



Photo: Petur Martin Solmunde

V.9. KLAKSVÍK AND THE FAROE ISLANDS: Structural Transformations and Adaptation – Boosting attractiveness through engaged citizens and local companies based on a growth plan

By Michael Kull and Karen Refsgaard, 2018/2019

Introduction

Why are some municipalities better than others at deploying their resources, attracting people and creating jobs? This was the key question studied in this analysis of the attractiveness of 14 rural municipalities in the Nordic Region.

The 14 areas selected are all defined as attractive in the sense that their populations and the number of people in work have increased in recent years. The nature of the boost to employment in some sectors has been identified by means of shift-share analyses to determine how much of the change is attributable to specifically local factors.

Interviews then probed key stakeholders about motivation, working conditions, job creation and living conditions. These interviews were with public sector representatives (e.g. mayors and heads of planning and development), business representa-

“ We are an enterprising lot. We want to create a good place to live and seek opportunities, and we stand united to reach our goals

JÓGVAN SKORHEIM, MAYOR OF KLAKSVÍK

tives and entrepreneurs, high school students and people from the education sector, as well as families. Combined with analyses of other data and information, the interviews helped us to understand why some places do better than others.

Among the reasons to choose Klaksvík for a case study was the positive change in terms of net migration and population, along with positive

economic trends of recent years.³² Klaksvík is located on one of the northern Faroe Islands. It is the major township in Norðoyar county. There are approximately 12 others, plus some small villages. All together they have a total population of approximately 5,920.

When the fishing industry emerged in the late nineteenth and early twentieth centuries, Klaksvík comprised some rather scattered farming settlements. This changed dramatically (Klaksvíkar Kommuna, 2017). Klaksvík became a municipality in 1908 and from then until 1970 the population increased from 700 to 4,266. Population growth peaked in 1989, at 5,000. The economic crises that the Faroe Islands endured in the 1990s hit Klaksvík hard. The municipality, like Norðoyggjar county as a whole, then saw its population fall (Figure V.9.2.). During the economic recovery (and on account of a growth plan with a range of socio-economic implications, plus the construction of a sub-sea tunnel – more of which below), the demographic situation in both Klaksvík and the county as a whole improved. Population figures became positive once more (Figure V.9.2.).

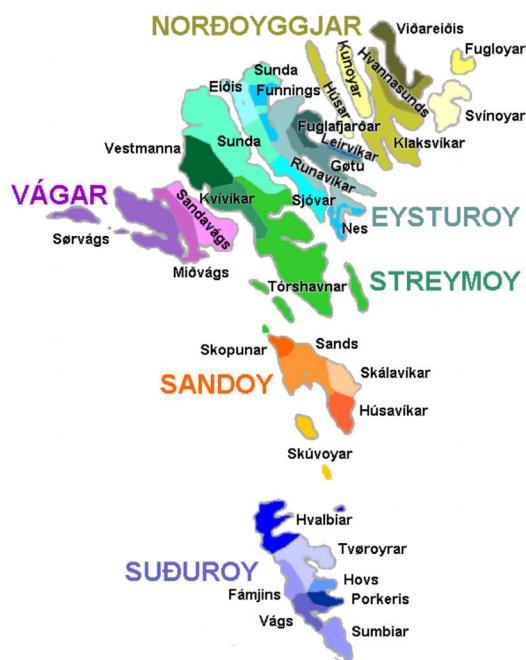
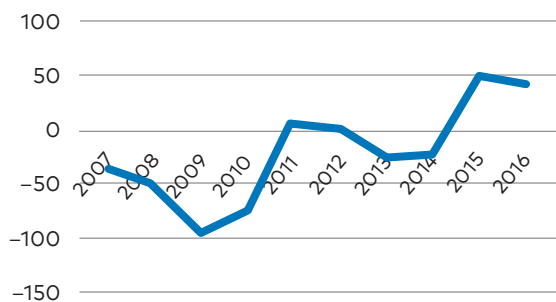


Figure V.9.1. Map of the Faroe Islands. Source: https://da.wikipedia.org/wiki/F%C3%A6r%C3%B8ernes_regioner#/media/File:Map-kommuna-2005new-color-caption.png.

32 For the different steps involved in data collection and case study selection, see the 'Methods' section.

Norðoyggjar – Net migration patterns, 2007–2016



Norðoyggjar – Population change, 2007–2016

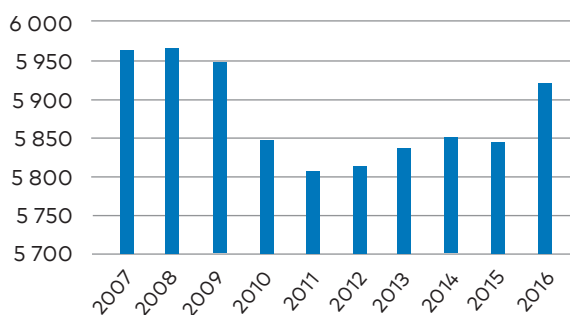


Figure V.9.2. Norðoyggjar – Net migration and population, 2007–2016.

For many years, there were fewer women than men in the municipality.³³

The municipality's financial situation also improved after 2009. While the tax level was higher that year than in 2017, the municipality has nearly doubled its overall income during this period. The years 2013 and 2014 saw the fastest growth, Mayor Skorheim³⁴ explains. However, compared to Tórshavn, where the economy grew steadily, he

33 Looking at the situation in the Faroe Islands as a whole, the islands have had fewer women (approximately 2,000) for some time. During the Second World War, many young women married British soldiers. Since 1950, a large number of them have moved abroad to seek education, and many have started families abroad.

From the 1960s and for the next two to three decades, there were numerous marriages between young Faroese women and Danish/NATO soldiers deployed on the islands during the Cold War. These factors may all have played a role in producing a gender imbalance. Recent figures, however, show a greater proportion of women coming to the Faroese community. There are several policies in place to motivate students to return, which will be discussed below. This has also had an impact on the overall balance.

34 Skorheim was born in Klaksvík. Prior to becoming mayor, he had his own company (soap and cleaning). He became deputy mayor aged 26, and mayor in 2013 at the age of 30. Skorheim is also member of the Faroese parliament, the Løgtingið.

