more powerful because the evidence of the impacts and responses to Covid-19 in peripheral areas, regardless of region or sector, all reinforces the need for a fresh perspective which redefines peripherality and properly assesses the assets, strengths and opportunities that peripheral regions have, especially in times of crises.

The evidence from the research is even more relevant because it is rooted in actual lived experience in peripheral areas during the pandemic. It draws primarily on many different voices within peripheral communities and was conducted, evaluated and written by researchers, many of whom themselves live in peripheral regions. This is significant as so much research on peripheral regions is conducted by researchers and policy-makers through an urban-centric lens: “Cohesion policy ... favours urban-centric development models which may exacerbate rural shrinking” (Copus, A. *et al*, 2020, ESCAPE – European Shrinking Rural Areas: Challenges, Actions & Perspectives for Territorial Governance. Final Report, ESPON).

While the introduction to this part of the Main Report is more theoretical, seeking to point to a bigger picture that needs to be framed, it is rooted in the other Parts of the report which are quite the opposite. They provide extensive evidence, based on numerous concrete examples and casestudies from many different regions across the NPA to support the analysis and findings in the report.

In many ways the substantial evidence gathered from across the NPA could even be seen as placing into question the very label of ‘peripheral’, disrupting the paradigm of powerful (primarily urban) centres contrasted with vulnerable communities on the periphery. As cited in the Nordregio report, peripherality can be defined as the condition experienced by individuals, firms, and regions at the edge of a communication system, where they are away from the core or controlling centre of the economy. In this sense peripherality is a social concept (the perception of individuals and businesses of being isolated from other communities) and a relational concept, in that ‘the periphery’ must be defined in relation to something else (i.e. ‘the core’ or ‘centre’).

However, during Covid-19 many peripheral areas have done relatively well on health and economic outcomes, and societies across the NPA area have come to see peripheral and rural areas in a new light. From a contemporary perspective, OECD’s *Rural Well-being: Geography of Opportunities*, presenting the latest iteration of the OECD’s policy framework on rural development, also seeks to see rural regions in a new light:

“Across the OECD, rural regions account for approximately 80 percent of the territory and are home to 30 percent of the population. These lands, and the people who live on them, are the source of almost all the food, fresh water, energy, minerals and other resources that make our way of life possible. ... many rural regions are rich in natural resources, contain great environmental biodiversity, are important tourism locations and are home to a rich variety of indigenous traditions and cultures. Rural places are, in short, vital to the prosperity and well-being of all people and our society. While rural places are not without their challenges, they are also unquestionably places of opportunity. Well-designed rural policies can leverage local assets and use stakeholder coordination to make rural places more prosperous and offer greater well-being to residents.”

From a historical perspective on centre and periphery, “such reversals abound. The so-called Enlightenment might be interpreted as the triumph of a few cities at the expense of other regions. In contrast, much of what was once referred to as Dark Ages had been eras of great coastal strength and enlightenment, when the intellectual traditions of the Irish Atlantic were the most advanced in Europe.” (David Gange, *The Frayed Atlantic Edge*, HarperCollins, 2019, p.x)

It would of course be highly speculative to suggest that the Covid-19 pandemic and the on-going climate emergency are leading us to a similar reversal of centre and periphery, not least because peripheral areas are so vulnerable to the disruptions that the climate emergency is already causing. But such speculation is not the point. Rather these perspectives suggest that paradigms are not set in stone. The evidence from our research very much supports the idea that peripheral areas have not always been properly assessed, not least by urban (not rural) and mainland (not island) researchers who may have little experience and understanding of actual life in peripheral areas.

As just one small example, the pluralistic work patterns of people in many peripheral areas, whereby they engage in multiple economic activities, could be interpreted as a sign of poverty: their primary job does not earn them enough to survive. Alternatively, it could be interpreted as an effective strategy to deliver resilience within peripheral communities that have a long history of responding and adapting to changes and crises, and where contemporary choices may be more determined by aspirations for wellbeing rather than for economic wealth. This is not to deny the realities of poverty, and fuel poverty, in peripheral areas, but to properly assess them in the light of the lived experience of peripheral communities themselves.

One major characteristic of our research is that while it draws on significant quantitative research, its real strength lies in the qualitative research in peripheral regions themselves, drawing on many different voices from within peripheral communities (entrepreneurs, health professionals, community development workers, etc.) and conducted, evaluated and written by researchers, many of whom themselves live in peripheral communities. As suggested above, the value of this lived experience cannot be overestimated, as the very paradigm of centre and periphery imposes a negative perspective implying that peripheral areas are less advanced, are backward, and in effect questioning why people might choose to live there. The very paradigm itself has therefore potentially prejudiced the outcomes of thinking and research using that paradigm in the past.

A recent report from the James Hutton Institute, *Resilience in the face of Covid-19 in Scotland's rural and island areas*, hints at the same. "The pandemic has brought rural vulnerabilities into sharp focus; however, the people we interviewed were optimistic that novel approaches used in responding to the pandemic should be continued and enhanced in the future". The innovation in these novel approaches that the pandemic has triggered in so many peripheral regions, and also the optimism, is captured in the response to Covid-19 of one resident in a highly peripheral region, a former health expert, now an entrepreneur: "Our time has come". And it is reflected in the powerful visions for positive futures that many rural and island communities across Scotland and Ireland have recently developed, with the support of the Social Enterprise Academy and CoDeL.

That Covid-19 has brought the need to challenge paradigms into focus is beyond doubt. The Covid-19 pandemic, and of course the climate emergency, have deeply challenged standard strategy prescriptions for prosperity and wellbeing, by revealing how unsustainable for long-term,



and now even for short-term prosperity and wellbeing, traditional economic frameworks are. It is therefore imperative to look for alternative frameworks that put people and the planet first. This shift in economic thinking was already happening before Covid-19, but has been hugely accelerated by the pandemic and has now, as a result of the pandemic, entered into mainstream economic thinking (see Part 2 on economic impacts).

This need is already well understood in peripheral regions, which are vulnerable to high impacts of climate change, and where much living and working, often by choice, does not follow traditional economic prescriptions. New paradigms, such as Wellbeing Economics and the Doughnut Economy (as explained in Part 2) are often much more in line with living in peripheral areas, and it is no surprise that Iceland, Scotland and Finland, as well as New Zealand and Wales, have been the first governments to join the Wellbeing Economy Government partnership. Is it coincidental that out of these five countries, three – Finland, and especially Iceland and New Zealand, – have all done well in terms of health, social and economic outcomes during Covid-19? And is it coincidental that all three of these have women as Prime Ministers aged between 35 and 45 at the time of writing (as is Scotland's First Minister, currently aged 50).

Furthermore, in the light of the climate emergency, it could also be suggested that the much greater experience and wisdom of how to live sustainably and more lightly on the earth that is often available in peripheral areas, including and perhaps especially among indigenous populations, places peripheral communities at the very core of the new thinking and action that is so urgently needed to confront the climate emergency and other crises like the Covid-19 pandemic.

### **1.3 The evidence**

The picture that emerges from the substantial evidence brought together in this report is not what might have been expected for peripheral regions that have been defined by their vulnerability and disadvantage.

The severe economic disruption caused by Covid-19 in peripheral regions is undeniable, as the following examples from our research illustrate:

- Of 1,200 business owners and the self-employed surveyed in the Highland region of Scotland, 54% were closed (45% by law and 9% voluntarily), 35% were struggling to stay afloat, and a further 33% had experienced a fall in sales and profits. Almost half were concerned about their ability to survive for the next few months. This 54% of Highland businesses that were closed compared with 27% in Glasgow and Edinburgh combined. The unemployment rate in the Highlands and Islands increased significantly more than in Scotland as a whole, and the number of young people aged 16-24 seeking work in Highland had increased by 86% by October 2020.
- In Canada, exports accounted for 29% of the Atlantic region's GDP, supporting over 118,000 jobs. These exports were down 50% in May 2020 from 12 months earlier. The hardest hit industry in this region is tourism and accommodations with a contraction of almost 60% or about \$3.3 billion Canadian.



- In the Nordic countries, from April to June 2020, international tourism to Norway dropped by 95%, by 66% in Sweden and by 61% in Finland. Iceland had become highly dependent on tourism within just a decade, with over 2 million visitors in 2018 and tourism generating at least one third of national income, so the sudden cessation of international tourism in 2020 was a severe economic shock. Over dependence on tourism has in fact been one of the greatest factors undermining economic resilience in peripheral communities during the pandemic.

This report also provides evidence of sharply increased inequality, with severe impacts on low-paid workers, young people, women, indigenous communities and gig economy workers. For example, in Canada employment for wage earners under \$15/hr went down 39% year-over-year in April, while employment for jobs paying more than \$15/hr declined by just 8%. Further, employment in jobs over \$15/hr fully recovered by September while low-wage employment remained 18% below its 2019 levels. Many low-wage earners are people under the age of 25 and those without a post-secondary education.

The impact of sudden falls in output, consumption, investment and even in some cases of government consumption should not be underestimated, significantly increasing the huge impact on citizens and households already triggered by lockdown and other protective health measures.

And the report on human rights assesses just how much adherence to human rights obligations has potentially been comprised in government responses to Covid-19, both non-derogable rights (such as the right to life and health, and not to be treated degradingly, as well as indigenous rights in the form of self-determination) and derogable human rights (such as non-discrimination, workers' rights, freedom of movement, the right to education), and how this has often been reflected in national policy responses that have not been sensitive to regional and local variations.

On the other hand, in almost all the reports for this project our researchers point to the low infection and death rates in peripheral regions, especially in the first wave of Covid-19, for example in Finland, the Highlands and Islands of Scotland, Northern Ireland, a rural area in Ireland, the Faroe Islands, Iceland, Greenland and Atlantic Canada. There have of course been significant variations across different regions, including in Sweden which adopted a very different response to Covid-19, and across different waves of the pandemic which have had different impacts in many peripheral regions over time. Nevertheless a clear pattern emerges from our research and its diverse sources: on balance peripheral areas have performed relatively well during Covid-19.

Peripheral areas have benefitted from their geography, including their remote and sparsely populated regions and also islands with their well defined geographic boundaries. But they have also been able to develop testing systems very quickly, or use national track and trace systems with their accompanying apps effectively, and to shut down community transmission quickly, based on cohesive communities and significant local innovation, in addition to responsive and effective governance structures and the ability to create local solutions. And vaccination rates have also been higher in many peripheral areas.

The responses of community organisations and networks have been highly significant as well, with widespread evidence of rapid community engagement and participation, volunteering and generosity expressed in practical action to help the most vulnerable and at risk in particular. *“The survey evidences the power, efficacy and responsiveness of localism. Resourced, enabled local*

*organisations, which were trusted to respond directly to local needs, were able to act in a targeted and dynamic way. Rural responses to Covid-19 [have been] a collective, whole-community effort” (Scottish Rural Action).*

And the economic responses in peripheral regions to Covid-19 are most characterised by flexibility and adaptation, innovation and creativity, and not least collaboration. Research evidence suggests that small businesses tend to be more flexible and are able to change faster during a crisis, and may even grow, like many of the small and micro technology businesses surveyed in the NPA Covid-19 TechSolns project. Over half of 62 entrepreneurs surveyed in Greenland, Iceland and the Faroe Islands for this project consider Covid-19 to have brought about new business opportunities, and similar findings came from surveys of tourism entrepreneurs in Greenland and entrepreneurs in Atlantic Canada.

