

The 6-Step Model for Local Smart Specialisation Strategies

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WORKING PAPER
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REGINA

Remote communities & resource-based industries

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REGINA project

Nordic co-operation is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and the Faroe Islands, Greenland, and Åland.

Nordic co-operation has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

Nordic co-operation seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

The Nordic Council

is a forum for co-operation between the Nordic parliaments and governments. The Council consists of 87 parliamentarians from the Nordic countries. The Nordic Council takes policy initiatives and monitors Nordic co-operation. Founded in 1952.

The Nordic Council of Ministers

is a forum of co-operation between the Nordic governments. The Nordic Council of Ministers implements Nordic co-operation. The prime ministers have the overall responsibility. Its activities are co-ordinated by the Nordic ministers for co-operation, the Nordic Committee for co-operation and portfolio ministers. Founded in 1971.

Nordregio – Nordic Centre for Spatial Development

conducts strategic research in the fields of planning and regional policy. Nordregio is active in research and dissemination and provides policy relevant knowledge, particularly with a Nordic and European comparative perspective. Nordregio was established in 1997 by the Nordic Council of Ministers, and is built on over 40 years of collaboration.

Stockholm, Sweden, 2016

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Introduction

 REGINA aims to develop planning methods and processes that reduce the vulnerability and increase the preparedness of small communities in remote areas of the Nordic Arctic and Scotland facing development – or closing-down – of large-scale, resource-based industries. Our work in relation to these industrial activities takes place across three main themes:

- Demography: especially in terms of the widespread challenges of aging and shrinking populations in rural and remote communities.
- Planning for land use multifunctionality: particularly regarding the ability to ensure a continuous focus on landscape preservation, minimizing social impacts and creating win-win situations with other sectors throughout the duration of large-scale industrial projects;
- Local economic benefit retention: whereby two key conditions are emphasized. Addressing the potentials associated with the diverse relationships between economy and ecology; and the need to limit export leakage of direct profits, supply chain revenues as well as indirect economic benefits associated with local spending. A special focus will be put on strategies to strengthen the local supply chain linkages of resource based industries.

The planning and response strategy at the intersection of the above themes and the development of the large-scale natural-resource industry is envisaged as an adaptation of the EU concept of Smart Specialisation Strategies (often abbreviated to “S3”). We call this a “Local Smart Specialisation Strategy”, (or, LS3 for short). Specific tools relating to the themes above will be developed within the concept of an LS3 for small, remote communities in the Northern Periphery and Arctic area facing large-scale, resource-based industrial development. The LS3 will support local authorities in their efforts to maximize the benefits and minimize the vulnerabilities caused by industrial development.

What is the LS3 Model?

The LS3 is the main conceptual framework which will be developed by each local partner to increase their preparedness of small communities facing development of large-scale resource-based industries. In this way, it can be seen as the conceptual framework of the project, both in terms of identifying the main themes of the project, but also for providing the suite of activities that local partners can undertake in the development of local strategies. Each step of the strategy contributes to the ultimate objective: of producing inspiration for the formulation of concrete and locally relevant planning and policy strategy for each of our six municipality partners.

Through the LS3 Model, each local partner will develop locally relevant planning and policy strategies that will particularly address the fact that decisions on industrial developments often take place quickly, and on-the-ground activities can begin in very short timespans. In response, the LS3 model includes three specific planning tools that are also developed within the REGINA project as responses to common territorial themes, and can be applied by the local partners as strategic guidance.

1. a Foresight Model (FM);
2. a Social Impact Management Plan (SIMP), and;
3. a Local Benefits Analysis Toolbox (LBAT).

¹Guidelines to STEP 1 have been produced and are available in Appendix 1. This provides an example of the type of guidance exchanged between the research partners and the local municipalities in the REGINA project.

REGINA’s 6-step LS3 Model comprises six components (Figure 1). It is very important not to confuse these with the six steps associated with the S3 approach at the national or regional level, as developed by the European Commission’s Smart Specialisation Platform. Essentially, the LS3 model places less emphasis upon governance and policy, and focus more upon tangible aspects of the three key issues mentioned above. This is appropriate given the role and competences of the municipal level of governance, and their more direct/close involvement with local economic activities and development.