Norðoyggjar, 2008–2016

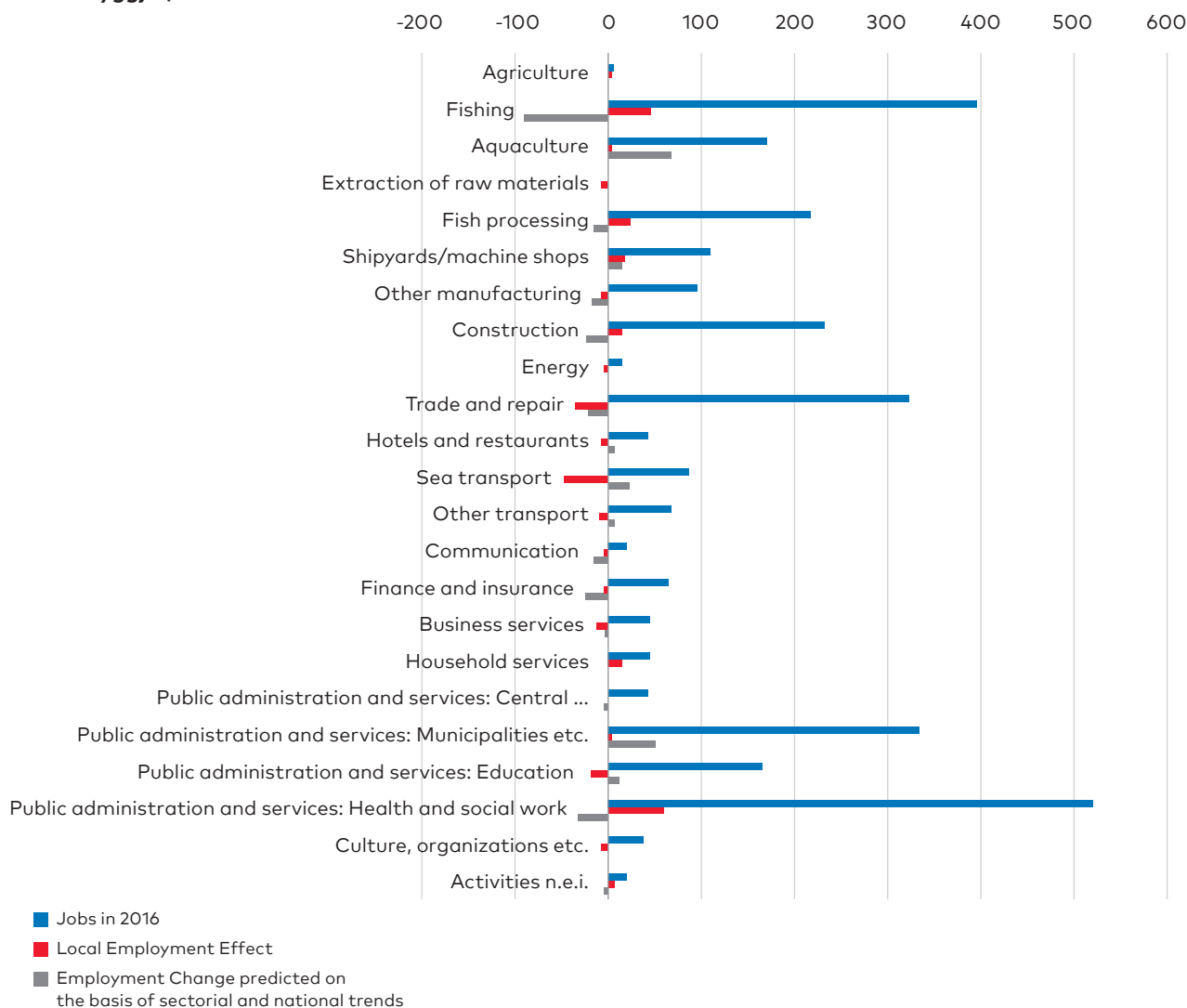


Figure V.9.3. Employment and local employment effects in Norðoyggjar. The blue bar shows the number of jobs in the area in 2016. The grey bar shows the change in employment levels as predicted on the basis of sectorial and national trends. The red bar shows the local employment effect. Where it is positive, local development in that particular industry is better than would have been predicted on the basis of national and sector trends. This means either that industry in the area is stronger, or that specific policies are in place. Qualitative methods of data collection (e.g. interviews) help us to understand the factors underlying these figures.

reminds us that that Klaksvík’s specific situation is more fragile and that it is still dependent on the fishing industry. The second largest sector for employment in Norðoyggjar county and in 2016 – after public administration – is fisheries. But trade and repairs, fish processing and construction are also important (Figure V.9.3.).

The proportion of jobs provided in the fishing sector (and in related fish processing) in Klaksvík, as part of Norðoyggjar county, is continuously high and the local employment effect is stronger than average for the Faroe Islands. Overall for the Faroes, some 370 jobs were lost in fishing between

2008 and 2016. In Norðoyggjar county there more jobs remained than would have been expected on the basis of national trends.³⁵ Compared to the national trend, the expectation would have been that by 2016 only around 350 jobs would be left in fishing, while there were actually still around 400 jobs in the sector (down from 441 jobs in 2018 – see Table V.9.1. next page).

³⁵ This shift-share analysis for the period from 2008-2016 shows that public administration (health and social work) especially, plus fishing, fish processing, household services and the shipyards have done better than expected, when compared with the national and sectorial trends.

Table V.9.1. Jobs in Norðoyggjar county

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Agriculture	3	3	2	3	2	2	3	7	8	9
Fishing	494	441	433	421	389	389	367	392	385	398
Aquaculture	89	98	120	131	136	153	160	174	200	171
Extraction of raw materials	6	8	8	7	6	4	4	4	4	4
Fish processing	263	208	85	205	203	205	202	222	214	219
Shipyards/machine shops	78	77	72	61	71	93	95	105	108	112
Other manufacturing	119	120	117	84	87	91	87	85	95	98
Construction	252	238	186	198	190	186	194	204	218	232
Energy	18	16	16	16	16	15	17	19	19	16
Trade and repair	350	377	328	295	293	304	318	311	335	325
Hotels and restaurants	40	41	34	23	27	25	25	44	45	43
Sea transport	80	107	92	88	106	84	92	92	91	88
Other transport	68	70	57	43	43	67	58	69	64	69
Communication	40	39	49	48	42	29	25	25	19	23
Finance and insurance	96	91	83	84	85	73	69	65	68	67
Business services	66	59	54	54	41	36	41	45	42	46
Household services	23	27	37	38	42	39	42	40	48	47
Public administration and services: Central administration	40	43	43	41	43	38	37	39	43	44
Public administration and services: Municipalities etc.	280	279	261	263	284	287	284	296	314	337
Public administration and services: Education	176	170	171	169	168	165	171	173	165	166
Public administration and services: Health & social work	479	491	479	488	469	493	482	467	499	521
Culture, organizations etc	41	42	39	37	32	33	37	36	39	38
Activities n.e.i.	22	18	20	18	-	13	18	17	20	23
SUM	3123	3063	2786	2815	2775	2824	2828	2931	3043	3096

Bearing in mind the continuing importance of the fisheries sector, this study aims to shed light on the transformations that have taken place over the past few years. Moreover, since there is also a strong commitment to the development of what is sometimes called the 'experience economy' – which is part of the municipal growth plan for Klaksvík – we will also explore this, alongside other sectors of the economy.