The pivot to local markets is one of the most prevalent adaptations that micro- and small businesses have made in response to Covid-19, not least within the tourism sector. They have in fact often benefitted from strong support from within their local customer base. North Iceland had a good tourist season in 2020 based entirely on domestic tourists.

Many enterprises have moved on-line, reaching new markets. A number of manufacturers were able to pivot production to entirely new products to meet the needs of the pandemic, such as hand-sanitiser or personal protective equipment. Examples of innovation paint the picture of a sector that not only showcases ingenuity, but one that is motivated by a sense of community and generosity.

The flexibility and adaption of micro- and small enterprises, which form the bedrock of most peripheral economies, has proved a critical resilience factor in many peripheral regions. And their ability to innovate new products and services, including in response to a crisis, highlights significant dynamism and resilience with the sector.<sup>1</sup>

And evidence for this comes not just from a few sectors or regions. Instead evidence comes from primary and manufacturing sectors, as well as diverse services, including tourism, hospitality and retail, traditional music and cultural activities. They range from traditional activities like forestry to emerging sectors like the bio-economy, technology innovation, the digital economy and bio-science.

These characteristics are also common among community and social enterprises within peripheral communities, as well as among small public service providers, as the research on small hospital districts in Finland demonstrates. In this case public services engaged effectively with collaborative local networks involving public, private and community actors. Research confirms that small health units have been able to act effectively and creatively in the face of the pandemic, although the shortage of doctors and other health professionals has become an increasing challenge in peripheral regions as the pandemic continues. And Nordic regions in particular have

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<sup>1</sup> In addition to the technology companies surveyed under the NPA Covid-19 Response Project TechSolns, the NPA funded [Blue Circular Economy Project](#) reports that most of the companies exploring waste fishing nets, ropes and components to develop new resources are micro-enterprises, as are most of the bio-economy businesses identified by Nordregio in their [BeUBio project](#).

## Resilience and adaptability in two small hospital districts in Finland

### Challenges:

- Chronic lack of personnel, including MDs
- Covid has reduced tax revenues for municipalities while increasing costs
- Vulnerable groups suffer in particular
- Non-urgent treatment and care postponed creating backlog in future

### Adaptations:

- **(Re-)Training:** Pre-emptive personnel training on-the-job; short-term training for health staff for new activities; specialised training programs for non-health staff as community nurses and carers
- **Flexible** approaches to task performance
- **Agile teams** and regional resource management
- On-going strong effort to **digitalisation** in health care

### Resilience factors:

- integrated health and social care service model
- Cooperation and communication: cross-sectoral with private and NGO health providers (including transfer of staff) and with regional educational institutions
- Also effective national test-trace-isolate strategy and tracing app

## Resilience and adaptability among entrepreneurs in Faroes, Iceland & Greenland

### Adaptations:

- Businesses target local rather than international markets, and in Iceland some areas experience best tourist season ever based entirely on local tourism
- Businesses move their services on-line
- Some businesses shift their objectives/mission to focus more on long-term investments/projects.

### Negatives and positives

- Some businesses shut down or decrease production
- 52% of respondents have identified new business opportunities as a result of Covid
- New thinking, e.g. on sustainable tourism and local markets

### Resilience factors:

- Close-knit communities support their local businesses
- Collaboration much easier in small communities where people know each other
- Entrepreneurs also reported closeness to nature makes them less restricted and that dispersed populations have meant the virus has spread less

## Economic impacts & opportunities in Scottish Highlands & Islands

### Negative economic impacts:

- Higher proportion of **businesses closed or struggling**
- Higher increases in **unemployment**, incl. among young people
- Greater decline in **job postings**
- **Vulnerable groups** (e.g. low income, young people) suffer more
- Decline in **tourism & hospitality** has been greatest impact on a region heavily dependent on these sectors
- Also **Brexit**, and challenge of shift from **oil & gas** to **renewables**

### Resilience factors and challenges

- ✓ Lower rates of **Covid-19 infections, hospitalisations, mortalities**
- ✓ Higher rates of **vaccinations** in early 2021
- ✓ Extent and importance of **public sector employment**
- ✓ High take up of **public support schemes** (esp. furlough)
- x High **economic vulnerability**, esp. with low connectivity
- x **Demographic profiles** with higher proportions of elderly and lower proportions of younger adults

### Opportunities:

- **Renewable energy**
- **Adding value to primary production**
- More **balanced tourism** economy
- Enhanced **health and social care**
- More **local purchasing**
- Effective **collaboration** among businesses (e.g. Isle20)
- **Affordable house building** for increasing population, local employment and home working
- Support for **young people**, including in self-employment
- Building on **occupational pluralism**
- Greater **community empowerment & ownership** to support wide range of **private & community enterprise**

often been at the forefront of tele and digital health service provision, which has accelerated during Covid-19 and provided significant protection and resilience during the pandemic.

Even on the critical demographic challenges, there is growing evidence from many different peripheral regions or localities that long-term demographic decline may be turning. We cite examples even before Covid-19 from Nordic countries, the Faroe Islands, Scottish islands and Atlantic Canada. Covid-19 has accelerated these trends, and our researchers provide concrete evidence of these trends during Covid-19 from Canada, Iceland, Sweden, Ireland and Scotland.

The rapid expansion of remote working and on-line business opens up significant opportunities for peripheral areas in attracting population, as well as challenges, especially around housing. There is evidence that even in some of the smallest and remotest Irish islands, young men and women have returned to work remotely from their island homes.

Many regions are now taking a pro-active approach to attracting people to settle or return in order to reverse demographic decline. In north Iceland the local councils set the goal that a new merged municipality will be known and sought after as a great place to live and run sustainable businesses. An ambitious project was launched, Innovate North, which aims to put the new municipality at the forefront of the fight against climate change, strengthening the region's long-term competitiveness. Nova Scotia and Shetland have both launched on-line campaigns to attract people (Nova Scotia has a target of 15,000 within one-year): "If you can do your job from anywhere, do it from here"; "Not all breakout rooms are created equal. Work where you want to live"; "21 great reasons to move to Shetland".

Together, the substantial and extensive evidence we have gathered on the ground in so many sectors and regions, suggests peripheral communities in the NPA have often shown a remarkable resilience during Covid-19, drawing on many local assets and strengths, including shared values and community cohesion, demonstrating significant flexibility and adaptation, and generating much innovation and creativity, often borne out of necessity, as well as collaboration. Peripheral communities have once again tapped into their long history, rooted in generations of experience, of having to respond and adapt to changes and crises. They have used their many assets and strengths, including being at the forefront of many practical innovations such as tele-health, used their diverse skills and abilities, cohesion and often positive attitudes to survive relatively well, and in some cases even adapt and thrive during Covid-19. They have turned what are often regarded as challenges of peripherality to their advantage during the pandemic.

*The early adoption, application of and openness to digital solutions in the Nordic region has been "driven by peripherality" (NPA)*

*"In Ireland the pandemic has brought a new appreciation of community health care, especially general practices in remote rural locations which enjoy high patient trust, and this has been transformative, with the Irish health service seeking to strengthen relationships and lines of communication and integration." (Professor Liam Glynn)*

*"There is the commonly held notion that a scarcity of resources on small islands is a vulnerability. ... Dr. Ilan Kelman, a researcher on disasters, health and islands ... argues that a scarcity of resources in health care, leaving small islands ill-equipped to respond to major outbreaks, pushed places like Prince Edward Island to move early and hard with restrictions. In other words, scarcity was leveraged to build resilience." (Marlene Chapman, [Saltwire](#), 14 April 2021).*



*Dr Holly Parker at the University of New England tells how Maine did not have the needed rural infrastructure to roll out vaccines, so created it, using local pharmacies rather than big chains, mobile vaccination stations, emergency responders offering vaccinations, as well as mass vaccination clinics in more densely populated areas of Maine.*

This does not mean every peripheral area has done well. Some regions, like northern Norway which was so highly dependent on tourism, have been particularly hard hit economically. The picture in Sweden is more mixed because of its very different response nationally to Covid-19 (see the report on human rights during Covid-19). And the second and third waves of the pandemic have often impacted peripheral areas more than the first, although many of these areas have responded rapidly with higher vaccination rates.

As we finalise our research reports, the situation in April 2021 is somewhat different, for example in the peripheral areas investigated in the University of Eastern Finland report which reflects most on the first wave of Covid-19. With the new more aggressive variant virus types in the second wave, infection rates have risen more rapidly in all regions, including the rural East-Savo district which is the focus of the Finnish report. However, in line with our key findings, the rates are still comparatively low in the districts investigated by UEF compared to the larger districts in Finland.

It seems that more sparsely populated areas in Finland have been able to benefit more from effective use of testing and tracing, and the smartphone app used for these, compared to larger regions, especially the Helsinki area, where the chains of infection (and thus, the people exposed to the virus) have been more difficult or even impossible to trace. Many of the new infections in peripheral districts are found among people who are already quarantined.

Recently, Finland has also begun to suffer from ‘corona fatigue’, much like elsewhere: quarantine restrictions have been broken in East-Savo district, too. At the same time, the underlying negative factors reducing the prospects of health and social care service provision in remote areas (such as the shortage of medical doctors) is beginning to affect how they cope with Covid-19.

Comparisons from many of the other peripheral regions covered in our research, such as Atlantic Canada, Greenland, Iceland and the Faroe Islands, also suggest that these regions have continued to do relatively well even in subsequent waves of Covid-19, and some peripheral regions like the Outer Hebrides and other Scottish islands have achieved the highest rates of vaccination in the whole of Scotland.

However, the focus of our research was not to analyse comparative health data in depth, but to identify the many factors, often existing before the pandemic, that have helped peripheral and rural communities to respond well to the pandemic: such as low population density; cohesive, engaged and personalised communities; effective local governance, strong networking and partnerships across sectors; flexible and innovative businesses and social enterprises rooted in their communities and local economies. All of these ‘preconditions’ have often helped peripheral communities in their response to Covid-19, in terms of both health and economic outcomes.

## 1.4 Redefining peripherality

Many of the characteristics of peripherality that have been regarded as challenges and obstacles in the past have turned out to be resilience factors in a pandemic, and local institutions, communities and entrepreneurs have shown extraordinary adaptability and creativity in responding to the challenges of Covid-19. The concrete evidence from actual innovations and practice on the ground strongly demonstrates the strengths of peripheral communities across the NPA as places of innovation, from technology to sustainable living (including slowing down of economies and lifestyles), that is deeply relevant to society generally in the face of crises like Covid-19 and the on-going climate emergency. The following tables illustrate some of the rethinking that is needed.