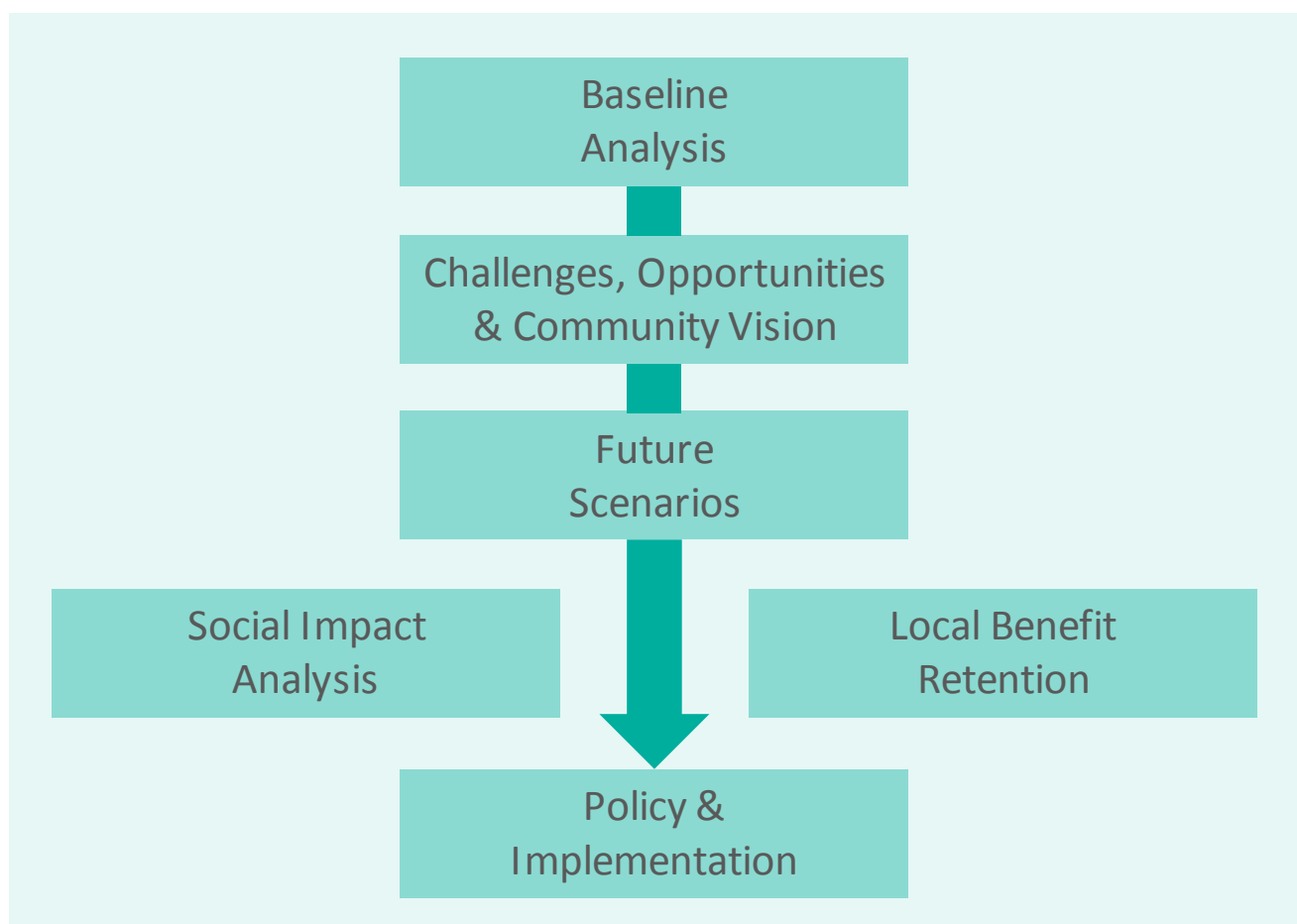
The research partners will develop a set of guidelines for each step of the 6-Step LS3 model, thereby providing direct support to the municipalities along the way. In turn, local partners will use this guidance as inspiration, and will chose which features of the model they would like to apply locally. In addition, they can also identify locally specific analysis to develop in conjunction with one or more research partner. When created, each strategy developed by local partners will build

List of Abbreviations

- LBAT – Local Benefits Analysis Toolbox
- LS3 – Local Smart Specialisation Strategy(ies)
- NPA – Northern Periphery and Arctic (Region)
- S3 – Smart Specialisation Strategies
- SIMP – Social Impact Management Planning
- SWOT – Strengths, Opportunities, Weaknesses Threats (analysis)

upon the territorial assets (or address local challenges) to secure the most economically beneficial, socially inclusive and environmentally responsible future development.

Figure 1: LS3 Components



Identifying your large scale industry

Large-scale natural resource projects are defined in a broad way within the REGINA project. This is due to the diverse mix of partners in the project, as well as the many types of industrial activities that can take benefit from a local strategic planning approach such as the one established in REGINA. By default, all selected industries will involve the direct use of land or marine areas for the extraction and/or transformation of natural resources. They also influence the socio-economic values and uses of neighbouring land and/or marine environments through landscape impacts or the development of infrastructure to service the project/industry.

For example, in Scotland this will be marine energy but may be mining or oil and gas in other municipalities. If the municipality has more than one large-scale industry that will be in focus, these should all be included.

