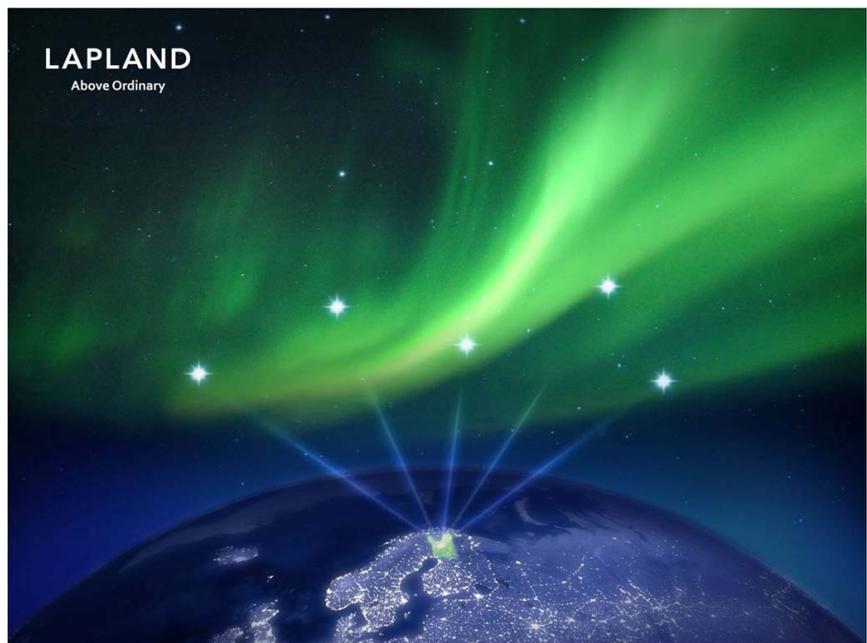


Lapland – the northernmost region in the European Union

General Introduction

The region of Lapland Finland is located in the middle of Barents Euro-Arctic region by being the threshold in the Arctic, shearing the common border with Russian federation, Norway and Sweden. Lapland is the northernmost region of Finland and European Union with 182 856 inhabitants (3,4 % of Finland's population). About 4500 of those are Samí people whom are the only indigenous population in the European Union. Lapland's total area is 100,369 km², land area 92,665 km² and (sweet) water area 6,320 km². Lapland equals 30,5% of the land area of Finland. The average population density of Lapland is 2,0 people/km².



The population in Lapland has been diminishing over the years. For example in years 1994-2011 it diminished in average by 1055 inhabitants in a year. In Lapland in 2011 the employment rate was 61,9% (7 % smaller than in average in Finland). Most of the jobs are in health care and social services, industry and trade. 40% of people in Lapland work in public sector and 60% in private sector. 12 % of the employed were entrepreneurs, which is slightly more than in average in Finland. In 2012 the unemployment rate was 12,9%. In consequence of positive development outlook and reduction of the workforce, it is expected that the employment rate in Lapland will improve and the diminishing of the population will stop and in the year 2030 the population rate will be approximately the same than it is today. According to Region Barometer 2013 done by the Ministry of Employment and Economy, the people in Lapland have high confidence in development outlook of economy and employment, more than in average in Finland.



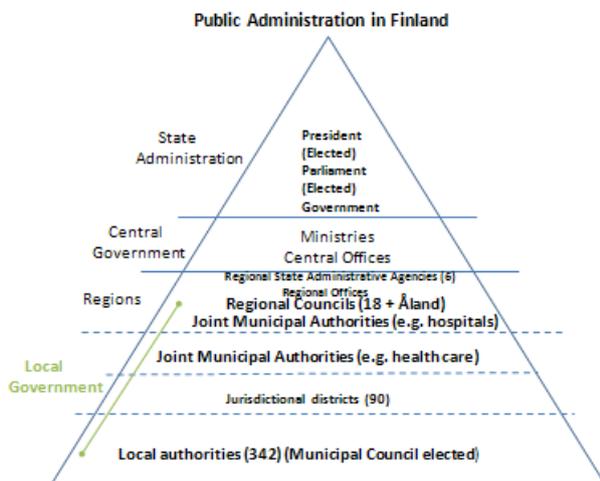
The approach to regional development

The regional development of Lapland is based on thinking where all the actors are important part of the cooperation network. Simultaneously there has to be few stronger and attractive centers that offer versatile and high-level actions enough to attract new population, enterprises and investments also outside Lapland. These areas under solid investments are the city of Rovaniemi and the cities of Kemi and Tornio as well as the district centers that are networked with tourist centers and mining districts. The aim is industrial activity where the natural resources are produced as high as possible and that this is based on Lapland's entrepreneurs' competence and R&D activities of higher education institutes and research institutes.