### *Do we need to rethink peripherality?*

Characteristic	Pre-Covid	Now
Low population density and declining populations	Long-term sustainability of peripheral regions under threat	<ul style="list-style-type: none"><li>• Low population densities have meant lower infection rates and far greater access to nature/outdoors in lockdowns.</li><li>• Some reversals of population trends even pre-Covid, with changed aspirations among younger people in particular</li><li>• Covid-19 accelerating these trends with higher wellbeing achievable in rural areas, now with urban flight also</li></ul>
Low accessibility	Delivering services challenging and costly – new management approaches, centralisation, etc. to reduce costs and manage decline	<ul style="list-style-type: none"><li>• Low accessibility in past has triggered innovation, e.g. in tele-health, which serve as resilience factors during Covid</li><li>• Low accessibility has made restrictions (e.g. on travel) easier, contributed to lower infections rates and enabled greater freedom during lockdowns.</li><li>• Greater reliance on local and community networks has enabled quick, flexible and resilient responses, often based on effective collaboration and strong community leadership</li></ul>

### *Do we need to rethink peripherality?*

Characteristic	Pre-Covid	Now
Economic challenges, incl. small markets and low diversity	Strong focus on international markets (e.g. exports and attracting international tourists) and on larger businesses (e.g. inward investment)	<ul style="list-style-type: none"><li>• International markets have turned out to be high risk, with the collapse of many such markets, especially in tourism.</li><li>• Micro and small enterprises underpin diverse local economies</li><li>• Micro &amp; small businesses, including social enterprises, have often been resilient, with strong local support, flexibility and adaptability, innovation and creativity as well as collaboration</li><li>• Strong pivoting to local markets to sustain local economies.</li><li>• These characteristics reflect pluralistic approach of individuals and businesses in having diversified portfolios of work/ services which reduce risk.</li></ul>
High impact of climate change	Peripheral areas will experience strong negative impacts of climate change	<ul style="list-style-type: none"><li>• Covid has shown how unsustainable urban life has become</li><li>• Living in peripheral areas seen to offer opportunities for reducing health and economic risks, for enhanced quality of life and lower impact lifestyles, rooted in community, environment, cultural identity, etc.</li></ul>

## 1.5 Recommendations

Covid-19 has not only disrupted people's lives, health care and economic activity. It has also disrupted accepted paradigms, including on economics and on peripherality itself. And such disruption can significantly change the policy opportunities and recommendations for peripheral regions. So what recommendations on positive pathways forward for peripheral regions and communities emerge from our research? The evidence on which these recommendations are based is summarised in sections 1.6 to 1.10 below, and in the more detailed analysis provided in Parts 2 to 6 of this report.

### Reco 1: Redefine peripherality

One of the most important themes to emerge from our research is to redefine peripherality, to view it through a different lens, to reassess assets, strengths and opportunities, challenges and needs, and to engage systematically with all the different policies, decisions and actions that result from such a redefinition. **There is an urgent need to develop much greater clarity and detailed understanding, more tried and tested policy and action to determine what redefining peripherality means in practice;** it is urgent in view of the climate emergency and potential future crises, including pandemics. Aspects of this new perspective on peripherality will focus on economic paradigms, resilience, assets and strengths, social justice, equality and human rights.

### Reco 2: Adopt new economic paradigms

The old economic paradigms focused almost exclusively on growth, and the consequent policy prescriptions that follow (e.g. ever expanding and mass tourism), no longer hold up in the face of pandemics, which focus perspectives on wellbeing and quality of life, and the climate emergency, which draw ecological limits and the potential severe disruption for peripheral regions into stark focus. **Policy, decision-making and action in peripheral regions need to be assessed against very different paradigms and hence indicators, embracing frameworks such as Wellbeing Economics and the Doughnut Economy, which integrate economics and enterprise, health and wellbeing, community and culture, and environmental sustainability.** And this can no longer be tokenistic or gradual (which often leads to little change in practice), but needs to become fundamental in evaluating any policies, decisions and actions. It is difficult to underestimate what a sea change in approach implementing this recommendation represents, for example shifting focus and action away **from growth to sufficiency**, that delivers wellbeing within environmental and ecological limits. And yet it is one to which peripheral regions may bring a distinct advantage and leadership.

### Reco 3: Focus on protective and resilience factors

Covid-19 has shone a light on protective and resilience factors, in contrast to growth. Indeed these may be in conflict with each other, for example in cases where regions or communities become overdependent on individual growth sectors or individual big companies, or when the growth of an enterprise ('putting all one's eggs in one basket') may undermine the resilience that pluralistic work patterns deliver. **Resilience, and factors that contribute to resilience from the individual to the regional level, must become a core focus in peripheral regions, in particular in preparing for the disruptions that the climate emergency is already causing.**



#### **Reco 4: Deliver asset-based development**

We need to move away from a perspective that peripheral regions and communities are backward and need to catch up with more advanced regions. Instead **policy, decision-making and action needs to build on the many assets and strengths to be found in peripheral regions, which Covid-19 has brought into strong focus**, not least those factors that served peripheral communities well in responding effectively to Covid-19 and the disruptions the pandemic caused. If this means, as is likely, that peripheral economies look very different from urban or central economies, that is not a negative. In practice, asset-based development implies a **shift away from managing decline**, e.g. through cost-cutting, service reduction and centralisation, which has so often in the past become a self-fulfilling policy, **to investing in the future**, for example in key local infrastructure like schools and health services that can sustain and grow local populations.

#### **Reco 5: Build effective regional and local governance, and cross-sectoral collaboration**

The impacts of Covid-19 have shone a strong light on the heterogeneity among peripheral regions and communities. There are few one size fits all prescriptions, and **it is critical that individual regions be given the ability and support to develop their own variations on these key challenges, in line with local people's aspirations and available assets and strengths, skills and abilities.**

In fact, strong and effective governance structures at the regional and/or provincial, district, municipal and/or local levels, that were able to innovate solutions targeted and adapted for their own context, proved critical for responding effectively to the pandemic in peripheral regions. Our research from across all the NPA countries and territories, from Finland to Canada, reinforces this conclusion and the need to base policy and action on locally held knowledge and information. Governance must be exercised in proximity to the local or regional context, by involving the local actors. **This runs counter to the uniform state-centred responses that have predominated in so many countries in responding to Covid-19.**

**A key recommendation is therefore to invest in effective, empowered and resourced regional and local governance. This includes supporting and investing in community-based organisations**, building on their vital contribution on the ground to Covid-19 response strategies and giving them greater freedom to discover their own effective solutions (from practical action to facilitating visioning) to meet the local needs that they understand deeply.

One approach to realising this recommendation is to enable each peripheral community or region to develop their own specific **vision to achieve genuinely sustainable communities** by 2030/2035 (which may well include growing their populations), which communities and young people, different sectors and agencies can buy into and deliver against.

The research on Finnish health care systems has shone a strong light on the value of collaboration across sectors (private, public and not-for-profit), especially within collaborative local networks. In health care, local providers operating with integrated service system models have fared better than others when it comes to preparation for the pandemic (see chart in section 1.3 above). And the high level of trust in health practices in remote areas is an important resilience factor to build on.

## **Reco 6: Value the role of government and public expenditure and investment**

Covid-19 has shone a light on the role of government, and of public sector expenditure and investment in sustaining society and the economy during the pandemic, in sharp contrast to the paradigm of austerity and reducing the role of governments and the public sector that has been so predominant since the financial crisis of 2008 and earlier.

**Securing continued access to schools and health care to support resilience is a critical strategy for retaining and attracting families and others in peripheral regions.<sup>2</sup> Investment in education, social and health care also provides employment and income to individuals, and enhanced tax revenues to national, regional and local government.** This can include part-time jobs that can contribute to household occupational pluralism and resilience, jobs that also support vulnerable individuals and families (where support is labour-intensive because of dispersed populations) and the increasing needs of older people, including in their own homes.

**This approach highlights the crucial role of the welfare state in financially supporting economic vitality and employment. Investing in social and health infrastructure can be understood as a *social investment measure*.** The purpose of such investment is to add to society's existing stock of human and social capital which can support better economic activity. Studies have demonstrated the positive consequences of such investments for economic development at the local, regional and national levels. And, as is demonstrated so clearly in our research and that of another NPA Covid-19 Response Project (TechSolns), such investment can also foster further innovation in health care products and services, building on existing expertise across the NPA area, and increased application of on-line mechanisms for health and social care.

And so, education, health and other services are not something extra, to be added in after planning the industrial and economic roadmap for an ecological and progressive future. Instead, education, social and healthcare are at the heart of ecological reconstruction of peripheral regions.

Future public investments will also prove critical for local governments and municipalities whose tax revenues have been reduced by the impacts of the pandemic, while costs have gone up, for example for health services needing to deliver vaccinations, and for addressing the accumulating care debt in the future as health and social care interventions have been postponed to address the immediate demands of Covid-19.

Other services and infrastructure also require public investment, including of course investment in digital connectivity for peripheral regions.

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<sup>2</sup> Prof Liam Glynn reports that in Ireland the successful “No Doctor No Village” campaign reflected community understanding of how important doctors are for the survival of remote peripheral communities. And investing in localised services often makes economic sense, improving preventive health care, while much minor surgery often costs less if delivered locally so that patients do not incur the travel and other costs of going to centralised services located in cities.

### **Reco7: Address inequalities**

While peripheral communities can deliver greater equality and acceptance of residents for what they contribute to local community, they can also sustain significant inequality, including for whole groups such as indigenous peoples. **Addressing inequalities is a critical challenge that must be addressed from a wellbeing framework as well as economic perspectives.** Recommendations that emerge from our research range from using accessible language (including for distinct linguistic groups) to a universal basic income.<sup>3</sup>

The just allocation of economic benefits of natural resource industries, in particular, fisheries, oceans and mining, is critical for peripheral regions and many **indigenous groups**. Strategies to support **women**, are needed, e.g. building more resilience in child care, education and care systems for the elderly, as well as improving employment opportunities so that women are not so heavily reliant on frontline work and low-wage jobs.

Displaced **low-wage earners and young people** need (re)training and job opportunities, including support for some to enter self-employment – either specialising in work that can offer increasing earnings as experience and contacts are built up, or pursuing a range of complementary occupations that together provide a good living (occupational pluralism). Included in this mix is the potential for **young people** to take up work in local areas that was previously carried out by migrant labour. Young people who are computer-literate and experienced online can also be recruited to assist business owners from an earlier generation who are not maximising their online potential or diversifying sufficiently.

And, building on more holistic, flexible and less hierarchical approaches that may be present in peripheral communities, the values placed on intellectual professions compared to physical and practical work, should be more equal, which will contribute to better physical wellbeing too.

### **Reco8: Implement human rights**

Human rights can also play a significant role in promoting greater equality, by providing clear frameworks that uphold the rights of groups such as women and the elderly, indigenous peoples and refugees or immigrants. The response to Covid-19 has in fact raised many human rights issues, which include issues of social justice but also go beyond that, and some which seem to conflict with each other, such as rights to life and health compared to rights to livelihood, work and freedom of movement and expression.