When establishing the LS3 it is important to first identify the particular large scale industry(ies) in terms of:

- Sector(s): varying from mining, quarrying, refinement, oil and gas exploration/extraction, renewable energy, etc.
- Scale or size of the project(s). Varying in terms of its size, by area, capital investment, employment, turnover, etc.
- Expected length or duration of the project.
- Recognition of existing planning and preparation documents, so that each LS3 builds off of the local strategies and knowledge that is already in place in the local area.
- Current and planned labour force
- Economic value (expected and/or current) in the supply chain and/or complementary sectors
- Existing challenges or conflicts in the local society and/or economy.
- Previous industries that have had an impact on the municipality and directly or indirectly on the new large scale industry. For example in the Scottish area previous large-scale industry of nuclear power has had a major impact on demographics and supply chains that now impact the developing marine energy industry.

The 6-Step Model

In the following sections we will provide details of each of the six steps of the implementation process, including the overall introduction.

Introduction

A general introduction of a LS3 will include a rationale why an LS3 will be valuable for the municipality and what they hope to achieve. In particular, how it plans to build upon the existing knowledge and contribute with a strategic line towards a future sustainable growth of natural resource extractive industries.

The main introduction will also describe how this is a smart specialisation strategy that is completed at the local level and focusses specifically on a chosen key industry and how it can support broader sustainable growth of your municipality. In particular, the chosen key industry will be defined based on the characteristics listed above.

Component 1: Baseline Analysis

The Goal: This component is about summarising the current situation in the municipalities using an evidence based collection of knowledge regarding:

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

In other words, the baseline from which a LS3 can be developed.

Who is responsible? This activity is carried out by the

municipality partners, with the support of MidtSkandia and Nordregio together with inputs from the research partners.

What is the timescale? To be completed by July 2016.

Specific tasks: To establish the current demographic and workforce structures and flows, the structure of economic activity and land use patterns, the structure of decision-making concerning development of the natural resource sector, together with the environmental, community and cultural assets of the municipalities.

The output: Chapter 1 of an LS3, providing an evidence base to guide future local work in the project.



Milestone:	Guidelines for Baseline Assessment	Draft of Baseline Assessment	Chapter 1 of LS3, Baseline Analysis
Responsible:	MidtSkandia, Nordregio, UHI, ULapland, Bioforsk.	Municipal Partners	Municipal Partners

Component 1.

Component 2: Current Challenges and Opportunities

The Goal: This component moves from describing the current situation to focus on the perceived challenges, and emerging opportunities. If local partners have not already defined clear municipal goals, or need to do additional scoping of the development challenges and opportunities they can implement Component 2.

Who is responsible? This activity is carried out by the municipality partners, with support from MidtSkandia and Nordregio.

What is the timescale? If carried out by a local partner, to be completed in 2016, following the baseline assessment.

Specific tasks: A suitable procedure (such as local stakeholder seminar guideline) will be developed by MidtSkandia and Nordregio, in consultation with the local partners. This will be applied in seminars by the local partners to identify current development challenges and opportunities, as well as a common vision for development. While information about key local actors' 2025 and 2050 visions will probably vary between different stakeholders, this component seeks to develop a consensus, a coherent view of what "smart specialisation" means for each municipality, and where they want to be in ten and 35 years' time. The information will then be collected by each municipality, and subsequently written up as a chapter of the LS3, with guidance from MidtSkandia and Nordregio.



Milestone:	Guidelines for collecting information	Open workshops in each municipality to collect information	Chapter 2 of LS3, Current challenges and opportunities, creating a local vision
Responsible:	MidtSkandia, Nordregio	Municipal Partners	Municipal Partners

Component 2.

Component 3: Future Scenarios

The Goal: This component is about providing the opportunities for local partners to implement a Demographic Foresight Model for 2025 and 205. This will help to better understand the likely trajectories of the population and labour market.


Who is responsible? This activity is carried out by the municipality partners, with support from MidtSkandia, Nordregio and the University of Lapland. Nordregio will provide guidelines for demographic foresight, whilst University of Lapland will supply guidelines on land use foresight.

What is the timescale? To be considered for implementation following the development of the model, not before June 2016.

fore June 2016.

Specific tasks: Foresight goes further than forecasting, in that it does not simply project forward current trends, but considers the implications of anticipated changes or “shocks”. This means that there could be different scenarios for the municipalities in 2025 and 2050, and in order to identify these it will be necessary to combine techniques suggested by the research partners with local knowledge which must come from the municipalities and other local stakeholders.

The output: This would provide a standalone strategic guidance document developed by the local municipalities.