A robust basis for boosting the attractiveness of the islands and their economic prospects

has been provided by the municipal growth plan published in 2010. Working with the local people in Klaksvík, the municipality analysed the economic situation and its development needs, the demographic trends, and the policies needed to boost the attractiveness of the place for both the existing population and for prospective incomers. Elements of this growth plan, along with an analysis of structural transformations that have taken place, will be discussed in the following pages.

Public policy: involving people and their perspectives in the development of a growth plan

According to Mayor Skorheim nobody really believed that the population in the municipality of Klaksvík would ever recover again, following the economic crisis at the end of the first decade of the 2000s. However, the municipality succeeded in rebuilding growth and it now has a population of over 5,100. One of the key reasons for Skorheim – what explains this change – is the municipal growth plan which was created with and for local people. In the process of developing the plan, people in the community were actively engaged. They shared their views through focus group interviews, for example. This formed part of a government-led strategy in 2012 to fight back against the ‘exit Føroyar’ trend. Government, local communities, businesses, labour organisations and student groups worked together to inform people about opportunities in the Faroes. Among other channels, this was achieved through the annual job-match initiative, which had started back in 2010. Events and activities were held on the Faroes, in Denmark and in a number of other countries. They focused on encouraging Faroese students living abroad to become interested in returning home once more. The views of these students was naturally seen as important.

The focus groups conducted for the Klaksvík growth plan first sought to identify obstacles to development. Issues concerning what needed to be done better were discussed as well. These common reflections on both obstacles and enabling factors formed the basis for the growth plan. That plan was finished in 2010. Three key areas emerged. First, the experience economy. Second, building rental and terraced houses to facilitate affordable living. And third, making Klaksvík attractive for students and young families – as well as for young people looking to return after studies abroad.

Encouraging young people and students to move back to Klaksvík

One of the key areas in the municipal growth plan is attending to young people, with specific strategies designed to motivate people to move to the area, and to move back after a period of study abroad. In addition, students were listened to in the development process for the plan as a whole. Representatives from the municipality also went to

Denmark to inform students about the opportunities in Klaksvík, in order to attract them to returning. Tróndur Leivsson (CEO at the Búnaðarstovan Agricultural Agency) stresses the importance of cooperation between different levels of government and related institutions in this endeavour. As a response to the decline in population, and in order to motivate students to return, the House of Industry, together with representatives from various Faroese municipalities, went to Faroese students studying abroad with the purpose of trying to convince them to return home after studying. The focus was on Danish towns and beyond. *“During Christmas holidays when students were back,”* Leivsson explains, *“they arranged different events for them here as well.”* Information was provided about job opportunities, childcare, health, building or buying houses, and the training opportunities offered by local companies.

According to Marita Rasmussen from the House of Industry, around 50% of young Faroese are currently studying abroad, and roughly half of those will not return. Keeping young people for two to three years after their graduation increases the probability that they will return home again. This contrasts to the scenario where they left right after high school, for example, Leivsson adds., More students tend to return now than in the past. Among the reasons for this is higher unemployment in Denmark and good job opportunities on the Faroe Islands. Another important factor was better marketing of job and life opportunities on the Faroe Islands.

In order to make the Faroe Islands more attractive for young people to come back to, and to inform them about employment opportunities, a government consultative committee was set up. It developed 30 recommendations. Some of them were implemented, some were not. An important aspect of this was raising awareness. Another was to improve housing policy, focusing on the availability of rental apartments. *“Young people do not want to buy expensive houses. There is a need for rental houses to enable students to return,”* Marita Rasmussen explains.

To facilitate a higher rate of returnees, the Faroe House of Industry also set up a ‘dating page’ for students and companies, for example on apprenticeships. They also began marketing campaigns, including ‘Choose FO’, highlighting other attractive features of life on the Faroes, such as a sense of security and the childcare facilities.

For those willing to start a new business, Klaksvík has invested in a Centre for New Entrepreneurs, providing information about starting a new company and patenting new products. A number of support schemes are also available (see Info Box V.9.1.).

INFO BOX V.9.1. Establishing companies in the Faroe Islands

There are a number of public support schemes for establishing a company. These include venture capital, Vaekstfonden (the Danish Growth Fund), the state investment fund and private investment. More information is available under <https://vf.dk/en/>. There are also six venture funds and crowd-funding is also an option.

Overall, according to Rasmussen, *"it is fairly easy to establish companies. You need 1 króna to establish a company and to receive support and advice."*

Leivsson reckons that there is still some work to be done to develop equal job opportunities for all.³⁶ Overall, he believes that these combined activities involving different institutions have had a positive impact, and a positive new trend is discernible, with a net influx to the Faroe Islands and more job opportunities for better educated people.

Housing and infrastructure

Klaksvík now has *"a new face"* as a result of the impact of the growth plan, according to Skorheim. He reckons that *"it is easier to live here and commute, even to Tórshavn."* While there have already been efforts to tackle it, housing remains one of the key challenges. Consequently, in May 2018, a new apartment house was built, involving collaboration between the Faroese government and the municipality. There are plans to build more of these in order to tackle the housing problem – with

the aim being, above all, to make affordable living space available for young families. In this connection, Skorheim talks about an interesting new cultural trend related to the relationship between housing and life planning. Traditionally, young Faroese were motivated to buy their own houses. This has changed. Housing is expensive and there is now a higher demand for apartments and terraced houses. Skorheim says that the culture and tradition up to the 1980s was that, after marriage, young couples would build their own houses. But with an increasing number of students receiving university education in Denmark, this goal also started to change. Young people have become more interested in apartments, and owning a house is not the key objective any more. The new demand is for diversified and mixed housing provision (both owning and renting, traditional houses, terraced houses and apartments). In order to be able to respond to this demand, Skorheim is suggesting, and working for, legislation that would give councils the right to build apartments, not just to sell land. While in his view many municipalities are in favour of changing the legislation in this way, there are also different needs in different municipalities. Again, the private sector is an active and collaborative partner for the public sector in this area, e.g. fisheries companies are building apartment houses that municipalities can rent.