However, both the economic analysis (noting that rises in Covid-related deaths led to a sharp deterioration of economic sentiment/expectations) and the human rights report (analysing calculations of the value of a healthy life year (VOSLY) and the value of a quality of life year (QUALY) to show that respect for basic human rights is also an economic benefit) argue that there

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<sup>3</sup> “After seeing the federal government of Canada turning on what was essentially a guaranteed income program [the Canada Emergency Response Benefit] in a matter of days and weeks ... social service groups reported a drastic decrease in their number of clients once CERB came into effect and since the benefit stopped in September, numbers are back up ...” (Atlantic Canada report)

is not necessarily an opposition between human rights and saving the economy. This strongly reinforces a key learning from the pandemic that human rights issues cannot be ignored or swept under the carpet because of 'more pressing' issues.

Engagement with new economic paradigms like wellbeing economics will support greater adherence to human rights, as these paradigms are able to include human rights perspectives far more easily than older economic paradigms where so many of issues of rights and equality are seen to be in conflict with income and growth.

Overall, **understanding, practice and adherence to human rights needs to be enhanced in peripheral regions, for example through accessible (on-line) learning for diverse actors** such as local/regional government, health services, schools and educational institutions, businesses and community organisations, **the development of appropriate Codes of Ethics, and human rights ombudsmen/informers/councillors deployed at the regional level who can support implementation of human rights and conduct audits of policies and actions against human rights criteria** to ensure decisions are not taken that violate states' human rights obligations.

### **Reco9: Invest in new emerging sectors**

We have already set out the need for new economic paradigms that incorporate wellbeing and greater equality, and recognise environmental and ecological limits. Many peripheral regions, even before Covid-19, were at the forefront of new emerging sectors and innovation, not least renewable energy and the green economy, and are fast becoming key drivers of a low carbon economy in today's world. **Investing in key sectors like the green economy and clean technologies, the bioeconomy, bioscience, technology and the digital economy is an important forward looking strategy for peripheral regions** that is, in some cases, already well recognised.

All such sectors can reduce negative impacts on the climate, and support economic development, employment, equity and healthy environments. Such sectors of course come with their own challenges, for example as awareness of environmental impacts of the digital economy emerges, and of potential huge digital divides that can emerge between regions and demographic groups depending on their connectivity and technological capabilities.

"People are going to realise that it is possible to build an international company from Atlantic Canada. Increasing numbers of small and medium size businesses in the region like Luminultra, Verafin and Honibe are growing leaps and bounds. The growth in these companies and industries is attracting diaspora, new immigrants and weary city dwellers to interesting careers options in a part of the world where they find relatively affordable homes and ready access to nature and breathtaking views." (Canada report)

"Renewal energy (especially off and onshore wind power, hydro-power and hydrogen development) with both increasing opportunities for manufacture, assembly, installation, operations and maintenance, and scope for community (or shared) ownership and income, and the economic and social developments that this funding can support. Fixed and floating turbine developments through the forthcoming Crown Estates Scotland Scotwind leasing round are expected to have capital costs well in excess of £20 billion, plus more than £10 billion in operational costs over 30 years." (Highlands and Islands of Scotland report)

### **Reco10: Develop local food production, local supply chains and value addition**

**Rebuilding and developing more local food production and food supply chains, to reduce transport emissions and support greater self-sufficiency and resilience, especially in times of crises, is equally important.**

This strategy is a great stimulus for smaller, sustainable farmers and fishing businesses, and opens up opportunities for a wide array of locally-made, high-quality, value-added food products. Value addition generally is a way of protecting primary production as well as creating employment through producing high quality products, for example increased large and smaller scale forestry planting, with scope for local timber production and its use for building, heating and value added products, as is prevalent in Jämtland in Sweden for example.

Collaboration between primary food and drink producers, value added businesses, and local/regional distribution mechanisms can also sustain local employment and enterprise, as the example of [isle20.com](https://isle20.com) set up during the pandemic demonstrates.

**Developing local food supply chains will require changes in legislation and practices relating to health and safety, which are often the result of an economic system highly oriented to urban realities. Governments, including at the EU level, need to recognise that circumstances for home slaughtering are very different in sparsely populated areas.**

The Faroe Islands support *Heimablidni*, a local concept that allows family businesses to start serving food in their own home without the prior sanitary approvals normally required when starting a cafe or restaurant. In Greenland, the innovative Foodlab Nuuk is offering access to public kitchen facilities, allowing people to rent a protocol and sanitation-approved kitchen to cook, invite paying guests and share their life story in a home away from home. And addressing the obstacles to more localised and home slaughtering is critical. Greenland has a concept called “Kalaaliaraq”, establishing designated local slaughtering and trading areas where farmers themselves can use the facility to slaughter and process their meat in a food and safety-approved environment. (BSCDC report)

### **Reco11: Build circular and local economies**

**Circular local economies play a critical role in responding to the climate emergency and other crises like pandemics.** This is already well recognised, for example in the EU Circular Economy Action Plan, and in specific programmes like the NPA’s Blue Circular Economy, but needs much greater and widespread implementation across peripheral regions.

**Developing genuinely local economies, which are less dependent on imports and exports, is equally important.** Covid-19 has forced a huge shift by many businesses and organisations across many sectors in peripheral regions to more localised consumer markets and local purchasing in order to survive, delivering economic, social and environmental benefits in the process. Formal and informal ‘buy local’ campaigns have emerged in many different localities and regions. **Now is the time to build on these gains, including by regional and local governments and public sector agencies purchasing from local businesses. The frameworks and technologies for localising economies (such as analysing resource and moneyflows within a local economy) have been available for over two decades, but their use and implementation has not been widespread.**

Likewise, an approach that has received significant attention during Covid-19, of [‘20 minute neighbourhoods’](#), can help develop investment, jobs and services within local economies, where

people can meet their everyday needs within a short walk or cycle. While this emerged initially in urban centres, the principle can easily be adapted to rural and peripheral regions also, and can indeed strengthen rural communities' rights to be able to access services locally.

### **Reco12: Diversify regional and local economies**

The Covid-19 pandemic has demonstrated so clearly the need for genuinely diversified regional and local economies. Ironically, one of the objectives of tourism development was to diversify regional and territorial economies based almost exclusively in primary sectors, but over dependence on international tourism soon became one of the greatest factors undermining economic resilience in peripheral communities during the pandemic. **Regional and local economies need to build genuine diversity for resilience in times of crises. A strong focus on and investment in micro and small enterprise, which already form the bedrock of many local economies in peripheral regions, can be a highly effective strategy for building diversity.** The micro and small enterprise sector is already diverse, ranging from essential local services to advanced technology innovation with potential markets across the globe.

**In this context, special focus needs to be given to nurturing diversification and innovation by young entrepreneurs, for example within the bioeconomy.** Young entrepreneurs are already making an impact in this sector (see Nordregio's [BeUBio project](#) on 'Young people leading the way to a sustainable economy'). Many of these entrepreneurs are social entrepreneurs for whom combining economic, social and environmental objectives comes naturally.

### **Reco13: Invest in community and social enterprise**

**Covid-19 has demonstrated that community and social enterprises are often critical for (a) delivering essential services and (b) progressing critical objectives for wellbeing and for sustainability, (c) addressing market failures, especially in the smallest peripheral economies, and (d) contributing to economic diversity and innovation, and above all in the pandemic (e) delivering resilience.** Community and social enterprises, and support structures for these, are particularly well developed in the Scottish context. **Other NPA regions need to follow the Scottish lead in investing in community and social enterprises appropriate to their own regional and local contexts,** including their often much more developed and empowered local governance structures such as municipalities.

In the absence of these within the Scottish context, there is a growing focus on community empowerment, including through increased community land and property ownership, which can still provide much learning for other regions in the NPA. Community ownership and empowerment can make more land available for affordable housing and other developments at lower than commercial prices (including self-build). It can also lead to more (a) sustainable small business development geared to local workforces and young people, (b) local community businesses meeting local needs while generating employment and profits from trading, (c) community hubs providing space and facilities for new business activities and training, and (d) charitable community enterprises delivering critical local services. Community enterprise can also provide opportunities for older and younger generations to work together.



#### **Reco14: Invest in micro and small enterprises**

Effective strategies to develop and invest in the micro and small enterprise sector, including community and social enterprises, are not always well understood. Within many regions there remains a strong focus on attracting large inward investments as the magic bullet for their economic development. **Enterprise development strategies need to recognise and respond to the diversity of enterprise structures and goals among micro and small enterprises, and not just focus on ‘growth enterprises’.** Recognising the value of life-style enterprises that make critical contributions to individual and household’s livelihoods, and supporting long-standing practices of occupational pluralism across the year, are just as important, as are businesses that contribute to local sustainability by delivering essential services within a local area but do not seek to expand beyond their local economy.

**The evidence from our research is overwhelming that micro and small enterprises are flexible, adaptable and innovative, and policy and support for this sector needs to mirror this** – highly structured business support services, which have often emerged in pursuit of efficiency in public expenditure, often fail to deliver effective support for the micro and small enterprise sector.

**This sector is a seedbed for emerging innovation in peripheral regions, but the ability of business support services to ‘pick winners’ is limited. Rather than directing scarce resources to one large inward investment, it is often far more effective to make many small investments across the micro and small enterprise sector from which some dynamic and innovative businesses will emerge.**

**An immediate need for many micro and small enterprises during Covid-19 is enabling them to adapt and rebuild their businesses in new ways that ensure their sustainability and resilience, especially in the light of the climate emergency.**

#### **Reco15: Ensure local benefits from large scale investments**

**Where big companies or corporations are required, for example in primary sectors that require substantial investment, then benefits and linkages to the local economy are key.** Nordregio’s NPA funded REGINA project advances such an approach in practice through their local benefit analysis toolbox. Their Local Smart Specialisation Strategy model (LS3) supports the retention of local economic benefits through development of local supply chains and growth of or spill over opportunities presented by new industrial activities.

**At the same time, it is critical to assess the opportunities for direct community ownership of such large-scale investments.** The community land movement in Scotland is transforming many remote peripheral communities, and community investments in renewable energy are proving particularly effective in retaining profits and circulating them within the local economy, delivering significant investment in community infrastructure and often turning around demographic decline.



### **Reco16: Develop genuinely sustainable tourism**

As already stated, over dependence on tourism has been one of the greatest factors undermining economic resilience in peripheral communities during the pandemic. Tourism in the Northern Periphery and Arctic is often highly seasonal, with much low-skilled, low-paid seasonal work, that can leave communities essentially 'closed' out of season and bereft of meaningful activity. International tourism in particular is also hugely destructive to the environment.

**Tourism needs to become just one part of the local economy, not the dominant one which creates high levels of distortion, dependency and not least risk.**

**Tourism must serve local communities, not the tourism 'industry' or urban tourists.** “If it’s good for locals, it’s good for tourists”. This puts community first, but recognises that, investing in community will also make a place more attractive to visitors. **Tourism must be embedded in a local circular economy that primarily benefits local people, producers and enterprises, including through sustainable year-round job opportunities,** rather than the benefits leaking out to regional or national tourism industries that primarily cater to the needs or wants of urban and international visitors.