Milestone:	Guidelines for implementation of foresight analysis	Publish Foresight Model guide on REGINA website	Support municipalities in implementing foresight model	Chapter 3 of LS3, Integrated Foresight Analysis
Responsible:	MidtSkandia, Nordregio, ULapland, Nibio.	MidtSkandia, Nordregio, ULapland, Nibio.	Municipal Partners together with MidtSkandia, Nordregio, ULapland, Nibio.	Municipal Partners

Component 3.

Component 4: Social Impact Analysis


The Goal: This component provides a Social Impact Analysis Plan (SIMP), a framework which can help resolve potential conflicts relating to land use change and the impacts of large scale industries, between different social groups within a local community.

Who is responsible? This activity is based on guidance developed by the University of Lapland within WP4. It will subsequently be implemented by the municipality partners, with support from MidtSkandia and Nordregio.

What is the timescale? To be completed once the SIMP has been developed by the research partners (Univer-

sity of Lapland), in mid-2017.

More specific tasks: The initial activity for the Municipality partners (6.3.1) will be to review current procedures for planning for land use multifunctionality, and report these to the University of Lapland. University of Lapland will later provide guidance on experimental SIMP procedures, which will be reviewed and “tested” by each Municipality, with support from University of Lapland, MidtSkandia and Nordregio. The latter will subsequently support the Municipalities in reporting findings and writing a further section of their LS3.



Milestone:	Guidelines for SIMP tool	Collect information and implement SIMP.	Chapter 4 of LS3, SIMP	Step-by-step best practice guide for SIMP
Responsible:	ULapland	Municipal Partners, supported by ULapland	Municipal Partners	ULapland

Component 4.

Component 5: Local Retention of Economic Benefits

The Goal: This component focusses on responding to economic risks associated with large scale inward investment in remote and sparsely populated areas, i.e. the tendency for the majority of added value to accrue outside the area where the resource-based activity takes place. Potential solutions lie in adjustments to the supply chain, and creation of “within-region” linkages.

Who is responsible? This activity is based on guidance developed by the University of Highlands and Islands within WP5. It consists of a SWOT analysis and the development of a strategy for local retention of economic benefits. MidtSkandia and Nordregio will support the Municipalities in implementation of these activities, and the production of the 6th chapter of their LS3.

What is the timescale? To be completed once the toolkit has been developed by the research partners (Universi-

ty of Highlands and Islands), in the second half of 2017.

More specific tasks: The initial activity for the Municipality partners will be to review current policies to support local retention of benefits, and report these to the University of the Highlands and Islands (an input to 5.2.2). The University of the Highlands and Islands will later provide guidance on SWOT approaches, as a basis for developing benefit retention strategies, which will be reviewed and “tested” by the local partner, with support from University of Highlands and Islands, MidtSkandia and Nordregio. The latter will subsequently support the Municipalities in reporting findings and writing a further section of their LS3.

The output: Chapter 6 of each municipality’s LS3, contributions to the Handbook for Practitioners and Online Resource Centre.



Milestone:	Guidelines for SWOT analysis toolbox (LBAT)	Implement LBAT.	Chapter 5 of LS3, LBAT	Step-by-step best practice guide for LBAT
Date:	Draft: December 1, 2016	October 1, 2017.	December 1, 2017	January 1, 2018
Responsible:	UHI	Municipal Partners, supported by UHI	Municipal Partners	UHI

Component 5.

Component 6: Policy and Implementation.

The Goal: This component focusses on practical policy approaches and implementation, tailored to the needs of the local partner, which will be formulated as the final section of an LS3.

Who is responsible? MidtSkandia and Nordregio will support the Municipalities in implementation of these activities, including the production of the 6th chapter of their LS3.

What is the timescale? To be completed by April 2018

More specific tasks: The Municipalities will be supported by MidtSkandia and Nordregio, through a process of reflection and discussion, to develop specific action points to be presented in the final section of their LS3.

Appendix 1: Guidelines to STEP 1 of the Local Smart Specialisation Strategy



Milestone:	Guidelines including common methodology, structure and format for stakeholder engagement	Workshops sharing and discussing findings, developing action points and policy implications.	Chapter 6 of LS3, Policy Implications
Responsible:	MidtSkandia and Nordregio	Municipal Partners	Municipal Partners

Component 6.

Appendix 1.

REGINA Guidelines to STEP 1 of the Local Smart Specialisation Strategy

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Note on completing these guidelines

The intent of these guidelines is to support you in filling out each step in your Local Smart Specialisation Strategy (LS3). The unique local characteristics of each municipality, including the existing knowledge base and local planning-related competencies, mean that each LS3 will be developed in a distinct way from each other. As such, these guidelines intent to be a general reference, from which you can develop the specific strategic lines of your own strategy in the best way you see fit. However, please maintain the overall seven-step structure of the LS3 Model, as this will greatly support knowledge co-creation and the exchange of experiences throughout the REGINA partnership.