The very best Arctic Region

Lapland is an international meeting point without borders which has created a culture of transparency. Lapland provides a stable and secure business environment, with modern industry, internationally oriented export companies and businesses supported by strong cooperation and collaborative networks in a conducive atmosphere. Excellent relations with neighbouring countries and cultures offer a variety ready opportunities and natural channels of commerce. The region borders on Sweden, Norway and Lapland, which allows fruitful international cooperation. Lapland is the most international region in Finland. Lapland is also used to paying a constructive and conciliatory role.

In the future, climate change, natural resources and the demand for new logistics connections will emphasize the global importance of Lapland. Traffic connections in Lapland are excellent, thanks to its extensive road and railway network, ports and daily flight connections. Lapland invests in improving and extending its traffic connections even further in order to boost the performance of the business sector. Finland enjoys an important logistic position in view of its neighboring countries.



Administration and governance – Lapland

Lapland region is covered by 21 municipalities which form 6 sub-regions. The administrative capital of the Lapland is Rovaniemi with about 60.000 inhabitants. The industrial cities of Kemi and Tornio in the southern part of the region have both about 23.000 inhabitants. City of Kemijärvi in the eastern Lapland has about 8.000 inhabitants.

Local government in Finland relies on the local self-government by the residents. The Constitution of Finland safeguards the role of local self-government: the

residents elect the municipal Council as the supreme decision making body; the responsibilities of local authorities, such as the education, social welfare and health care, and the maintenance of technical infrastructure; the right by local governments to levy taxes and make independent financial decisions; and local governments as separate entities from central government and municipal bodies relatively independent of the state. There are 72 so called sub-regions which are forms of co-operation between municipalities within the 20 regions of the Finland. (The North-South Local Government Co-operation Programme, 2011)



The 21 towns and municipalities of Lapland are organised into a single region, where they cooperate in the **Regional Council of Lapland**. The Council is a regional, politically steered joint municipal board. The Regional Council of Lapland is responsible for the regional development of the area and the regional land use planning. It manages the national development programme work related to the national and EU structural funds, and operates as the administrative authority of the Kolarctic ENPI programme.

The Council is also in charge of international cooperation efforts in the region e.g. by promoting cross-border cooperation involving in various EU programmes such as Interreg IV A North and the Northern Periphery Programme and operating the secretariat of the North Calotte Council. The Regional Council of Lapland participates in the multilateral cooperation in the Barents region as a member of the Barents Regional Council and the Barents Regional Committee. The Council operates actively in the Assembly of European Regions (AER) and in addition, the Council actively operates in the committees of the regions. The Regional Rescue Services of Lapland - in charge of the regional safety and rescue operations - operate under the Council.

The Lapland Regional State Administrative Agency's tasks consist of those of the former state provincial offices, occupational health and safety districts, environmental permit agencies and regional environmental centers. The agency works in close collaboration with local authorities. The agency foster regional parity by executing all legislative implementation, steering and supervision functions in the regions. The agency strengthen implementation of basic rights and legal protection, access to basic public services, environmental protection, environmental sustainability, public safety and a safe and healthy living and working environment in the regions. **The Lapland Centre for Economic Development, Transport and the Environment** manage the regional implementation and development tasks of the state administration. The Centre is tasked with promoting regional competitiveness, well-being and sustainable development, as well as curbing climate change.

Diverse Nature of Lapland

Extreme temperature variations and sharp contrasts in light are characteristic of Lapland but due to the Gulf Stream the climate is sub-arctic. Lapland is renowned as being the land of fells and northern lights, a place with snowy winters and harsh temperatures. Lapland has four very distinctly different seasons, a limited but diverse flora and fauna, and expansive river waterways. Lapland's nature has species typical for such climates, species that are well acclimatized to the changing conditions of the region.

In Lapland, the four seasons (spring, summer, autumn, and winter) of the year differ greatly from each other. There are various factors affecting the climate, and it is thanks to them that we can enjoy warm and sunny summer days, frosty and beautiful winter days, as well as the uniqueness of the Polar Night and Polar Day, the long periods of continuous night and day.