**The tourism sector needs to become genuinely sustainable, including significant decarbonising of tourism impacts.** The frequent lip-service to sustainability paid by governments and economic actors, and the marginal gains from projects supposedly delivering sustainability, can no longer be justified in the midst of the climate emergency. This has huge implications for the strong focus across so many peripheral regions within the NPA on international tourists whose travel alone to these regions is hugely destructive.

**During Covid-19 domestic and local tourism has proved critical in sustaining many tourism businesses,** and some areas like north Iceland enjoyed good tourist seasons in 2020 based entirely on domestic tourism. **Peripheral regions need to develop the knowledge and expertise, infrastructure and enterprise needed to serve local and domestic tourism markets, including ‘staycations’, and to encourage slow tourism that enables visitors to invest and support peripheral communities, cultures and leisure activities.** There are already many examples of this, including cultural festivals that sustain local cultural traditions, language learning opportunities to sustain vulnerable languages, residencies for artists and chefs to engage deeply with local assets and traditions; virtual and digital platforms that deliver on-line experiences and reduce the need for travel, especially flying; and participating in community activities and services to provide additional income for critical local businesses and community organisations.

**Regional and local actors need to shift their focus from maximising footfall and income during short tourist seasons to year-round employment opportunities within their communities.**

**Tourism needs to be reimagined, shifting its focus from satisfying the needs and wants of external visitors to addressing the critical demographic challenge faced by so many peripheral regions and communities in the NPA, by showcasing peripheral areas as great and sustainable places to live, to work and to bring up families,** as regions from Canada to Ireland and Scotland are already putting into practice.

### **Reco17: Address demographic trends proactively**

**Peripheral regions and communities must become proactive in showcasing their areas as great places to live and work, and to run sustainable businesses, focusing on their many assets and strengths, and on the opportunities, including enterprising opportunities, and quality of life they can deliver.** Too often peripheral regions and development policies for such regions have focused primarily on their disadvantages undermining the attractiveness of such areas among key demographic groups, especially younger people.

**Attracting young economically active people is an essential target group, building on the significant shifts in aspirations among young people around wellbeing, balanced lifestyles, family and community, and the climate crisis.**

**The vast expansion of remote working and on-line business that Covid-19 has triggered provides significant opportunities for peripheral regions. Investing in high quality digital connectivity, and also fair access to high quality public services, are of course critical to realising these opportunities in practice.**

**This also provides opportunities for house building and adaptations, including repurposing to support: local employment, an increasing population and increased home working, and more business starts by people keen and able to work entirely from home.** New and refurbished housing could also increase resilience through energy efficiency reducing fuel poverty (which is relatively high in many peripheral areas).

At the same time, urban flight triggered by Covid-19 also presents a major threat to peripheral communities, with rising house prices making housing availability and affordability a key issue, especially for those living in rural communities already, and for young people wanting to remain, return or settle in these communities. This will have a significant impact on communities, for example if housing becomes unavailable to those delivering critical services like health and social care. **Critical will be building affordable clusters of houses in local areas with office and workshop spaces that enable efficient home working and give young people and families opportunities to mix both through their economic activities and socially.** Also, increased affordable housing in areas where employers (e.g. tourism businesses) have in recent years needed to rely on migrant workers would help in the transition to more local sustainable employment in tourism.

**Peripheral regions also need to invest in retaining young people and families. For this maintaining local schools is perhaps the most important strategy. Without a school there can rarely be sustainable community.** Other strategies focus on quality of life for family and children, for example the Norwegian digitally-based 'Kids Tracks', which developed a tool to let children tell planners, the municipality and local politicians how they live in the place and what they want to change.

Investing in appropriate education is critical, including **developing vocational education with fully accredited school qualifications in skills that are directly matched to employment opportunities in the local island economies**, as has happened in the Outer Hebrides. Investment in further and higher education opportunities within peripheral areas can deliver not only relevant skills but also well paid employment opportunities for graduates and others.

At the other end of the demographic spectrum, strategies are required to increase integration of older people in local areas, whether living at home or in care homes, through activities set up by or involving young people, sport and leisure providers, cultural arts and events organisations, building on good practice across many NPA regions. There are also opportunities for younger computer-literate people to help older people to take advantage of on-line mechanisms.

Nevertheless, in terms of attracting population to a peripheral region, younger adults must be the focus, as ageing demographics can threaten the long-term sustainability of peripheral communities. With Covid-19 highlighting the benefits of rural living, it is important to recognise the potential impacts of a cash-rich and often older incoming demographic. This often puts pressure on health and social care services, not just by increasing demand for these services from an older demographic, but also if those who are needed to deliver these services cannot afford to live where the jobs are. This also has an impact on school rolls, while those who retire to a new rural community can ultimately end up in social isolation without a lifetime of building contacts and networks within that community. And, as younger folk are increasingly articulating, for example [young Gaels in Scotland](#), in-migration by those not rooted in the local culture can severely undermine the sustainability of that culture within their communities.

#### **Reco 18: Support transnational partnerships**

**All of the above recommendations are highly suitable for transnational partnerships and action helping peripheral regions and communities to work together to develop effective strategies to turn these recommendations into reality on the ground, drawing on the significant lived experience and knowledge, innovation and creativity available in peripheral areas.** Redefining peripherality can only come through collaborative working across regions where that experience and knowledge, innovation and creativity resides. This project itself has demonstrated the value of bringing together experience from diverse peripheral regions across the NPA area, to the extent of redefining dominant paradigms and perspectives.

To conclude, the recommendations that emerge from our research challenge many old approaches to development in peripheral regions, from economic development to health and other services. These old approaches have often focused on peripheral areas ‘catching up’ with ‘central’ areas through efficiency gains and centralising services, attracting large corporate inward investments and linking local businesses to distant markets, maximising footfall and income from mass tourism, etc. But the pandemic and the climate emergency have both shown that such approaches are often destructive of people, communities and the planet, and are no longer sustainable. And this has sparked radical rethinking, including among many economists, of the old paradigms that have so dominated policy towards peripheral regions.

Instead, building on the assets and strengths of peripheral areas, a new paradigm is emerging: of sustainable living that attracts young people and is turning around demographic decline, of flexible and collaborative working at the local level across all sectors, of more localised services and economic activity rooted in communities, while fully using modern connectivity and technology to deliver wellbeing and to place innovation in the periphery at the very heart and centre of solutions to societies’ most pressing challenges.

The rest of this section provides **summaries** of the more detailed Parts of the main report, on which the above recommendations are based:

- 1.6 From economic disruptions to disrupting economic paradigms
- 1.7 Flexibility, adaptation and innovation by enterprises in the NPA in response to Covid-19
- 1.8 Time for a radical change? Shifting to genuine sustainable tourism
- 1.9 Resilience factors in peripheral areas of the NPA
- 1.10 Changing demographic trends in peripheral areas of the NPA

## **1.6 From economic disruptions to disrupting economic paradigms**

By November 2020, almost two and half a million people had been confirmed to suffer the disease in the NPA countries and almost 50,000 had died from it. Besides the irreparable consequences on the health conditions of the population, the pandemic has also impacted the economy of the NPA regions.

The ongoing Covid-19 pandemic in fact represents one of the most severe shocks that have hit the global economy generally and has caused a significant disruption to economic activity worldwide.

The imposition of strict measures to control the spread of Covid-19 led to a significant decline in economic activity across the NPA area. The impact of sudden falls in output and jobs, consumption and investment, and even in some cases of government consumption, should not be underestimated, dramatically increasing the already significant impact of the pandemic on citizens and households.

Once the strict measures were gradually lifted during the summer period, most economies were able to recover impressively soon. Most regions within the NPA saw an economic recovery which in some cases reached pre-Covid-19 levels. However, recovery was more often incomplete and has fluctuated due to new rounds of lockdowns and restrictions that were reinstated following new surges in infections and Covid-related deaths

The negative economic impact of the pandemic was concentrated in particular in the second quarter of 2020, but its magnitude varied across countries. The heterogeneous impact of the pandemic is even more pronounced in the third quarter, where some countries experienced negative output growth rates whereas others managed to recover from the negative shock.

In addition, economic impacts have varied significantly across different sectors of the economy. For example, the services sector was the most affected in almost all countries in Q2 of 2020, but these were, in most cases, totally or partially recovered in Quarter 3. On the other hand, trade and tourism, and professional services have been hard hit, and have yet to fully recover. Tourism

in particular remains critically affected, which is hugely important for the peripheral regions within the NPA (see Part 4 of this report).

Such heterogeneity is all the more relevant when studying the NPA region, which includes only the peripheral areas of the Nordic countries, which may have experienced very different impacts from Covid-19 from their urban heartlands in the south. Similarly, the four provinces that make up Atlantic Canada have experienced very different impacts from most of the rest of Canada.

Overall, while there have been similarities in the economic impacts of the pandemic on different regions, there have also been major differences because of the different profile of economic activities in different regions, as well as different policies and restrictions introduced by national governments.

As a result of this differentiation, our research can present a fundamental challenge to the common view that saving lives and saving the economy are in conflict with each other. Policy-makers have always argued that the restrictions imposed are short-term measures (e.g. to prevent the collapse of health-care systems) to protect our longer-term future, including economic future. By and large, the economic impacts of Covid-19 have been attributed to the policies restricting movements and closing non-essential businesses in order to contain the spread of the virus.

However, economic analysis suggests that the sharp rise of Covid-related deaths in three NPA countries led to a sharp deterioration of economic sentiment/expectations, which was reversed once the number of deaths stabilised. This indicates that the evolution of the pandemic and its effects on mortality could be an important driver of economic activity even in the short term. Introducing effective measures to save lives, while imposing obvious restrictions on economic activity, may also have a positive and immediate impact on the economy. Reducing the death rate impacts positively on economic expectations which strongly influence economic outcomes.

Our report provides detailed analysis of the economic impacts of Covid-19 across two regions in particular: the Highlands and Islands of Scotland and Atlantic Canada.

The Highlands and Islands have suffered less severe health impacts of Covid-19 than elsewhere in Scotland, although they are significantly vulnerable to economic shocks. Covid-19 has had severe negative impacts on businesses, unemployment, including among young people, and on job postings, although the relative importance of public sector employment has provided some protection. Tourism and hospitality have been the worst affected in the region, which is highly dependent on tourism and hospitality (possibly accounting for c20% of all employment in the region).

Atlantic Canada performed very well during Covid-19 with among the lowest case rates in the country and only 91 Covid-related deaths in the entire region as of February 2021. The four Atlantic provinces have slowed the spread of the virus in the region, which has also reduced the negative economic impacts relative to the rest of Canada and allowed for some earlier economic recovery. However, many jobs in the region were lost leading to a 4% rise in unemployment. The hardest hit industry in the region is tourism and accommodations with a contraction of almost 60% or about \$3.3 billion Canadian, and tourism is expected to be the slowest sector to recover. Seafood, offshore oil and parts of manufacturing and retail are also still quite far from an

economic recovery. Much of this is because international markets are critical for Atlantic Canada's prosperity. Atlantic exports were valued at 29% of the region's GDP, supporting over 118,000 jobs, and exports were down 50% in May 2020 from 12 months earlier.