Also, while each LS3 will be produced in your local language, we would greatly appreciate a version of each drafted step, in English, in this document template. This will also help with knowledge sharing, particularly as Nordregio and MidtSkandia work to develop the REGINA handbook.

As research partners, we are here to assist you in whatever way you need to implement your local strategy. Please don't hesitate to contact us with any questions. For general questions please contact Katti Lundström (katti.lundstrom@storuman.se). Contact information is also provided below for each main research work package.

General Introduction

[Provide a main introduction to the entire LS3 here. As a general introduction, it should include a rationale why an LS3 will be valuable for the municipality and what you hope to achieve through it. In particular, how it plans to build upon the existing knowledge and contribute with a strategic line towards a future sustainable growth of natural resource extractive industries.]

The main introduction will also describe how this is a smart specialisation strategy that is completed at the local level and focusses specifically on your chosen key industry. Also, emphasize that it is a strategy that focuses on how development of this key industry can support broader sustainable growth of your municipality.]

Defining your large scale project or industry

[Here you will identify the key industry(ies) or project(s) (hereafter known as key industry). Your description can include the following:

- *Sector(s): varying from mining, quarrying, refinement, oil and gas exploration/extraction, renewable energy, etc.*
- *Identification of specific projects in terms of its size (by area, capital investment, current and/or planned employment, turnover, etc.).*
- *The expected length or duration of the project (if relevant).*
- *Summary of economic value (expected and/or current) in the supply chain and/or complementary sectors*
- *If relevant, previous industries that have had an impact on the municipality and directly or indirectly on the new large scale industry should also be included. For example in the Scottish area the previous large-scale industry of nuclear power has had a major impact on demographics and supply chains that now impact the developing marine energy industry.*

Large-scale natural resource projects are defined in a broad way within the REGINA project. This is due to the diverse mix of partners in the project, as well as the many types of industrial activities that can take benefit from a local strategic planning approach such as the one established in REGINA. By default, all selected industries will involve the direct use of land or marine areas for the extraction and/or transformation of natural resources. They also influence the socio-economic values and uses of neighbouring land and/or marine environments through landscape impacts or the development of infrastructure to service the project/industry.

For example, in Scotland this will be marine energy but may be mining or oil and gas in other municipalities. If the municipality has more than one large-scale industry that will be in focus, these should all be included.

1 Baseline Analysis

[The Baseline analysis chapter will provide an evidence based understanding of your current situation and recent past. Try to resist the temptation to talk about Challenges and Opportunities, Visions for the future, or Foresight – otherwise you will end up repeating yourself in subsequent chapters!]

As you might already have figured out, there is a certain degree of overlap between the guidelines produced below and the introductory baseline questions that were asked to you in November or December by the research partners. The research partners used those questions as a basis for creating the guidelines. Therefore, do not hesitate to use your answers to those questions in order to complete your Baseline Analysis. The answers can be found at: [Dropbox\REGINA\4. Research and Local Smart Specialisaton\Step 1. Baseline Analysis](#)]

1.1 Introduction

[Insert a couple of lines of text to explain the purpose and role of a baseline in a LS3 document; something like: developing a strategic line for the future requires an evidence base which provides a clear picture of the current position. In the case of an LS3 it will be important to give the reader an impression of the current socio-economic status quo, and recent trends, explaining how this has been arrived at. Here, the baseline analysis is structured around the three themes of the REGINA project; demography, economy and business structure, and land use.]

You might also wish to:

- *Provide a simple description of your municipality, where it is, its key geographical characteristics, short description of land-use patterns and, key industries.*
- *Include an identification/overview of main strategic documents (e.g. regional smart specialisation strategies, relevant business strategies, regional or municipal visions etc.) which have been developed within the last 3 years.*
- *Recognition of existing planning and preparation documents, so that each LS3 builds off of the local strategies and knowledge that is already in place in the local area.*

1.2 Local Governance and planning

[Briefly describe the administrative levels and their main responsibilities related to development of your key industry. You can fill in the box below with the most important institutions/departments at the different administrative levels some key words about their main responsibility.]

National	Regional	Municipal/Local
<i>Institution/department: Responsibility:</i>	<i>Institution/department: Responsibility:</i>	<i>Institution/department: Responsibility:</i>
<i>Institution/department: Responsibility:</i>	<i>Institution/department: Responsibility:</i>	<i>Institution/department: Responsibility:</i>
<i>Institution/department: Responsibility:</i>	<i>Institution/department: Responsibility:</i>	<i>Institution/department: Responsibility:</i>
<i>Institution/department: Responsibility:</i>	<i>Institution/department: Responsibility:</i>	<i>Institution/department: Responsibility:</i>

This section will describe the role of the municipality in the local governance.