An energy production plant is being built, and a shift toward renewables is planned up to 2030. It is a fossil fuel based backup to safeguard energy supplies. However, a green energy plan (involving wind turbine development, for example) has also been chosen. Water pump storage is another trend in energy production. Klaksvík municipality has an ocean-based thermal heat converter too. This is expected to replace five million litres of oil with sustainable, green energy. For now, just the town centre is included. Later in 2019, the whole school area will be included as well. This is also a part of the 2030 growth plan, but it is financed by the municipality alone.

Overall, this transfer of resources towards a green energy future has also had an influence on land ownership and land prices. In this context, Leivsson stresses the high demand on land and the need to develop proper planning procedures for current ongoing activities. Buying and developing land must be conducted in accordance with the local planning law and culture. For the future, *"We want to avoid what happened in relation to*

³⁶ The greater issue now, in developing equal job opportunities, involves focusing more on the challenge of being able to present interesting employment opportunities for both spouses in a relationship. For some years there was a very polarised debate about improving civil rights for homosexuals, with some extreme religious people opposing this. As a result, gay people left the islands. According to Leivsson this debate is much more settled on the side of equality now.

aspects of aquaculture, such as river draining”, Leivsson comments. He explains that the planning objective for his organisation is to be in charge of the administration of around half the land area in the Faroes. Overall, he emphasises, the question of land ownership and land use will become ever more important in years to come.

Infrastructure investments to boost labour mobility has also contributed to positive demographic developments in Klaksvík. Until 2006 people had to take a ferry to Klaksvík, but since then a sub-sea tunnel has connected the town to the main islands. High hopes also accompanied the creation of the Eysturoy sub-sea tunnel – “the largest ever infrastructure expansion on the Faroe Islands” – connecting Skálafjørður and Tórshavn and reducing the driving time from Klaksvík to Tórshavn from around one hour to around half-an-hour (Eystur- og Sandoyartunlar, 2016). This tunnel is expected to have a further positive impact on the overall attractiveness of Klaksvík, acting as an enabler of population growth and an engine of new activity.

The third aspect of the municipal growth plan – the experience economy – is discussed below, as part of a broader analysis of infrastructure and services and as one aspect of the attractiveness of the Faroes. As a prelude to that, we will examine the Faroese labour market and transitions in the primary sector, fisheries, as well as tourism.

Business development and the structural transformation of the labour market

The labour market – structure and transformation

Looking at the Faroe Islands as a whole, most jobs are provided by the public sector (Offentlige). The number of jobs almost doubled from 5,636 in 1985 to 10,191 in 2017. By comparison, growth in the service sector (Tjenester) was fairly moderate – from 5,447 jobs in 1985 to 6,858 jobs in 2017.

Fisheries and fish processing combined were still important job providers for the Faroe Islands in 2015 (Figure V.9.5.). In terms of a single sector, most jobs are found in commerce, if you exclude the public sector.

Figure V.9.6 shows jobs in fishing, aquaculture and fish processing from 1985 to 2018. As fisheries and fish processing has more than halved over the last 30 years, fish farming has increased fourfold, resulting in the three sectors employing between 1,170 and 1,446 people in the Faroe Islands in 2018.

Fishing and the fishing industry contribute approximately 20% of gross value-added for the Faroese economy (according to Visit Faroe Islands).

Women are mainly employed in the public sector, in areas such as in education and health. Medical scientists are, according to Marita Ras-