The ever changing seasons of Lapland is dramatic. The span in temperatures from summer to winter can be more than 80 Centigrades. Winter means a long darkness and the bluish twilight period. At around 70 degrees north the sun is below the horizon for two months. In Lapland the summer is short but then we have up to two months of midnight sun - or nightless nights.

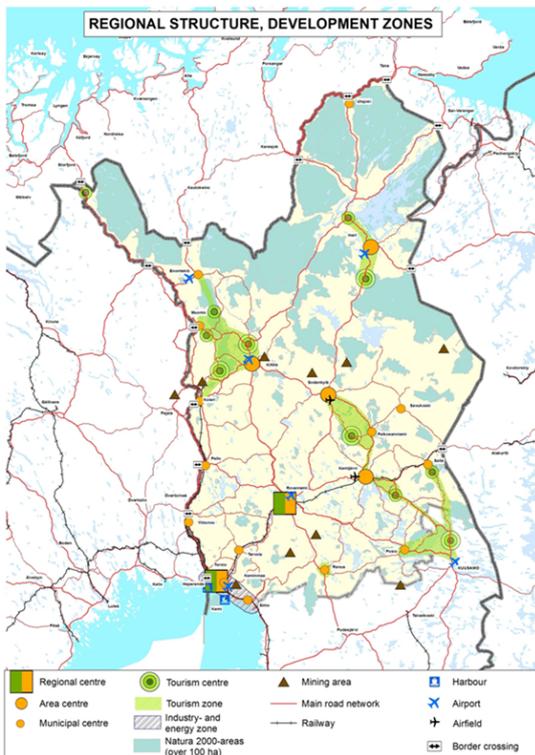
Lapland is the cleanest corner of Europe: Lapland has been proven to have the purest air and the cleanest wild food, such as reindeer, game, fish, berries and mushrooms. Due to the bedrock the soil is naturally very pure. (Source: MTT Agrifood Research Finland, Northern purity 2012.) Finland's largest natural parks and the last untouched wilderness areas in Western Europe are in Lapland. The network of protected areas is one of the region's attractions for tourism. Reindeer herding is still very much alive in Lapland, providing a living for both the Sami people and other local inhabitants.



Lapland is rich in nature. People living in the towns or countryside feel close to the nature - it feels like a second home for many. Clean and pure nature provides people with well-being, work and positive life experiences. Rich natural resources are the basis for the region's livelihood, industry and business.

Lapland's special areas of expertise extend to the harmonious use of natural resources and economic activity (e.g. tourism, mining, forestry and reindeer husbandry), taking into consideration the needs of the different groups in the region. The area's diverse nature leads to opportunities in the development of new products and industries especially in the switch from oil based economies to a bio-economy.

Lapland has a rare combination of sparsely populated areas with a variety of urban centers, tundra, sea, rivers, silence and the sounds of life in nature. You can live and work in the region and be in the heart of nature at the same time. Even though the world is changing, the northern lights, stars, midnight sun and the polar night remain the same.



Economic structure of Lapland

The economic structure of Lapland is strongly service accentuated: nearly three quarters of jobs are in service industry, one-fifth in processing industry and approx. 5% in extractive industry. The main branches of industry in Lapland are forest- and metal industry, tourism, trade and thriving mining industry. In addition to mining industry also energy sector is emerging substantially. The effects of the emerging branches have been reflecting extensively to other sectors.

The prospects of Lapland's development, when it comes to business and employment, are positive based on the mining- and metal industry, energy-projects and tourism.

In Lapland, the investments will be concentrated in Lapland's natural resources and the development of competence, especially to high state of processing natural resource industry which means forest- and metal industry, mining industry, energy production and tourism driven

experience cluster. In neighbouring area of Lapland there are several projects pending that will start in the next few years. The prospects of Lapland's development are estimated to be more positive than in average in Finland.

In consequence of the mining industry's boost, the economic growth is positive. The mining industry's effect on employment, including subcontracted work, will double by 2016. Also the mineral prospecting's effect on employment is increasing. Mining industry's effects on other branches of industry are substantial: each job in the mining industry equals two jobs in some other branch of industry.



Tourism

Tourism has been recognised as a spearhead sector in the industrial structure of Lapland for a long time. Thanks to its nature, Lapland has excellent preconditions to be an attractive tourist area. It has been exploiting these strengths superbly in the past few decades: the tourism trade has seen strong growth and development. The most attractive travel destinations are situated in regional centers or fells in the middle of sparsely populated rural areas. Tourism has an important effect on the regional economy in Lapland. The development of tourism has helped municipalities and villages maintain or even increase their range of services, which has also benefited the local population.