- In which issues related to your key industry is the municipality cooperating with the regional and national level? Please give 1 or 2 examples.*
- What are the key steps in the application process, before projects in your key industry industries can begin operating?*
- Is there a decision making process in place in case of problems related to prospecting/operation/closure of large scale industries? If so, give 1 or 2 examples.*
- How is the ongoing dialogue and reporting between the municipality and operational companies in your key industry? Are their established channels of communication between the municipality and operational companies in your key industry?*

1.3 Demographic Situation and Trends¹

1.3.1 Key Demographic Trends

[Nordregio has provided local data for you to complete Table 1 and Figure 1. Please see the Dropbox folder: [Dropbox\REGINA\4. Research and Local Smart Specialisation\Step 1. Baseline Analysis](#). You are welcome to add further indicators if you feel there are aspects of the demographic situation that should be shown in more detail. Please add some descriptive text above and below the table to highlight the key demographic issues for your municipality.]

Table 1: Key Demographic Indicators

Indicator	Units / Definition	Municipality	Region	Country
Total Population	Persons			
Average population density	Persons per Square Km.			
Gender Ratio	Females: Males per 100			
Dependency ratio	0-14 + >64 as % of 15-64			
Old age dependency ratio	>64 as % of 15-64			
Child dependency ratio	0-14 as % of 15-64			
Population change since 1995	2015 as % of 1995			
Average Net Migration Rate 2001-2015	Net migration as % of total population			
Average Rate of Natural Increase 2001-2015	Births-Deaths/Total Population			

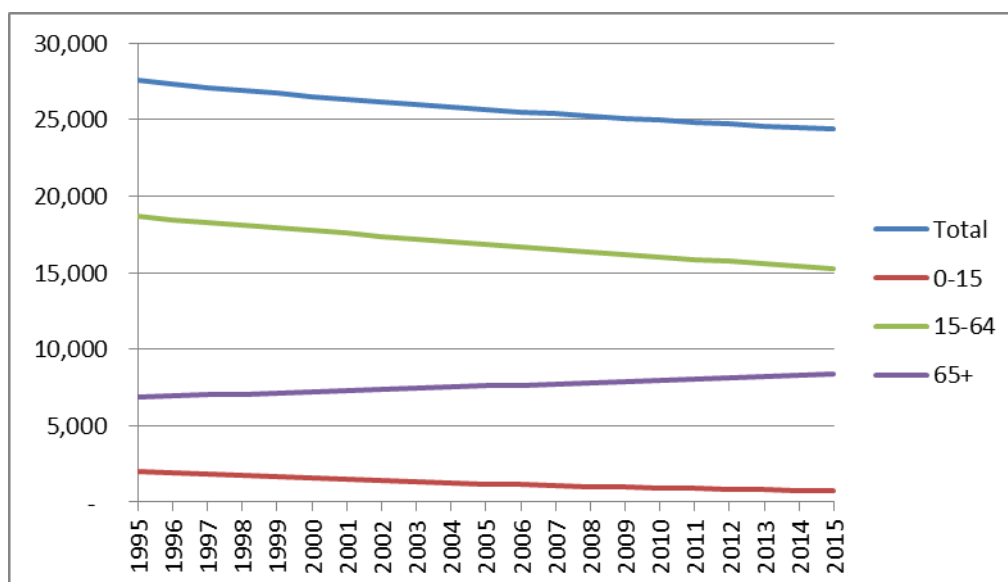


Figure 1: Population trends 1995-2015 (provided by Nordregio)

¹ Contact Leneisja Jungsberg with any questions: leneisja.jungsberg@nordregio.se

Some other demographic issues that you may want to refer to might include:

- Selective migration – young, educated, female - and its impact on the human capital innovation capacity, and reproduction potential of the municipality.
- Composition of indigenous and/or ethnic groups in the municipality (e.g. Sami/newly arrived immigrants)
- Effect of ageing on demand for services for the elderly
- What proportion of the population lives in settlements of more than 1500 persons?

1.3.2 Local Labour Market and Human Capital

[This section focuses on employment and workforce issues. There are some standard quantitative indicators (Table 2) but in addition there is a lot of scope for qualitative description of key local issues, and for non-standard indicators. Table 2 and the descriptive text/interpretation around it are just the starting point – please feel free to elaborate on all local issues relating to the labour market and human capital – such as selective out-migration and its effects.]