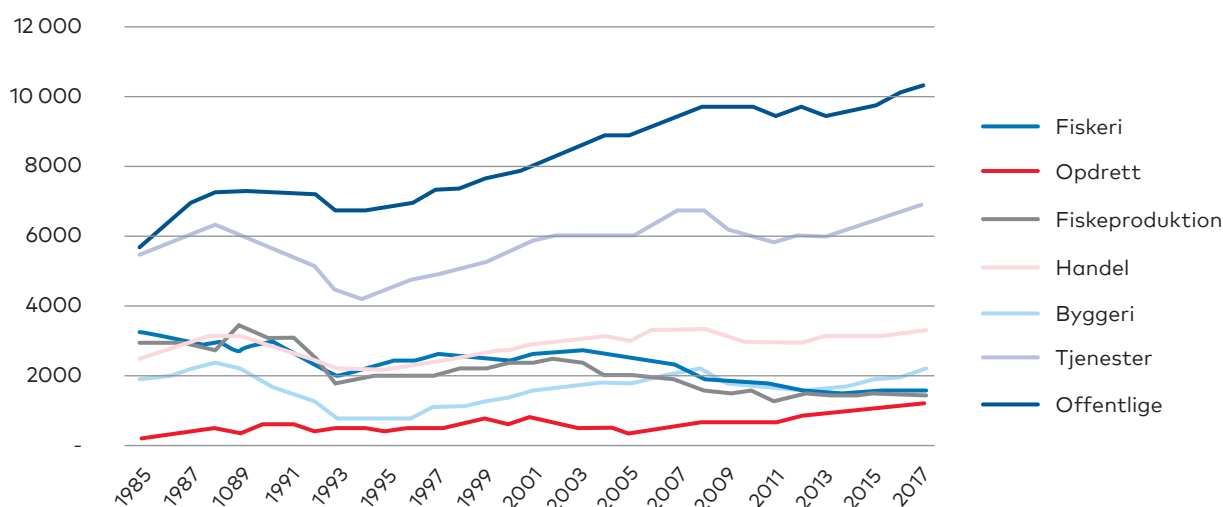


Figure V.9.4. Jobs per sector, 1985–2017.
Source: Faroese House of Industry

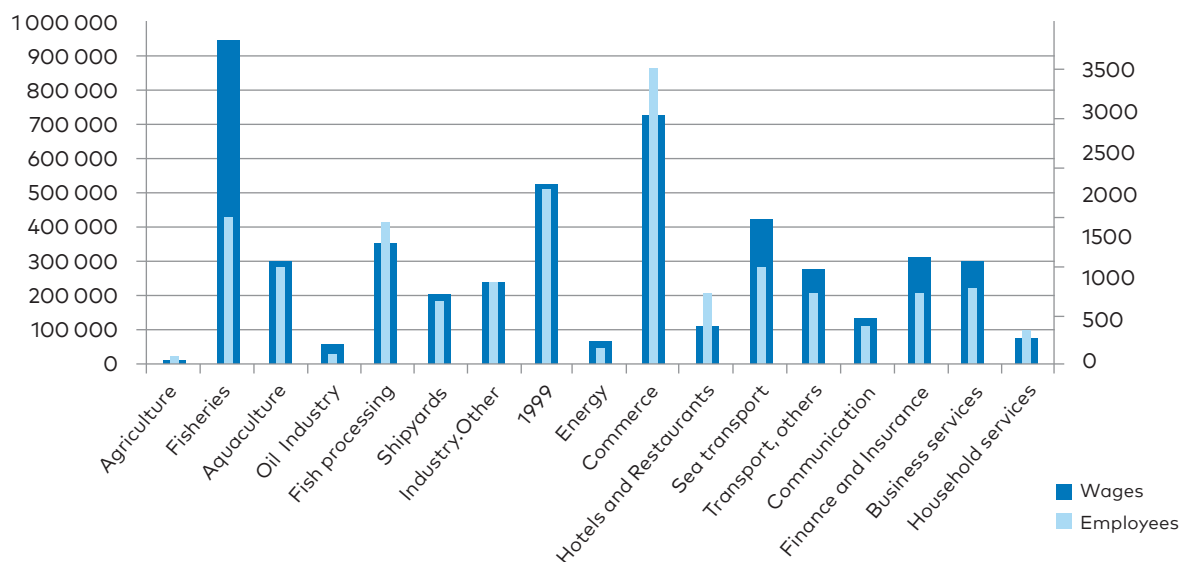


Figure V.9.5. Number of employees and wages (in DKK 1,000) in the Faroe Islands, 2015
Source: Faroese House of Industry

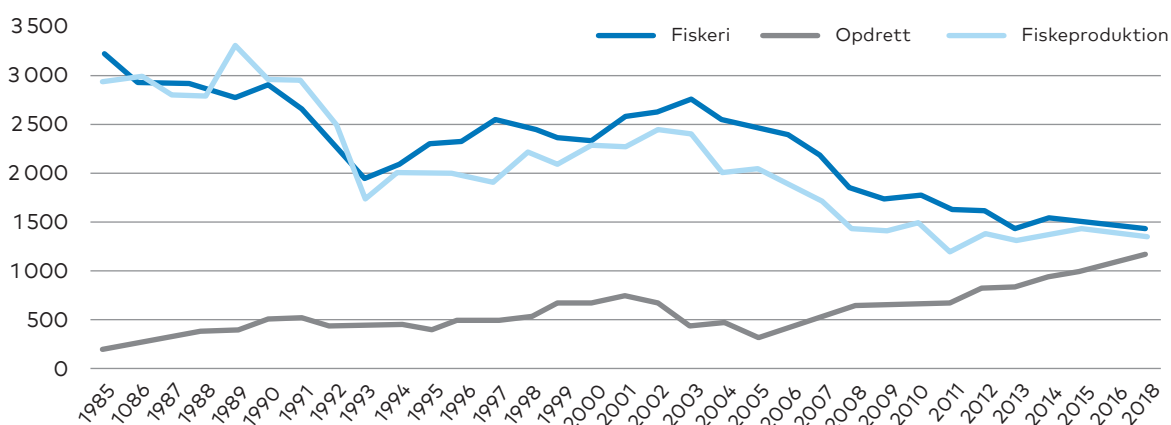


Figure V.9.6. Number of jobs in fishing, aquaculture and fish processing, 1985–2018
Source: Faroese House of Industry

mussen from the Faroese House of Industry,³⁷ mostly “older men and younger women”. Fisheries has traditionally been a men’s business, but also engages women. Transformations are ongoing in this sector. According to interviewees from the Rasmussen family and owners of CIG, there is no problem for women wanting to find jobs in the

fishing industry. “Everyone who wants to find a job will get one. While there are not that many women employed yet, there is a growing place for them in the maritime industries.” There are now about 15 to 20 students enrolled annually in the maritime college, including female students. In aquaculture, especially in relation to research, employment is “predominantly women, and overall it is much more equal than fishing”, Tróndur Leivsson from the Agricultural Agency of the Faroe Islands reflects.

In practice, men are often away from home for prolonged periods. This is true in the fishing, oil and transport sectors, and also relates to working in other countries. Rasmussen reminds us that the Faroe Islands have the highest levels of labour

37 The House of Industry is the community of business associations in the Faroe Islands and is managed by the Faroese Employers Association (FEA). The FEA is the main representative body for Faroese employers, with a current membership of over 550 companies. These range from small family-owned businesses to multinational companies. The House of Industry brings together five employers’ associations and eight sectoral organisations (See <https://www.industry.fo/international-edition>).

mobility in Europe. She points out that there is high demand for Faroese labour in other countries, especially in the maritime sector, because “Faroese people are flexible and are used to working in companies that require multiple skills. They are very informal and flexible”.

The oil industry and the supply sector for the oil industry operate in different parts of the globe. There is also a business cluster in the maritime sector and a service hub for floating equipment.

Employment in the faroe islands

Unemployment in the Faroe Islands has gone down drastically from the 12.9% rate of the mid-1990s, with some fluctuations over time. During the global financial crisis, the unemployment rate rose from 1.3% in 2008 to 7% in 2010, and then fell again to 2.1% in 2018.

In 2018, just 610 people were unemployed, and 436 were in a scheme for unemployed people. So there was very little unemployment overall. At the same time, there were 150 job openings, many of which were in the tourism sector. For EU residents, if unemployment is below 3.5%, a fast track system is in place to integrate them into the labour market. More than 80% of people are actively working (figures for men are slightly higher than for women). The proportion of part-time work is the third highest globally.

Transformations in the fisheries sector

Developments in the fisheries sector have had a fundamental impact on Faroese municipalities outside the capital. Up until 2014, pelagic fisheries boomed, and wealth was created through pelagic catchment areas. The history of Christian í Gróttinum, a Klaksvík-based fishing company, also reflects the transformation of the fishing business in the Faroe Islands as a whole (Info Box V.9.2.). The company focuses on catching, processing and selling herring, mackerel, blue whiting and capelin for the European and East Asian markets. One of the largest employers in Klaksvík, it employs more than 100 people – most working on fishing boats and eight to nine in the office.³⁸ Christian í Gróttinum has 25% of pelagic quota in the Faroe Islands and a turnover of DKK 450 million.

The Faroe Islands are also in a special position as a result of EU sanctions against Russia. Faroese companies can sell to Russia, while EU-based companies cannot. After the dispute over the fishing quota for herring and mackerel between the EU and the Faroe Islands in 2013, and an export ban on the Faroese catch in 2013–2014, the Faroes’ share of the total mackerel quota was almost tripled. Skorheim explains that pelagic fishing became “big here” and the sector “did well economically”. Over time, interviewees by the Rasmussen family add, a lot of fishing rights moved North.