The economic impacts of Covid-19 have not only affected business activity within peripheral regions, but also the delivery of health care services themselves, as the Finnish report describes in detail for small hospital districts in Finland. While economic costs have been less because of lower infection rates and fewer hospitalisations, regional and local authorities in peripheral areas have had to incur costs in preparing and adapting to Covid-19. The pandemic has also further exacerbated existing chronic shortages of health personnel in many peripheral regions.

The pandemic will also have significant future impacts with lower tax revenues for municipalities leading to further retrenchments already made in service provision, and further expansion of digital and telehealth services. Meanwhile, expenses will grow, for example due to Covid-19 vaccination. Above all, there has been an accumulating 'care debt' with the postponement of non-urgent health and dental services, people avoiding doctor's appointments, and a reduction in services for some of the most vulnerable groups (e.g. older people, people with disabilities, people with immunosuppressive medication or other increased risk). This care debt will undoubtedly bring costs in the future, although it is difficult to predict the scale of those costs.

And, in terms of future economics, the pandemic has increased the direct intervention of public authorities in the economy, which will have long-term effects on public spending and on the relationship between public authorities and private enterprise and ownership.

So far our analysis has shown the similarities and differences in regional impacts of Covid-19, demonstrating how critical it is to adapt policies and actions to be appropriate and effective for each of the peripheral regions that make up the NPA. As important are the differences in impact among different groups within regions, and Covid-19 has continued the general trend in OECD countries of persistent increases in inequality since 2000 (except for Norway). A crisis situation tends to amplify social inequalities, and the pandemic has been no exception.

This report provides evidence of severe impacts on low-paid workers, young people, women, indigenous communities and gig economy workers. After a long period of catching-up for most of the disadvantaged regions, including within the NPA, inequalities among regions have been on the increase again.

*Employment for wage earners under \$15/ hr went down 39% year-over-year in April, while employment for jobs paying more than \$15/ hr declined by just 8%. Further, employment in jobs over \$15/ hr fully recovered by September while low-wage employment remained 18% below its 2019 levels. Many low-wage earners are people under the age of 25 and those without a post-secondary education. ... Employment losses have been consistently larger for women than men by a few percentage points. Women hold nearly 60% of jobs in industries closely tied to tourism, so recovery of employment for women is likely to lag behind that of men. There is also evidence of working women bearing disproportionate stresses due to [significantly increased] responsibilities both at work and at home. (Canadian report)*

Covid-19 has reignited debates about economic paradigms and how economic development takes place in peripheral regions, and whether economic inequalities among regions are reduced or



increased by economic growth. How best to overcome such inequalities between regions continues to be subject to fierce debate.

*Regional inequalities are still significant in Finland, with the highest at-risk-of-poverty rate observed in North Karelia (17.8%), more than two times larger than the lowest value in Åland (8.2%). (Nordregio report)*

However, the experience of the Covid-19 pandemic has significantly undermined arguments for the 'superior efficiency' of large urban areas and continuous drives towards greater efficiency. As Sections 1.3 and 1.4 above show, many factors deemed challenges for economic development and efficiency in peripheral regions have proved to contribute to resilience in times of crisis like Covid-19 and not least the climate emergency.

Most schools of thought remain within a framework that is dominated by the need for economic growth to deliver prosperity and wellbeing. The Covid-19 pandemic, and of course the climate emergency, have deeply challenged this foundation for prosperity and wellbeing, by revealing how unsustainable for long-term, and now even for short-term prosperity and wellbeing, traditional economic frameworks are. It is therefore imperative to look for alternative frameworks that put people and the planet first. This shift in economic thinking was already happening before Covid-19, but has been hugely accelerated by the pandemic, now even within mainstream economic thinking (see Part 2 of this report for more references, including work at the [United Nations on Environmental-Economic Accounting](#)).

Two well-established paradigms of new economic thinking are highlighted in this report: wellbeing economics and the Doughnut economy. The Governments of Iceland, Scotland and Finland are all members of the Wellbeing Economy Governments partnership (WEGo)

It is important to note that innovation and practice to deliver on new economic thinking is already taking place on the ground in many peripheral regions, including within the NPA. This not only makes the new economic thinking deeply relevant to peripheral regions within the NPA, to address the challenges and inequalities we outline. It also demonstrates that peripheral regions are often at the forefront of innovation in sustainable living and wellbeing, and places innovation in the periphery at the very heart and centre of solutions to societies' most pressing challenges.

**For more detailed evidence, analysis and examples see Part 2 of the main report.**



## 1.7 Flexibility, adaptation and innovation by enterprises in the NPA in response to Covid-19

**Micro- and small businesses form the bedrock of local economies in many peripheral regions.**

This sector also acts as a seedbed for new businesses, developments and innovations, including in a wide range of innovative economic sectors, from the bio-economy in Nordic countries and technology for health care in Northern Ireland to the exponential growth in traditional music in Scotland. Community and social enterprises are also critical, especially in the Scottish and Irish context, in sustaining communities and local economies across peripheral regions.

There are also many micro- and small businesses in the primary sector (which has been regarded as an essential sector in many countries during Covid-19), and/or that deliver critical services, from servicing machinery through retail to haircuts, which cannot easily be imported from outside the local economy. This contributes to the resilience of the sector, and to an often strong and loyal local customer base that many micro- and small businesses in peripheral economies enjoy.

The growth of web-based activity, sharply accelerated by Covid-19, has also long supported the emergence across the NPA area of micro- and small businesses in the digital economy and technology innovation: “Innovative sectors including the digital economy, clean technology ... and biosciences are ... doing well. The bioscience sector of Prince Edward Island added 200 jobs since the pandemic began and seven of its companies are planning expansions”. Likewise, the emergence of micro- and small scale technologies like 3D printing has enabled companies in peripheral regions like Nova Scotia, Greenland and Northern Ireland to print PPE equipment in response to Covid-19.

These examples demonstrate that **small businesses tend to be more flexible and are able to change faster during a crisis.** During the financial crisis in 2007-8 many small businesses had little to gain from cutting their costs and instead benefitted from looking at other opportunities during the crisis, demonstrating that small companies are more likely than large ones to increase their growth during crises. (Interestingly, the Finnish research suggests that small health units in Finland were also effective and creative in adapting hospitals and personnel during the first wave of the Covid-19 epidemic in the spring of 2020.)

Analysis of five small businesses, across diverse industrial sectors, in Jämtland in Sweden, demonstrates their strategic flexibility in response to Covid-19. The TechSolns project surveyed 35 technology companies across the NPA that engaged in significant innovation, adaptation or market expansion in response to health needs during Covid-19. Of these, three-quarters are small and micro-enterprises, and 16 (46%) have ten or fewer employees (6 with five or less), demonstrating remarkable innovation and adaptation within the micro and small enterprise sector.

A survey of 62 entrepreneurs especially within the tourism sector in Greenland, Iceland and the Faroe Islands, showed that while the barriers and difficulties faced by entrepreneurs as a result of Covid-19 are evident, there are also positive trends emerging as a result of the pandemic. 52% of survey participants consider Covid-19 to have brought about new business opportunities that they are either already pursuing or intend to pursue in the future. Similar findings came from surveys of tourism entrepreneurs in Greenland and entrepreneurs in Atlantic Canada.

Many enterprises have moved on-line, reaching new markets. The traditional music sector in Scotland has survived by going on-line, and some virtual events and festivals have attracted far greater numbers of participants from across the globe as a result.

A number of manufacturers were able to pivot production to entirely new products to meet the needs of the pandemic, such as hand-sanitiser or personal protective equipment, while the 35 existing technology companies across the NPA built on their experience to innovate new products, adapt existing products or find new markets for them in response to Covid-19.

Examples of entrepreneurship and innovation from Atlantic Canada paint the picture of a sector that not only showcases ingenuity, but one that is motivated by a sense of community and generosity. The Tourism Nova Scotia government web page titled “Industry Innovation and Inspiration” created a listing with summaries of fifty-five inspiring innovations across their province alone.

**The flexibility, adaption and innovation of micro- and small enterprises is a critical resilience factor for many local economies in peripheral regions. And their ability to innovate new products and services, including in response to a crisis, highlights significant dynamism and resilience with the sector.**

This resilience is further strengthened by the fact that such flexibility, adaption and innovation is characteristic of micro- and small enterprises engaged in a wide range of very different sectors in peripheral regions. They include the primary and manufacturing sectors, as well as diverse services, including tourism, hospitality and retail, traditional music and cultural activities. They range from traditional activities like forestry to emerging sectors like the bio-economy, technology innovation, the digital economy and bio-science. These characteristics are also common among community and social enterprises within peripheral communities, as well as among small public service providers, as the research on the smallest hospital district in Finland demonstrates. In this case public services engaged effectively with collaborative local networks involving public, private and community actors, as we will see in Part 5 of this report.

Public sector support during Covid-19 has been essential for many, but by no means all enterprises to survive. Chambers of commerce and business associations have also played an active role, for example launching buy local campaigns like #CapeBretonFirst.

**The pivot to local markets is one of the most prevalent adaptations that micro- and small businesses have made in response to Covid-19**, including, for example, selling fresh fish locally rather than exporting them to other regions or other countries. The shift has been most obvious in the tourist sector (as we analyse in the next Part 3 of this report).

**For more detailed evidence, analysis and concrete examples and casestudies, see Part 3 of the main report.**

## 1.8 Time for a radical change? Shifting to genuine sustainable tourism

Tourism is one of the sectors that has been most deeply affected by Covid-19, and the collapse in international tourism in particular created a huge shock to regional and local economies across peripheral areas in the NPA, and across many sectors from highly localised services like hospitality to large-scale sectors like aviation.

This shock has also deeply challenged economic development and regional policy, from the local to the national and international levels, including much EU regional policy. Tourism development has been one of the main economic development drivers adopted by national governments and regional authorities across the NPA, including to diversify economies highly dependent on their primary sectors. Success has been measured by ever growing visitor numbers multiplied by estimates of visitor spend, and many local tourism development plans across the NPA area were banking on appealing to the 'next growth market', the burgeoning Asian tourist market.

**Over dependence on tourism has been one of the greatest factors undermining economic resilience in peripheral communities during the pandemic.** Iceland is a striking case that became highly dependent on tourism within just a decade, with over 2 million visitors in 2018 and tourism generating at least one third of national income. Covid-19 and its impacts have demonstrated just how risky, economically and socially, an excessive dependence on tourism can be during crises, with huge economic and social disruption caused by massive drops in trade and income, employment and self-employment, and with the additional threat of spreading pandemics. Tourism has contributed to spreading the virus, so that even countries that have done well in limiting Covid-19 cases have had to be careful to avoid importation of the virus.

Covid-19 has shown that a strategy of local and regional economic growth driven by tourism development is no longer a viable option when confronted by crises such as pandemics and the climate emergency.