Table 2: Labour Market and Human Capital Indicators

Indicator	Units / Definition	Municipality	Region	Country
Economic Activity Rate (total)	Economically active as % of 15-64 population			
Economic Activity Rate (female)	Economically active females as % of 15-64 female population			
Employment Rate (total)	Employed as a % of 15-64 population.			
Employment Rate (female)	Employed females as a % of 15-64 female population.			
Unemployment Rate	Unemployed as % of economically active			
Unemployment Rate (female)	Unemployed females as % of female economically active			
Youth unemployment rate	Unemployed persons aged 15-24 as a share of the labour force			
Graduates	% 30-34 yr population with ICED 5 or higher			

Some other labour force issues that you may want to refer to might include:

Characteristics of the labour force in the municipality

- *Information or data about the share of the workforce which is employed in large scale or resource-based industry in your municipality?*
- *Information or data about the municipality which suggests that the presence of the identified key industries affect the occupational structure of the workforce (e.g. by boosting the number of manual/low skill occupations?)*
- *Fly in fly out workers*
- *Describe the importance of employment in activities which are connected to the “large scale” industries – either upstream or downstream in their supply chain*
- *Has the presence (or decline) of large resource-based industries in the municipality affected the skills base of the local labour force – for example does it mean that there is a high proportion of low skilled workers?”*

Education and competence building

- *Current process for competence building or up-qualification for unemployed.*
- *Current municipal/regional strategies to attract particular needed competences.*
- *List the main educational institutional institutions and their educational focus.*

1.4 Land Use Patterns²

[This section will present the state-of-the-art regarding existing local land-use patterns and coordination through local planning. This will be a descriptive section, with the main focus being on identifying and describing the current land-use planning strategies that have been established locally; the different actors engaged in local land use issues; and the manner in which social and environmental issues are included in land use planning processes related to your key industry in focus in the REGINA project.]

1.4.1 Land use planning strategies

What is the current approach towards land-use planning in the municipality?

- *Please identify the land-use plans that are in place locally?*
 - *When were they produced?*
 - *Who was involved in producing these plans? Internally developed by the municipality? Use of consultancies or outside expertise?*
 - *How were local stakeholders included in the development of your local land use plan?*
 - *What tools (GIS processes) are included?*
 - *What are the key issues and/or goals that are established by these plans?*
 - *Please include examples of key maps or diagrams included in your local land use plan.*
- *Based on the current plans/strategies in place:*
 - *How is your key industry recognised by your local land use plan?*
 - *What types of participatory planning approaches are there between the municipality and the different land-use actors, including the general public? Are these voluntary or are they obligatory based on planning laws?*
 - *Based on the previous question, please identify how other important local issues are recognised by your local land use plans. These could include the following:*
 - *Other land-occupying industries*
 - *Recreational areas or activities, including tourism.*
 - *Cultural heritage/protected areas*
 - *Livelihood activities (farming, reindeer herding etc.)*
 - *Other activities...*

1.4.2 Impact Assessments - social and environmental

[The intent of this section is to describe the relationship between planning and development processes of projects in your key industry, and the process of completing environmental and social impact assessments. In particular, we want you to establish in your LS3 how these assessments are completed, and how they fit into the overall planning and development process.]

Recent impact Assessments

- *Please list the projects in your key industry where impacts assessments have been completed in the last five years. [This helps to establish the current landscape of projects that are under development or have recently begun operations. It also gives you the basis for knowing which guidelines laws or mandates are applied]*

² Contact Leena Suopajarvi with any questions: leena.suopajarvi@ulapland.fi

Environmental impact assessments

- *Which guideline, laws or mandates are applied in the development of environmental impact assessments (make a reference)*
- *Which actors are involved? For example, how are local, regional or national actors involved? Who conducts the actual impact assessment?*

Social impact assessments

- *Which guideline, laws or mandates are applied in the development of social impact assessments (make a reference)*
- *Which actors are involved? For example, how are local, regional or national actors involved? Who conducts the actual impact assessment?*

1.5 The Structure of Economic Activity³

[This section focuses on innovation and entrepreneurship in your municipality. The aim is to identify good practice approaches and local strategies that are used in stimulating the growth of potential new business developments. An important aspect of this includes getting an overview of how to engage entrepreneurs with the supply chain and complementary activities of your key industry.]

The development of the baseline analysis is composed of a descriptive overview of the current business environment using available data.]

1.5.1 Economic and Business development

[This section will focus on developing a baseline understanding of innovation and entrepreneurship utilising existing sources of data.]

Economic Agencies:

- *Specify any economic agencies that exist in the aid of economic development:
For example in Scotland there are two economic development agencies: Highlands and Islands Enterprise (<http://www.hie.co.uk/>) and Scottish Enterprise (<http://www.scottish-enterprise.com/>). Highlands and Islands Enterprise are the agency which operates in the Scottish municipality area.*
 - *Do any of these agencies have a responsibility for innovation?
For example in Scotland, Highlands and Islands Enterprise (<http://www.hie.co.uk/business-support/innovation-r-d/>) has a remit for supporting innovation. Further details of this responsibility can be found on their website.*
 - *Do any of these agencies have a responsibility for entrepreneurship?
For example in Scotland, Highlands and Islands Enterprise (<http://www.hie.co.uk/business-support/entrepreneurship/>) has a remit for supporting entrepreneurship. Further details can be found on their website.*
 - *Do any of these agencies have a responsibility for business developments?
For example in Scotland there is also Skills Development Scotland (<https://www.skillsdevelopmentscotland.co.uk/>). There are also local organisations such as Caithness Chamber of Commerce (<http://caithnesschamber.com/>).*

Academia:

- *Please specify any academic institutions that exist in the area*
- *Do any of these institutions promote innovation?*
- *Do any of these institutions promote entrepreneurship?*

1.5.2 Detailed Entrepreneurship Data

[The following questions explore entrepreneurship in a more detailed manner. A table below can be used for the presentation of the data. Please note that some of the data may not be available but the types agencies identified above may be able to provide data.]