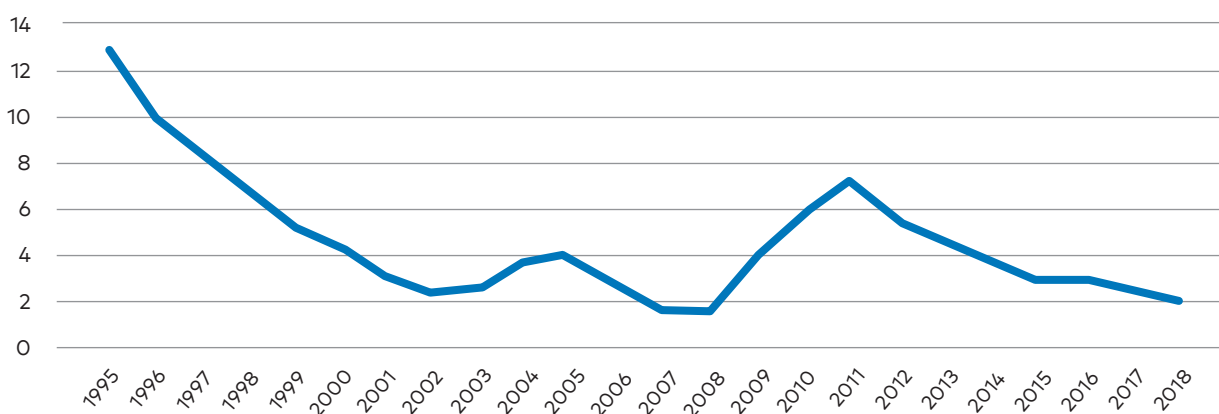


Figure V.9.7. Unemployment rate in the Faroe Islands, 1995–2018. Source: Faroese House of Industry.

38 According to the Rasmussen family, it is always possible to hire people to work on boats. Nowadays there are fewer people on board, but they are still more in comparison with other countries. This is due to stricter regulations in the Faroe Islands regarding the minimum crew size.

INFO BOX V.9.2. Christian í Grótinum, a Klaksvik-based fishing company

The company started with its first fishing vessel, a salt fish long-liner, in 1971. People worked 12 hour shifts and sailed for about five to six months away from home. In 1975, a new boat, built in a Faroese shipyard, began to sail for the company – the first M/S Christian í Grótinum. It played an important role in the early days of the pelagic industry on the Faroe Islands, and it became part of a long family tradition – operating until 1997 and being followed by ships that also carried the name Christian í Grótinum. During a crisis for the pelagic industry in the 1980s, the boat was moved to South Africa. It was there until 1992. A successful blue whiting fishery and growing belief in pelagic fishing led to the order of a new ship. The new M/S Christian í Grótinum started operating in 1998, and, according to interviewees, “*Changed the pelagic industry completely, resembling a floating factory.*” In 2009, the M/S Nordborg was taken into operation, with complete onboard facilities also available for producing fishmeal and fish oil. The sailing time these days is around two weeks. The Eastern bloc market, especially Poland, Russia and the Ukraine, are as important now as the French market.



MS Nordborg in Faroese Waters.

Source: <http://grotinumskt.weebly.com/press-photos.html>



Two generations involvement in Faroese fishing, and important contributors to the local economy – members of the Rasmussen family. Photo: Karen Refsgaard

However, a new fishing act came into force in December 2017. The reform was based on the principle that “*all living marine resources in Faroese waters are the property of the people of the Faroe Islands, and as such, fishing licences can never become private property, neither by law nor by practice. Furthermore, fishing licences cannot be traded directly between private buyers. To change hands, licenses must go through a public auction*” (Government of the Faroe Islands, 2017). The law also stipulates that fishing licences “*may only be granted to Faroese-owned operators. In order to take part in Faroese fisheries activity, the company or individual must be registered and pay taxes in the Faroe Islands, as well as paying their crew in accordance with Faroese labour market rules and agreements.*” Moreover, a six-year period for the phasing out of foreign ownership³⁹ was laid down. Challenges to these latest reforms, are, according to the Rasmussen family, political in nature. “*The pelagic industry has been a high income one in later years, but in the political system the common view is that so-called ‘super profits’ should belong to the public, not to the fishing companies.*” The Rasmussens also raise the criticism that quota system reforms have made planning more difficult. “*It would have been better to have created a profit-based tax system, instead of putting a large share of fishing*

³⁹ Special rules apply to Icelandic ownership, involving a seven year plan.

rights into auction, where prices are so high that the fishing companies can make no profit and therefore cannot plan investment for the years ahead."

The Rasmussen family also contribute to local development in other ways, both in Klaksvík and elsewhere, they say. The family talks of having "a local heart", as they explained in their group interview. This means backing various sports clubs, supporting building projects and buying a bakery in Klaksvík. This is "not a profitable business, but it would have been sad if the bakery had disappeared", they explain, adding that they strongly believe in the future of Klaksvík.

According to Leivsson, investment was also made in fish processing factories, such as those in Suðuroy, and to provide jobs for unskilled workers. Investing in local communities has also been good for the construction sector. Leivsson estimates that a significant proportion of building activity is based on money from the big fishing companies. Another incentive related to the fishing sector is a fund for economic activities related to fishing – for instance, support for shipyards. Skorheim sees links between this fund and job creation in the sector; namely an increase from 17 to 60 people working in shipyards. Moreover, investments in the local area, according to Marita Rasmussen, are often not just economic ones but ones aimed at showing politicians that those involved are strong supporters of the local area.

To sum up, primary sector jobs are located outside the capital, Tórshavn. Pelagic fisheries are the most profitable segment of the fishing industry at present. Fishing companies have also bought and constructed fish processing plants and have established pelagic plants. One of the reasons for this was the boycott of EU pelagic fish factories, as part of the mackerel war, preventing Faroese fishermen from landing fish in the EU. At the same time, the government also hoped that the fish industry would contribute more to the public finances – which did happen because of fish processing activities in the Faroe Islands.

Fish farming in the Islands has been developing since the 1980s, and has been seen as a new opportunity to link up with local farming. Economic development is similar to that in Norway, with ups and downs over the ensuing decades. Now there are four major companies operating on the Faroe Islands. The largest is from Norway, and one is wholly Faroese-owned. Overall, one-third are owned by Faroese. The law states that no company can control more than 50% of the available licenses, but one company has pushed that limit. Regarding aquaculture development in Klaksvík, an investment was made in 2017 into the largest salmon smolt farm in the world. The farm aims to reduce breeding time and to recycle 99.9 % of its water, minimising water consumption.