Businesses set up in the tourism industry have created new jobs and brought well-being to small localities and generated positive multiplicative effects in other sectors, too. (Lapland Tourism Strategy 2011-2014.) In 2011 Lapland had over 2,2 million registered overnight stays of which 40 % were international. The annual growth of overnight stays is 5 %, the income effect EUR 600 million/year and the employment effect 5000 person years/year. Lapland's strength lies in its Christmas and winter product. The winter product comprises different types of activities, such as cross-country skiing, downhill skiing, snowboarding, snowmobile rides, reindeer and husky safaris etc. One of the biggest tourism attractions along with the Arctic nature and natural phenomena in Lapland is Santa Claus. The City of Rovaniemi was granted a European Community Trademark as the Official Hometown of Santa Claus® in spring 2010.

Mining

The role of mining and mineral prospecting has become more prominent in industrial and regional policy in the last few years in Lapland. There are several actions and test drilling concerning mineral prospecting all around the region. Lapland has the EU's most significant mineral deposit. In Lapland there's Europe's largest gold mine and largest chrome mine.

The meaning of the mining industry as an employer is thriving. In addition to the mines already existing, there are several mines in process of construction. The substantially thriving industry supports the development of other industries and adds the demand on workforce in subcontract- and service enterprises especially in mining districts. There are mines in Kittilä, Kemi-Tornio area and in Sodankylä.

Forest and large-scale industry

The forest industry contributes firmly into research, but majority of its cost-effectiveness and manufacturing will be based on contemporary products. The use of bioenergy in order to produce electricity and heat has been continuously increasing.

The next new substantial territorial conquest will be traffic fuels. Bio-chemicals, bio-materials as well as medicine and cosmetics will most likely offer possibilities to economic exploitation of the forests. Lapland is one of the world's leading forest industry concentrations.

Manufacturing industry's engine is the large-scale industry in Kemi-Tornio area with Outokumpu steel mill and paper- and pulp mills of Stora Enso, Metsä-Botnia and Metsä Board. When it comes to turnover, processing metals is by far the biggest branch of industry after second is manufacturing of paper- and cardboard and third is construction. In consequence of the large-scale industry, Lapland has had a skilled group of SME's specialised in processing metal products and industrial services.



Education, Research, Development and Innovation

Higher Education in Lapland: Lapland University Consortium

In the Region of Lapland there are three Higher Education Institutions: Kemi-Tornio University of Applied Sciences, the University of Lapland and the Rovaniemi University of Applied Sciences. HEIs in Lapland are known visionaries in the Finnish HEI culture. Latest initiative in Lapland was to establish Lapland University Consortium (LUC) where all three HEIs are equal associates. By joining forces all the three rather small institutions are stronger and more reliable partners in the international higher education world. They are also able to better fulfill regional needs in the field of education, research and development & innovation services. Through the consortium where each HEI has its own clear specialization field resources are allocated more efficiently and focused.

LUC is a unique form of strategic educational alliance in Finland. Through this alliance the Lappish HEIs are looking to gain for example these advantages:

- LUC ensures the possibility to continue conducting and offering nationally and internationally high-grade, education, research, and development and innovation services
- Strong cooperation with vocational schools strengthens the region in education services, diminish the overlapping in educational services and supports regionally lifelong learning
- Joint regional education, research, development and innovation policy to sustain position within the national education policy

The HEIs in Lapland have always been the facilitators responsible for regional development in the area, acting as driving force in regional innovation development. The consortium has adopted a Joint Innovation Program, which has been developing in collaboration with business and regional development decision makers. The basis for the innovation program is the development of regional based knowledge triangle system where all three main activities of HEIs are mobilized for achieving user driven innovations. Each HEI's individual expertise is used for multidisciplinary cooperation. Innovation program defines the targets and measures that the institutions will use to support the development of the public and private sectors toward renewal and change. The program also provides guidance for activities which aim for technological, commercial and social innovations.

Innovation development of Lapland University Consortium is gathered into four consortium flagship initiatives, which are: Lapland of experiences, culture and tourism, Lapland of Wellbeing, Lapland of Natural Resources and Lapland of Industry. These are supported by three cross-sector areas of expertise: Competence in business and entrepreneurship, Competence in ICT and Competence in education. Through its Innovation Program LUC is realizing the Europe 2020 Strategy and finding its way to act in accordance the flagship initiatives such as Innovation Union, Youth on the Move and Agenda for New skills and Jobs.