While tourism development has brought some undoubted economic benefits to peripheral regions, including business opportunities and job creation, income and diversification, the employment opportunities within the tourist sector are often limited, poorly distributed, low-skilled and seasonal. Above all, tourism has also been hugely destructive to the environment (tourism's global carbon footprint accounts for about 8% of global greenhouse gas emissions), to cultural identity (where the impacts of tourism can all too easily undermine indigenous and other local cultures), and to communities (e.g. where tourism takes over so much housing stock that local communities and populations become unsustainable). At worst, there are reports of 'last chance' tourism within the NPA area, to visit ecologically highly fragile environments before they disappear, thereby contributing to hasten ecological collapse in these places.

It is no longer adequate to pay lip-service to sustainable tourism, as too many governments, public agencies and businesses have done. The tourism industry (no more than the energy and manufacturing sectors for example) can no longer hide from measuring the costs it imposes on the environment, cultures and communities. Such costs can no longer remain externalised and hidden.

A radical shift in tourism development is called for, including significant decarbonising of tourism impacts. Tinkering at the edges is no longer a viable option.

Advocates of sustainable tourism are hoping Covid-19 experiences will have more people “question the consumerism and capitalistic lens that has contributed to mass growth across the touristic landscape and instead, choose a system that fosters sustainable and equitable growth - which in turn, ‘slows down’ our ways of consuming the world around us...” (Benjamin et al, 2020, “We can’t return to normal: committing to tourism equity in the post-pandemic age”, *Tourism Geographies*, 22:3). However, what is striking about our project’s research is just how many entrepreneurs on the ground in the NPA are looking for alternatives too, and just how much good practice there already is, including in managing tourism to benefit from its opportunities while limiting its negative consequences. Most of these examples have been triggered in response to Covid-19.

Even before Covid-19 peripheral areas in the NPA region have long developed many examples of good practice, including cultural festivals that sustain local cultural traditions; language learning opportunities to sustain vulnerable languages; residencies for artists and chefs; virtual and digital platforms, domestic-focused tourism, opportunities for visitors to engage and contribute in order to genuinely benefit local community organisations, etc.

And Covid-19 has triggered significant innovation. The power of our research is rooted in the many concrete good examples on the ground from across the NPA area we have identified, and which we feature in Part 4: from cozy outdoor dining huts that will be repurposed as greenhouses in the spring, popular small venues and a circuit of outdoor movies and live entertainment in Atlantic Canada, through entrepreneurs going on-line in Scotland and the Faroe Islands to sustain their businesses virtually, to a massive shift across the NPA area to the opportunities of local and domestic tourism.

*Half of the entrepreneurs surveyed in Greenland, Iceland and the Faroe Islands, many in the tourist sector, consider Covid-19 to have brought about new business opportunities that they are either already pursuing or intend to pursue in the future.*

Building on their very low infection rates, the Atlantic provinces in Canada created an ‘Atlantic Bubble’ allowing residents of the four provinces to travel to the other provinces without having to isolate themselves. North Iceland enjoyed a good tourist season in 2020 based entirely on domestic tourists (mostly from in and around Reykjavik). Tourist providers reported that the domestic visitors often stayed for longer (one or two weeks), engaged in sustainable activities like hiking and enjoyed exploring their own national and regional culinary and cultural traditions.

Staycations have been supported by significant incentives and investments from local and regional authorities across the NPA region. The focus on domestic and local tourism has sometimes brought tourist businesses closer to all year-round trade and income, and has strengthened knowledge and appreciation of local culture, heritage and customs.

*“The pandemic has provided an excuse for locals to explore their own country and customs”*

Covid-19 has become a catalyst for a shift towards a more resilient, regenerative form of tourism. According to the entrepreneurs surveyed, extending the tourism season or even focusing on a local customer base will not be enough to sustain more resilient rural businesses and communities in the long-run. There needs to be a radical paradigm shift ensuring that:

- Tourism is integrated into the local economic, cultural and socio-political dimensions of a community and is just one component, not the dominant component, within a diversified local economy.
- Tourism must serve local communities, not the tourism 'industry' or urban tourists.

The pandemic has changed the outlook for the future, and many entrepreneurs and local enterprises want to become less dependent on the seasonality and distribution of tourism. Even before Covid-19, in north Iceland, the local councils set the goal that a new merged municipality will be known and sought after as a great place to live and run sustainable businesses. To push for this, an ambitious project was launched, Innovate North, which aims to put the new municipality at the forefront of the fight against climate change, strengthening the region's long-term competitiveness.

In response to Covid-19, Nova Scotia in Canada and Shetland in Scotland (including their tourist agencies) launched marketing campaigns and websites to attract people to work and live in these peripheral areas, targeting, for example, those working from home or specific professions needed in these places.

“Not all breakout rooms are created equal. Work where you want to live”

“You always wanted an office with a view. Remote work, meet coastal life”

“If you can do your job from anywhere, do it from here”      “2021: The year to make your move”

“Welcome to the Islands of Opportunity”      “21 great reasons to move to Shetland”.

The Scottish social enterprise network is supporting a project on community-led tourism, under the slogan, “if it’s good for locals, it’s good for tourists”. This puts community first, but recognises that, investing in community will also make a place more attractive to visitors.

And so, the dominant strategies for tourism development in the past have proved unsustainable, and there is an urgent need for a radical shift in tourism development along some of the following principles. Tourism needs to:

- be one part of the local economy, not the dominant one which creates high levels of distortion, dependency and not least risk.
- be embedded in a local circular economy that primarily benefits local people, producers and enterprises, including through sustainable year-round job opportunities, rather than the benefits leaking out to regional or national tourism industries that primarily cater to the needs or wants of urban and international visitors who want to escape temporarily to attractive remote areas as a ‘balance’ to their urban living
- benefit local communities, not just the local economy, but also the sustainability of their culture and society
- radically reduce its contributions to the climate emergency, developing opportunities that reduce travel and its CO<sub>2</sub> emissions, and that instead promote slow and more local tourism and sustainable activities.
- reimagine its focus from satisfying the needs and wants of external visitors to addressing the critical demographic challenge faced by so many peripheral regions and communities in the NPA, by showcasing peripheral areas as great and sustainable places to live, to work

and to bring up families, to local residents who have felt they must leave to 'get on in life', to the diasporas that remain in touch with their communities of origin, and to potential new residents.

**For more detailed evidence, analysis, concrete examples and casestudies see Part 4 of the main report.**

## **1.9 Resilience factors in peripheral areas of the NPA**

Most of the common features of peripheral regions across the NPA area are regarded as challenges, focused on demographic imbalances and outmigration, dispersed populations, remoteness and low accessibility, fragile local economies distant from major markets and with low diversity, and being the most vulnerable to the impacts of the climate emergency.

The main mindset to frame policies for peripheral regions has been to enable them to 'catch up' with more developed and central regions, defining peripheral regions as backward and under developed. Policy prescriptions have focused, for example, on growth enterprises, linking regions to large more prosperous markets (e.g. tourists from urban centres and abroad), and attracting inward investments by large businesses and corporations.

These policy frameworks ignore many of the realities and strengths of peripheral areas, such as the reality set out above that many peripheral economies are sustained by a dense and diverse web of micro and small enterprises, which are often flexible, adaptable and resilient, and are also the seedbed for emerging and innovative enterprises. A significant part of the micro and small enterprise sector may also be made up by community and social enterprises that emerge in response to local needs within the community.

Above all, the catch-up mindset ignores the reality that peripheral communities have a long history of responding and adapting to changes and crises, which has prepared them better for a pandemic.

Covid-19 has in fact brought such resilience in peripheral areas strongly to the fore. In almost all the reports for this project our researchers point to the low infection and death rates in many, although not all, peripheral regions, especially during the first wave of Covid-19, for example in Finland, the Highlands and Islands of Scotland, Northern Ireland, a rural area in Ireland, the Faroe Islands, Iceland, Greenland and Atlantic Canada.

As suggested above, there have of course been significant variations across different regions, and the picture in Sweden in particular is more mixed because of its very different response nationally to Covid-19. Some regions, like northern Norway have been particularly hard hit economically, and the second and third waves of the pandemic have often impacted peripheral areas more than the first (see pp.12-13 above).

Nevertheless, a clear pattern emerges from our research and its diverse sources that on balance peripheral areas have performed well during Covid-19. And in some cases, peripheral areas have been able to sustain their economies through significant flexibility, adaptation and innovation, and even start reversing some of their demographic challenges.



The focus of our research was on identifying the many factors, often existing before the pandemic, that have helped peripheral and rural communities to respond well. And so, in this section we seek to draw out from the different partner reports the characteristics and factors that have helped peripheral communities and localities to be resilient in the face of Covid-19 across different sectors. More extensive analysis of each of these factors is found in Part 5 of this report, including many concrete and diverse examples identified across many different regions by our researchers.

**Public sector employment:** The relative importance of public sector employment in many peripheral regions has proved to be a resilience factor during the pandemic, especially as they have not faced the same degree of loss of funding.

**Government support:** During Covid-19 special actions taken by governments at all levels, from national to local, to provide financial support for individuals, businesses and non-governmental organisations have allowed the vast majority of society to keep functioning. And peripheral regions, which have sometimes relied heavily on public support in the past, have been good at accessing such support during Covid-19. On the other hand, it is important to recognise that such public support has not reached everyone or every business that needed it. Of 62 entrepreneurs in Greenland, Iceland and the Faroe Islands only 22% had received support from public actors.

**Geography and nature:** Peripheral regions have benefitted from their geography, especially islands with their natural geographic boundaries, the water.<sup>4</sup> However, countries and regions with well defined boundaries still need to guard against the importation of Covid-19. Equally important has been effective testing systems, the ability to shut down community transmission quickly, cohesive communities, a strong and effective governance structure and the ability to innovate local solutions.

Geography may also help where regions are sparsely populated, so that the virus may spread less rapidly, but also where isolation, self-reliance and ‘social distancing’ are the norm, and remote working is familiar. And ready access to nature has allowed people to spend time outside their homes during lockdowns. Access to nature has also delivered economic opportunities, for example in growing more local food or creating opportunities for outdoor experiences.

**Close knit small communities:** Smaller population sizes and strong community connections have sometimes allowed for outbreaks of the virus to be suppressed rapidly, as well as successful contact tracing, and are likely to contribute to better mental health outcomes. These same characteristics also help economically, e.g. delivering strong local support for local businesses, and socially, e.g. delivering high levels of participation in civic and community engagement. Community support in peripheral areas has been repeatedly seen in generosity, high rates of volunteering and donations, and active community organisations responding to community needs during the pandemic. Such characteristics can also enable strong vision and energy within communities for imagining positive futures beyond the pandemic which have positive impacts on mental health and community morale.

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<sup>4</sup> See Marlene Chapman, “Islandness: A Covid-19 superpower?” [Saltwire, 14 April 2021](#), which looks at the impact of islandness on different issues, such as cohesion and leadership, that can help respond to crises.



**Diversified economies:** Although lack of economic diversity is often regarded as one of the main characteristics of peripheral regions, and is certainly the case with regions and localities that depend heavily on one industry or large employer, many peripheral economies are sustained by a dense and diverse web of micro- and small enterprises, some of which are not fully captured in official data.