A new generation of land-based aquaculture is

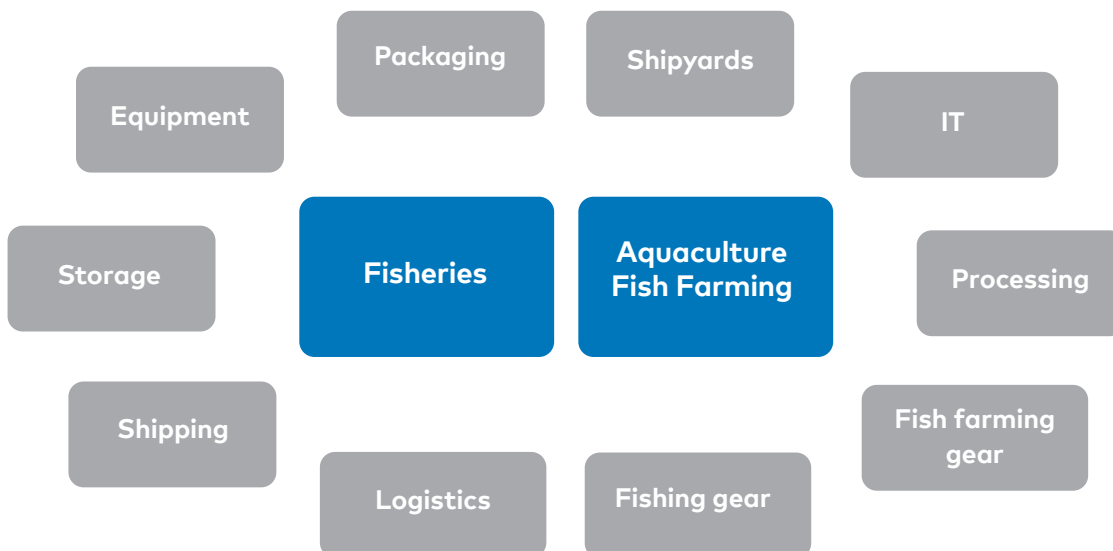


Figure V.9.8. Development of fishing and aquaculture – related sectors.
Source: Faroese House of Industry



*A sheep with a perfect view over Klaksvík.
Photo: Eyðbjørn Jacobsen*

currently in development, involving the Agricultural Agency of the Faroe Islands as the landowner. For the future development of fisheries and the aquaculture/fish farming sector, a number of related industries will be important, as illustrated in figure V.9.8.

Tourism

The tourism sector is growing. As in other parts in the Faroe Islands, the numbers of tourists visiting Klaksvík and the northern islands are on the increase. There is also a growth in visiting cruise ships (Klaksvíkar Kommuna, 2017). The Visit Faroe Islands company is the main marketing channel for this. Among the various needs of the sector is extending the season. This could be achieved through conference tourism, for example. A new strategy has been developed by Visit Faroe Islands for local service and infrastructure development. Among the innovative ideas to showcase the islands is the Sheepview project (<https://visitfaroeislands.com/sheepview360/>).

Responding to increased demand for quality and traditional foods in rural areas – the Heimablídni concept

In 2004, the New Nordic Food Manifesto was signed and adopted by some Faroese chefs and gourmets. Three or four influential people (e.g. Leif Sørensen and Gutti Winther [chefs], Johannes Jensen [hotel director] and Johan Mortensen [food enthusiast]) embarked down this avenue and began to foster modern ideas around local food production and traditions, as well as fighting against the loss of local food identity. Furthermore, it was found that tourists wanted to experience local food. Finally, in 2011, the law changed. Prior to

that it was not permitted for private individuals to serve meals and sell traditional foods, including fermented specialties.⁴⁰ The new law allowed and effectively encouraged 'Heimablídni' (dining with a Faroese family) and 'Heimaframleiðsla' (home butchering). Preparing local and traditional foods for tourists now became possible. According to Leivsson, the food authority was opposed to the change, but politicians decided in favour of it. In the meantime, says Leivsson, agencies from Greenland, Norway and Iceland became interested in the concept.

Conflicts between residents and tourism companies

Leivsson emphasises that until recently, and prior to the influx of tourists, there were no significant tensions between the needs of tourism and those of residents. But he is critical about recent developments, raising some serious points, especially concerning cruise tourism. One of the problems, he claims, is *"invading local spots and then moving on."* He adds that *"we used to have tourist authorities, which would act to ensure free access to land. But this is not the case now. Roads, and paths between roads, are public. But access beyond these paths requires permission from the land owner."* Leivsson says that the money available for financing infrastructure is not sufficient. He adds that foreign companies now organise trips to the Faroe Islands, and people hike both on public roads and across private land, without the owners getting a share of income from this activity.

In 2017 and 2018, discussions about allmen-srett (the right to roam) were about these access problems – with a focus on allowing landowners to forbid people to access land, and eventually to charge money if they crossed it. One case in point is on the island of Mykenes, the most western isle in the Faroes. There are seven or eight people living there (a significant decrease from the 160 people in the 1930s). It has old houses and holiday homes, but it is hard to make a living on the island. Many tourists visit the place and islanders are now allowed to charge them, and can also require them to have a guide.

⁴⁰ The fermenting traditions of the Faroe Islands have recently expanded to also include, for example, Danish ham fermentation (Danish Crown) and Danish cheese fermentation (Arla Unika).

Overall, Leivsson argues, income from tourism should not go into the pockets of landowners alone, but should be re-invested into infrastructure. This would help to increase tourism without overburdening the Islands.

The tourist industry, Leivsson explains, is mainly based on the Smyrill Line, Atlantic Airways, hotels, incoming companies and the re-established tourist agency, Visit Faroe Islands. VFI is operated as a private company, with the government as a shareholder. Its earlier focus was on getting people to the islands, not so much on accompanying infrastructural development, Leivsson argues. He adds that *"now this is changing, but fears remain."*

An attractive place to live – the advantages of the experience economy, infrastructure and services

The experience economy

One important contributor to Klaksvík's economy is what is called 'the experience economy'. This involves many entrepreneurs from different sectors. Skorheim makes reference to good ideas coming in about this, from local people and from 'the doers', that is, what we would call 'active citizens'. They are engaged in arranging, for example, the Days of Torri – celebrating the increasing daylight, the arrival of spawning fish, the Northern Isles Festival and the Summer Festival. Sailors Day is another big event that combines municipal action with private company engagement. These companies are involved in its organisation and they provide important financial support for it – for instance

by providing or sponsoring free food, and so on. Another major event in Klaksvík is a dance festival, which has people from all the Nordic countries attending. The municipality also awards a prize for cultural events, so connecting businesses with local culture. Organisationally, business development and culture are under one roof, being the responsibility of the municipality. The municipality has a fund of DKK 200,000, and it supports events along with businesses.