³ Contact Magnus Davidson with any questions: magnus.davidson@uhi.ac.uk

Please fill in the answers to these questions below in the table provided below.

Indicator	Definition/Time Period	Municipality	Region	Country
1. Enterprise Birth Rate	Any Given Year			
2. High-Growth Enterprise Proportion	On Employment Growth			
3. High-Growth Enterprise Proportion	On Turnover Growth			
4. Gazelle Proportion	Based on Employment			
5. Gazelle Proportion	Based on Turnover			
6. Business Churn	Addition of Birth and Death Rates			
7. Business Population Growth	Births Minus Deaths			
8. Business Survival Rates	After 3 Years			
9. Business Survival Rates	After 5 Years			
10. Proportion of Firms	Of 3 Years			
11. Proportion of Firms	Of 5 Years			
12. Percentage of Employees	Of 3 Years			
13. Percentage of Employees	Of 5 Years			
14. Average Size of Firms	Of 3 Years			
15. Average Size of Firms	Of 5 Years			
16. Business Ownership Rates				
17. Business Ownership Rates	Start Up Rates			

1. *Enterprise birth: birth of a new company with at least one employee in any given year.*
2. *Proportion of high-growth firms based on employment growth as a percentage of all firms. This question is asking about the proportion of high-growth firms (compared to the total number of firms) which have increased their number of employees by greater than 20% a year, over a three year period (with at least 10 employees at the beginning of the observation period).*
3. *Proportion of high-growth firms based on turnover growth as a percentage of all firms. This question is asking about the proportion of high-growth firms (compared to the total number of firms) which have increased their turnover by greater than 20% a year, over a three year period (with at least 10 employees at the beginning of the observation period).*
4. *Gazelle proportion⁴ based on employment*
This question is asking about the proportion of high-growth firms (as a percentage of the total number of firms) which have increased their employment by greater than 20% a year, over a three year period (with at least 10 employees at the beginning of the observation period). This firm however must be under the age of 5.
5. *Gazelle proportion based on turnover.*
This question is asking about the proportion of high-growth firms (as a percentage of the total number of firms) which have increased their turnover by greater than 20% a year, over a

⁴ *Gazelles represent young enterprises with high growth. They must have been employers of ten or more people for a period of up to five years, with annual growth in employees or turnover of greater than 20% a year, over a three year period.*

three year period (with at least 10 employees at the beginning of the observation period) This firm however must be under the age of 5.

6. *Employer churn rate.*

The employer enterprise churn rate is the sum of enterprise birth rate⁵ and enterprise death rate⁶. If possible, please exclude changes due to mergers, acquisitions, company break-ups, etc.

7. *Business population growth.*

The net business population growth is the measurement of employer enterprise births minus employer enterprise deaths.

8. *Business Survival rate⁷ of the enterprises after 3 years as a proportion of all enterprises.*

9. *Business Survival rate of the enterprises after 5 years as a proportion of all enterprises.*

10. *Number of firms at 3 years old as a proportion of all firms with employees.*

11. *Number of firms at 5 years old as a proportion of all firms with employees.*

12. *Number of employees in firms at 3 years old as a proportion of employees in all firms.*

13. *Number of employees in firms at 5 years old as a proportion of employees in all firms.*

14. *Average number of employees in 3 year old firms.*

15. *Average number of employees in 5 year old firms.*

16. *Business ownership rate.*

The number of owner-managers of businesses as a percentage of the total labour force.

17. *Business ownership start-up rate.*

The number of owner-managers of start-up businesses as a fraction of the total labour force.

⁵ *The enterprise birth rate refers to the number of births of employer enterprises (the birth of an enterprise with at least one employee in the birth year) as a percentage of active enterprises with at least one employee.*

⁶ *Enterprise death rate refers to the deaths of employer enterprises (death of an enterprise with at least one employee or when an enterprise shrinks below the threshold of one employee for at least two years) as a percentage of the population of active enterprises with at least one employee.*

⁷ *The survival rate refers to the number of enterprises which have not died after 3 years or 5 years as a percentage of the total number of enterprises reporting at least one employee over the previous year (year 2 or year 4).*