This sector also acts as a seedbed for new businesses, including in a wide range of innovative economic sectors, from the bio-economy in Nordic countries and technology for health care in Northern Ireland to the exponential growth in traditional music in Scotland. Even at a regional level, many peripheral regions, like the Atlantic provinces (Canada), Iceland and the Faroe Islands, have made progress in diversifying their economies beyond dependency on primary sectors in particular.

**Flexibility and adaptation:** Small businesses tend to be more flexible and are able to change faster during a crisis, and may even grow like many of the small and micro technology businesses surveyed in the TechSolns project. The flexibility and adaption of micro- and small enterprises is a critical resilience factor for many local economies in peripheral regions. And their ability to innovate new products and services, including in response to a crisis, highlights significant dynamism and resilience within the sector. The same ability to be flexible and adapt was also found among health providers in small hospital districts, and research confirms that small units had better ability to act effectively and creatively in the face of the pandemic. Iceland also established a reserve force of health care personnel including retired health care workers and those not working in the public sector.

**Innovation and digitalisation:** The TechSolns project discovered a wide variety of small and micro technology companies across the NPA that have innovated new products and services, adapted existing ones or simply increased their markets in response to the pandemic. Many remote communities have been at the forefront of technological innovation, including micro- and small businesses in the digital economy and technology, and of digital technologies to provide services, including health services. Nordic regions in particular have often been at the forefront of tele and digital health service provision, which has accelerated during Covid-19 and provided significant protection and resilience during the pandemic.

**Collaborative services:** Collaborative public service delivery has become increasingly prominent in the Nordic Region in particular due to highly decentralised systems of governance. Close co-operation between the public sector, private sector and non-governmental organisations has proved significant during Covid-19, from regular meetings and sharing of information to transferring staff across the public and private sectors. Collaboration with educational institutes has benefitted staff recruitment, and working with the private sector has helped, for example where municipalities have contracted out care services for older people to reduce growing care debt during the pandemic. Third sector organisations have provided critical services within the community, especially for the most vulnerable and at risk groups. A strong hybrid and integrated model in health care and social services is clearly beneficial to regional resilience and vitality.

*“Exceptional times have certainly called for exceptional measures, but in the case of Finland, the peripheral regions have also relied on already established innovations such as integrated models in health care, training and education, a strong public sector and its co-operation between regional and national level actors, and strong regional infrastructure. The strong effort to*

*digitalise health care throughout the 21st century has also eased the transition to on-line, remote service provision during the pandemic.” (Finnish report)*

In sum, peripheral communities have often shown a remarkable resilience during Covid-19, turning what were often regarded as challenges to their advantage during the pandemic.

**For more detailed evidence, analysis, concrete examples and casestudies see Part 5 of the main report.**

## **1.10 Changing demographic trends in peripheral areas of the NPA**

The NPA Cooperation Programme document states, “The primary characteristics that draw the area together are peripherality and low population density. ... the Programme area’s small number of larger cities and towns have an increasingly dominant position, while more peripheral areas suffer from out-migration, brain drain and ageing populations.” Youth out-migration is listed as one of the three key demographic challenges along with sparse population and ageing populations.

Even before the pandemic these long-term trends were changing in some areas within the NPA. The Nordregio report cites several studies that show there are substantial return migration flows of women in the age group of 25 to 34 years, as well as individuals with children and families moving from urban areas to rural regions in Sweden. This pattern is also reflected in the Figure in Part 6 of this report (p.5), which shows internal net migration of 30 to 39-year-olds between 2010 and 2019: “When compared to internal net migration among [20 to 29-year-olds], this map offers a more positive picture: ... a considerable proportion of rural municipalities have experienced positive net migration ... across the Nordic countries.”

Community-based research on Scottish islands has shone a light on young people returning to Uist, and on islands that have increased their populations: doubling it in a decade (Kerera), 50% since the community buy-out in Eigg, 27% in West Harris since 2012 (another community buy-out), 25% in Colonsay and a stable population with marginal growth (Westray in Orkney).

Such micro-trends are often missed, especially in a country like Scotland which does not have the equivalent of many small municipalities. In the [Islands Revival](#) blog the James Hutton (research) Institute points to “the shortcomings of official data sources: population projections assume the continuation of existing patterns and do not consider sudden changes in the conditions that attract or drive away local residents; and the risk of inaccuracy of intercensal estimates increases over time. One source of data that is often overlooked by policy analysts is that of the observations of local residents. Members of the local community are usually sensitive to changes in the way migration is affecting the population, and often have a sophisticated understanding of the complex factors at play in population change.”

The Canadian report highlights that “Prince Edward Island ... has experienced growth well above the national average in both population and GDP” and that population has been steady or growing across most of Atlantic Canada “because of its diversified economy and employment opportunities, lower housing prices and access to nature”.

Nordregio's project on regional attractiveness seeks to explore such factors in places like Inari and Lebesby in the far north of Finland and Norway respectively. Respondents talked of the high quality of life, connection and easy access to nature, the freedom to roam, the people and relationships, and high levels of trust: "People know and trust each other, these are honest and hard-working people up here, down to earth, who can also enjoy life". "People are tired of commuting; life is much easier up here. It is the quality of life. And you get quite fast to a city, Helsinki, which is really close by plane". "You need to be a bit of an entrepreneur to live here" in Lebesby, and both families interviewed were engaged in volunteering, creating their own businesses or cultural initiatives.

The research on Scottish islands also pointed to factors other than just a stunning environment, such as the unique way of life, a sense of belonging, being with family and within a close-knit community, the cultural revival taking place in the Outer Hebrides in particular, rooted in Gaelic language, contributing to a strong sense of identity, and the many enterprising opportunities in the islands.

Such cases are supported by an ESPON study (2020), engaging partners from 14 European countries, including Iceland, Sweden and Scotland, that focused on territories with geographic specificities. After jobs, the study concluded that quality of life is the second important influence on life choices.

Covid-19 is likely to have accelerated these trends, and we cite concrete evidence from Canada, Iceland, Sweden, Ireland and Scotland. The rapid expansion of remote working and on-line business opens up significant opportunities for peripheral areas in attracting population. A key question is whether these accelerated trends will continue after Covid-19. Most analysts argue that the huge shift to remote working caused by Covid-19 is here to stay, even if many return to a blended work pattern, part in the office, part at home. And the rapidly accumulating evidence of rising house prices in rural areas suggests that the trend towards rural and remote living will continue.

Covid-19 has clearly significantly disrupted old patterns and attitudes, from employment practices to perceptions about the advantages and disadvantages between urban and rural living, and so also disrupted previous demographic patterns as well as attitudes that underpin these patterns. Like other crises Covid-19 has accelerated trends towards rural and peripheral living that were already emerging, including among younger people. This disruption significantly changes the policy opportunities around demographics in peripheral areas, shifting the focus from measures to prevent outmigration to encourage in-migration through former residents returning and incomers settling.

Many peripheral communities are already responding to these opportunities, and there are plenty examples of this even pre-Covid-19. In north Iceland the local councils set the goal that a new merged municipality will be known and sought after as a great place to live and run sustainable businesses. An ambitious project was launched, Innovate North, aiming to put the new municipality at the forefront of the fight against climate change, strengthening the region's long-term competitiveness. Other examples come from East Iceland, the Faroe Islands and Ireland ([Grow Remote](#)).

And as a direct response to Covid-19 Nova Scotia and Shetland have both launched on-line campaigns to attract people. [workfromnovascotia.com](http://workfromnovascotia.com) is seeking to attract 15,000 to the province within one-year with taglines like: “If you can do your job from anywhere, do it from here”; “Not all breakout rooms are created equal. Work where you want to live”.

Such examples of showing peripheral areas in a positive light, focusing on their many assets and strengths, on the opportunities, including enterprising opportunities, and quality of life they deliver, are critical. Often peripheral regions have focused primarily on their disadvantages, in part to attract public funding and investment, but in the process potentially undermining the attractiveness of their area among key demographic groups, especially younger people. The BRIDGES study recognised that a “demotivating environment” and “uninformed pessimism” are factors that push young graduates to leave their region.

The examples from Canada, Iceland, the Faroe Islands, Norway, Finland, Scotland and Ireland demonstrate just how widespread these approaches are becoming, seeking to attract people to settle or return in order to reverse past demographic trends in peripheral regions. And Covid-19 has given these efforts a significant boost, accelerating the trends that were already emerging pre-Covid.

The research also identifies a range of strategies that are important for reversing demographic change, including jobs, education and families, and not least housing.

The ESPON BRIDGES report that focused on territories with geographic specificities suggests the availability of professional opportunities is the primary basis of decisions to stay in, return to, or leave a region. For non-returning graduates, 74% stated that the region does not offer adequate professional opportunities corresponding to their levels of education.

This result in part reflects a typical strategy in peripheral areas of ‘educating for export’, of delivering standard qualifications in schools that do not match the job opportunities in the local area, but instead qualify graduates for professional jobs that may be relatively few in number in a peripheral area. The Outer Hebrides in Scotland have been at the forefront of changing this approach, by developing vocational education with fully accredited school qualifications in skills that are directly matched to employment opportunities in the local island economies, such as maritime studies, crofting (small farming), local food production, health and social care, and engineering. This approach was matched by enterprising workshops that enabled senior school pupils to identify enterprising ideas they could take up in their island, changing mindsets about local opportunities. It is likely that these approaches contributed to increasing the number of young people returning to the islands in their 20s and 30s.

Other cases targeted even younger children, e.g. Lebesby in northern Norway, and the Norwegian project Barnetråkk (‘Kids Tracks’), which developed a tool to let children tell planners, the municipality and local politicians how they live in the place and what they want to change. 217 municipalities have implemented the tool – many of them rural.

And more students from the Faroe Islands are now returning. Among the reasons is higher unemployment in Denmark and good job opportunities in the Faroe Islands. One important reason was also an improved marketing for job and life opportunities in the Faroe Islands.

Highlighting exciting job and enterprise opportunities is critical. Our research tapped into young entrepreneurs in Canada, Greenland, Iceland, the Faroe Islands and Scotland, many of them dynamic and innovative entrepreneurs. Nordergio's BeUBio project highlighted examples of innovative young entrepreneurs in the Nordic and Baltic region engaged in the bioeconomy.

One of the main impacts of Covid-19 and of remote working during the pandemic has been to change mindsets, including among urban residents, about the balance of attractiveness between urban and rural living. Many are deciding to move to more rural areas. While this is potentially welcome, it is also leading to rises in house prices and reducing opportunities for local people and especially younger people to find appropriate and affordable housing. This exacerbates an already distorted housing market where, in some remote communities, 40% or even over half of all housing stock are holiday or second homes. This can undermine the sustainability of remote communities, and endanger fragile cultural traditions. While the visitors do contribute to the local economy, the most important housing challenge for peripheral communities with demographic challenges is to be able to attract young people of working age and families with children.

In September 2020, young people from Scottish islands published an open letter – Save the Highlands and Islands from an 'economic clearance' – as a direct response to urban flight caused by Covid-19 making it impossible for local residents to purchase homes (see [here](#)).

**For more detailed evidence, analysis and concrete examples see Part 6 of the main report.**