Mayor Skorheim explains that the need to improve cultural life was raised in focus group interviews with local residents prior to the development of the growth plan. In the past, he says, "you would only have one item on the shelf, and there was only one type of life available. People wanted to have more items on their shelves. Part of this was creating a more fulfilling life for women, for instance through more lively cultural activities and cafés, 'the experience economy'. Back in 2010 we only had one café." Accordingly, these issues were taken up in the growth plan. The organisation of different cultural events brought more people to Klaksvík and enabled new restaurants and cafés to open up.

Among the other attractive elements of life in Klaksvík are the various sports facilities. They include the Aqua Centre (with pools, saunas and waterslides) as well as general sports and gymnastic halls and an outdoor football pitch. Overall, the mayor stresses that social life is important alongside jobs.

Summer Festival. Photo: Eyðbjørn Jacobsen



Services and activities for the elderly

Concerning policies for the elderly, the municipalities collaborate in the Syssel area (Nordoya). Hugni, the first senior citizens' association in the Faroes, was established in 1971. Klaksvík also has a senior citizens' council. There is a day care home and an activity centre for the elderly offering things like aerobics and swimming. There is also a meal distribution programme. In addition to five residential homes for the elderly, the municipality also has a number of senior citizens' apartments.

Health care

One of three hospitals in the Faroe Islands is located in Klaksvík. It is state owned and employs around 120 people – some of them from abroad. Residents registered in Klaksvík can choose one of three general practitioners. They are the first port of call for health and medically related issues, and it is then possible to transfer to specialists or to the hospital if that is needed.

Daycare and education

Klaksvík has six daycare centres offering services for eight to nine months a year for seven-year-old children. The costs are fairly low and range between DKK 1,100 and 1,500 per month, including food. As in other parts of the Faroe Islands, all schools are free for everyone. Students will find in Klaksvík a primary and middle (early secondary) school, upper secondary schools, a school for home economics and a technical college, which also offers courses in gastronomy and nutrition. Around 150 pupils are enrolled into the technical school, the majority being boys. The Sailor Schools offer nautical studies, and people can also take courses at the town's evening and arts school, or at the long-distance learning centre.

Being a student in klaksvík and future prospects

For this study we visited the Miðnám á Kambsdali High School, which serves as the district high school for the Klaksvík/Norðoyggjar region. It is one of three high schools on the Faroe Islands – allowing students to specialise in languages, the natural sciences and economics. There are around 200 applications annually. The school educates one-third of all pupils from the Faroe Islands, mainly from Eysturoy and Norðoy. The school system is influenced by the Danish one, and some interviewees perceived it to be "somewhat conservative".

In their first year, students usually travel by bus. They are both cheap and easy to use because they offer a good service. Commonly, students gain a driver's license later on. Cars are needed for flexibility, but are expensive to buy and to maintain. Students often have additional income from jobs at the shops, in petrol stations or in the fish factories. Nærmiljö (contact with local businesses) is important and the school has a youth enterprise scheme. In addition to nærmiljö, the school sees itself as part of the global context. The UN Sustainable Development Goals (SDGs) are part of the programme, and in order to make them tangible "life in the oceans" plays a specific role in its projects.

Will students return after studying abroad? For Páll Isholm, the headmaster, this is not an easy question. The tunnel is important, and so is the development of housing and reasonable house prices. Overall, he stresses that the place has changed a lot. All the students interviewed said that they wanted to leave the islands in order to study abroad. Danish universities, because of their special application procedure for Faroese students, and because of existing social bonds (other students are also there) proves to be one of their primary choices. Before leaving, some of the students want to work in the fishing business to earn money and to build a good financial basis for their studies. What about returning? All four interviewees plan to return to the Faroe Islands. In addition to job availability – and the students were very much aware of the local economy and job development – some pointed to their parents as role models, because they also left and then re-



Students at Miðnám á Kambsdali high school. Photo: Karen Refsgaard

turned. Moreover, family bonds and the perceived high level of security on the islands act as positive enablers to returning. One big question mark remains the development of suitable housing availability, and the price structure of housing.

In 2018 ideas about a new growth plan were developed, and discussions began in Klaksvík. Mayor Skorheim emphasises that it is good to hear directly from the people once again. Maybe the topics and issues of concern to them have changed, while new, larger investments will be required. Also, in relation to infrastructural development, people continue to talk about making the place more attractive.

Conclusion

Table V.9.2. summarises different kinds of good practice and the factors underlying the attractiveness of Klaksvík, plus the obstacles and challenges.

The positive demographic and economic developments of recent years are accounted for by a number of different factors. Planning to adapt to structural changes based on the municipal growth has been conducted in an inclusive manner. Engaging locals in the process has created a high level of ownership of the resulting reforms. The municipality has deliberately paid attention to the perceptions of those outside the area, in order to increase its attractiveness and encourage outsiders to move in and students to return. Engaged citizens and local companies with “a local heart” have invested energy and money into creating better infrastructure and amenities. Developments in housing and infrastructure are responsive to the changing needs of younger families. As interviewees remarked, more has to be done in this area, including a change in national legislation to allow municipalities to build apartment housing. The

Table V.9.2. Attractiveness of Klaksvík, together with obstacles and challenges to overcome

Good practice and reasons underlying attractiveness	Obstacles and challenges
<p>Access to public services Good provision of different public services, as well as cultural and sport amenities.</p> <p>Adaptive/participatory planning Joint development of the municipal growth plan – listening to people from the area and also outside the area/abroad. Citizens and companies committed to implementing the goals of the plan.</p> <p>Culture, sport, recreation The experience economy, providing opportunities for recreation, sports facilities and a more vivid cultural life. Employment and jobs The development of the experience economy, providing new jobs.</p> <p>Housing Transformation and development towards making terraced houses and apartments available.</p> <p>Infrastructure and transport Sub-sea tunnels shorten the travel time between Klaksvík and Tórshavn. Municipality’s economic situation Consolidation of municipal finances over the past few years.</p> <p>Quality of life and local community A feeling of safety about the place / no criminality.</p> <p>Young people – living, staying / returning New trend – students return to the islands after studying abroad. This is also fostered through information campaigns and events organised by the public and private sectors jointly.</p>	<p>Employment and jobs Positive development in tourism in terms of numbers, but conflict with locals over land access and cruise tourism, mainly in specific portions of the northern part of the Faroes. Somewhat fragile economic situation, dependent upon the fishing industry.</p> <p>Housing Continuous need for affordable living space for young families/rental houses/apartments.</p>

most traditionally strong economic sector – fisheries – remains strong, due significantly to adaptations in technology, to new markets and to skills development. Moreover, new economic activities, described as 'the experience economy' by the interviewees, have emerged. In summary, interviewees are optimistic about the future, believing that by working together on inclusive planning, the attractiveness of the place will be maintained and increased.

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