

Innovative Rural Regions: The Role of Human Capital and Technology Cáceres, Spain, 21- 23 Mar 2007

SESSION 5: Institutional and Technological Innovation: Evidence from Public Sector

Case Kuusamo

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I come from Finland, from a small town called Kuusamo, which is located up north in Lapland close to the Arctic Circle. Looking at it from here, Kuusamo is actually located in the remotest corner of the EU; on the border of Lapland and, more significantly, on the border of Russia and the EU.

When you arrive in Kuusamo by plane, all you really see is the wilderness: lakes, hills and forests. A one-hour flight from Helsinki (our capital) really makes you feel like you are flying to the middle of nowhere. I do have to admit that our town is remote, and its area is vast: Kuusamo town is 140 kilometres long and a 100 kilometres wide. There are only 17 000 people living in our town, and the distance to the next city is about 200 kilometres.

It could be hard to imagine that Kuusamo is also one of the most popular travel destinations in Finland – a region that actually attracts over one million - national and international - visitors every year. We have a famous ski and holiday resort Ruka, which hosts several international skiing events every year, and is quickly developing into a pedestrian-oriented alpine-style village with plenty of services nearby. During the winter season there are about 80 chartered flights arriving from the UK, Holland, Ukraine etc., and the number of international visitors is rapidly increasing. In our region there are the most holiday homes of the whole of Finland, and the small Kuusamo town centre offers all the public and private services you could need in a modern town, including for example a high standard hospital and two hypermarkets.

Kuusamo is a famous town, and it has also been granted several awards, such as

- Town with the Best Image in 1995, 1996 and 2005
- Finnish Town of the Year 2001
- The Award for the Best Economical Skills in 2003 (granted by the Taxpayers' Association of Finland)

just to name a few. We have also shown our skills of innovation in applying the opportunities of information society and have been granted the eWeek award of the European Commission in 2001 and in 2004, “The Award for Best Practices of the Information Society” granted by the Finnish Prime Minister.

Our success can be explained in a few words: strategies, specialization, expertise and networking.

We have based our strategies on the strengths of our region. As a small town with only little development resources it is and it has always been very important for us to really focus and specialize. In Kuusamo we live in and from the Nature. Nature has always been the source of food, housing, livelihood, and recreation. Therefore the natural strategic choices for us have been tourism based on the beauty of our nature, traditional forest industry as well as the strongly developing bioenergy, and Information Technology, in order to beat the challenges set to us by the remote location and long distances.

A determined development work, and co-operation between companies and the public sector, have made us an appreciated pioneer especially in the travel industry. We still develop our infrastructure in order to serve our residents and visitors better, and there will be some huge investments made in the next few years especially in the accommodation and services sector. However, all the development and investments in our region are made with a special care. It is very important for us to preserve and protect Nature and the wildlife, as well as our culture, the local know-how, and that special touch of doing things in our traditional way. In addition to this, we have invested in building a telecommunications network in order to ensure the operational and developmental preconditions for the organizations of the region, in spite of the long distances. As a concrete result of this, in the standpoint of employment, companies have brought customer service centres to our area, which employ over 200 people today.

The know-how required by this kind of specialization has been developed determinedly. We put a lot of emphasis on education. As a small town we of course don't have our own university or polytechnic college, but even at the moment there are about 200 people in our region studying for a university or polytechnics degree. Since 1990, we have closely co-operated with the universities of Lapland and Oulu, and the polytechnics in Kajaani, in order to attain the expertise needed in our region. Networking and investments on information technology and communications networks have made it possible for our people to study for a degree from home even though they are physically over 200 kilometres away from the closest university. This method has also been applied successfully to the organization of schooling in our extensive and remote countryside area.

On the public sector we are active, and co-operate with different actors on regional, national and international level. Our regional development programme works closely together with the regional development agency Naturpolis Ltd, and together they offer our local businesses interactive ways to influence the strategies and development of the region. Naturpolis, our business centre and our centre of expertise, is part of a Northern Multipolis Network, a network of several different centres of expertise (e.g. Aviapolis, Technopolis, Snowpolis). Our expertise is based on the ecological use of our natural resources, and Naturpolis describes our know-how the best. Our regional development programme is one of the smallest in Finland, and in order to succeed, it co-operates closely on national level for example with the so-called 1+3 network of regional development programmes.

We believe we have successfully implemented the triple helix model in our development work. Our success is based on the close co-operation of public, business, and educational sectors. We just want to add one more element in to this equation; the people, the real world, the users of our services. We can create exceptional institutional innovations based on expertise and networking, but in order to deliver them to people, we need technological innovations. The innovations of information technology are especially important in vast regions like ours where people are spread around and the distances are long. Let's take an example from health care. We are using telecommunication applications in transferring our patient details and x-rays from our regional hospital to the central hospital in Oulu over 200 kilometres away. In this case again, technology has made it possible for our residents to benefit more from the networking and institutional developments we have done. The applications of information society in welfare services, lifelong learning, and information-intensive work (and the operational innovations of Information and Communication Technology) have improved the smoothness of people's everyday lives, and the equality and competitiveness of the region in global development.

In the boom of development and innovations it is important for us to remember who the services are really for. That is also the idea in the Living Labs of i2010 initiative of the EU commission that we are participating in. How can we get the best results out of innovations and emerging technologies in co-operation of the academia, businesses and end-users? As a remote, small region with little resources the development work is even more challenging for us, and by taking part in Living Labs and other networks, others can also benefit from our point of view, the aspect of remote rural areas of the EU and the northern top ICT technology.

Dear listeners,

as developers of rural regions, we want our regions to retain their competitiveness, and to prosper. The challenges we face are great: migration, sparse population, long distances, limited sources of livelihood, want of key people.

The answer of Kuusamo and myself to the preservation of the vitality of the rural region has been the active use of innovations. Rural regions need vigorous reformation. First of all, the public sector which often is the central agent in the area, needs active measures of development as well as new operations models. The region has to be able to make strong strategic choices, and it has to be able to specialize and develop the know-how of its narrow area of expertise into a first-rate

Strong strategic choices have to be made in the region, it needs specialization, and it needs to develop the point of its know-how into first-rate expertise.

Nevertheless, a remote region cannot fully utilize institutional and other innovations without networking and making use of modern technology. Contrary to what is commonly held true, information technology is not a quick solution. The first IT strategy of Kuusamo was compiled 20 years ago. We understood already in those days that we have to have a long-term strategy which accommodates all the sectors of the complex totality. We had to further the know-how of the region, and therefore the connections to universities were important. In order for the region to benefit from the investment in information technology of the public sector, we have to attend to the business conditions that are, above all, built on a functioning IT infrastructure and active networking. By creating a strong and believable image for information technology we have succeeded in gaining many excellent partners and a well-functioning network. Working along these lines, Kuusamo is today a metropolis of tourism, which, according to the vision we set for it 20 years ago, utilizes the possibilities of information society. Thanks to efficient networking, Kuusamo is able to offer its residents as well as the tourists visiting our region many modern, high-quality services.

I thank you for your interest, and wish all of you the best of fortune in your regional development work.