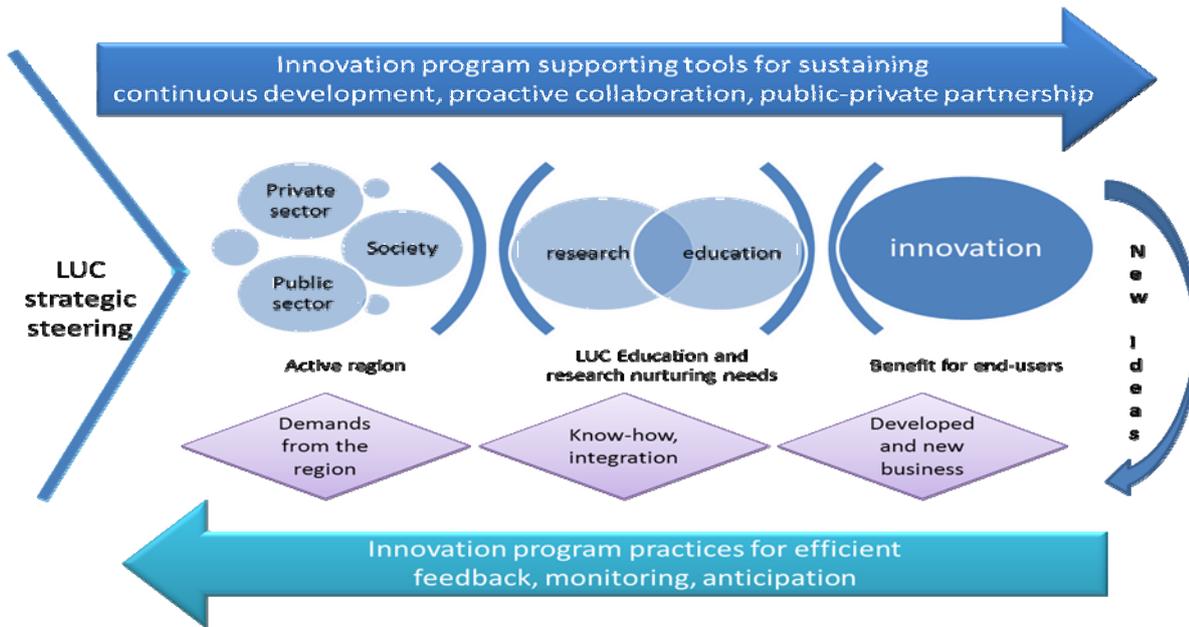


Figure: Lapland University Consortium Knowledge Management

Vocational Education

The qualifications in vocational adult education and training are mainly taken in the form of competence-based qualifications. There are three levels of competence-based qualifications: vocational qualifications, further vocational qualifications and specialist vocational qualifications. The vocational qualifications completed in the form of competence-based qualifications correspond to those taken in the form of institutional education and training. Further and specialist vocational qualifications can only be taken in the form of competence-based qualifications. (The Finnish National Board of Education.) In Lapland the vocational education training is organized all over the region but it is comprehensive only in Rovaniemi, Kemi and Tornio.

Business development: Regional Development Agencies

Regional Development Agencies are public financed (cities, municipalities), sub-regional intermediary and development organisations. They all have individual strategies, organisations and ways of working but the following tasks and objectives are common to most of them: Supporting regional development, supporting entrepreneurship (startups, growth, RDI), establishing and maintaining networks, communicating between different RIS actors, initiating and activating development and cooperation networks and projects, developing and managing development projects. There are 10 regional development agencies in Lapland.

Lapland has vibrant SME sector. The region is one of the leading manufacturers of playground equipment (Lappset Group Ltd), it has Europe's only snowmobile factory (BRP Finland) and the world's northernmost pulp, paper and board mills (Stora Enso, Metsä-Botnia and Metsä Board). Outokumpu is the world's most environmentally friendly steel mill. Industrial services enterprises Paakkola Conveyors, Havator and Tapojärvi also represent the expert competence in their field. Lapland also has 'SnowHow' which means snow skills, management of Arctic conditions, testing methods, technology for the cold and snow and building with snow and ice. In Lapland we have strong creative industries, design expertise, handicraft products and traditional duodji handicrafts. There is internationally thriving tourism industry which is based on high-quality services and products, Europe's largest programme services center and a variety of tourist resorts.

