

Master's thesis



Economic, environmental and social sustainability in coastal rural tourism development:

A case study on The Nauteyri Project in the Westfjords of Iceland

Alexander Elliott

Advisor: Anna Karlsdóttir

University of Akureyri
Faculty of Business and Science
University Centre of the Westfjords
Master of Resource Management: Coastal and Marine Management
Ísafjörður, May 2012

Supervisory Committee

Advisor:

Anna Karlsdóttir, Assistant Professor of Human Geography and Tourism Studies at the University of Iceland

Reader:

Bradley W. Barr, Senior Policy Advisor in the Office of the Director of the US National Marine Sanctuary Program and a PhD candidate at the University of Alaska

Programme Director:

Dagný Arnarsdóttir, MSc.

Alexander Elliott

Economic, environmental and social sustainability in coastal rural tourism development: a case study on The Nauteyri Project in the Westfjords of Iceland

30 ECTS thesis submitted in partial fulfilment of a Master of Resource Management degree in Coastal and Marine Management at the University Centre of the Westfjords, Suðurgata 12, 400 Ísafjörður, Iceland

Degree accredited by the University of Akureyri, Faculty of Business and Science, Borgir, 600 Akureyri, Iceland

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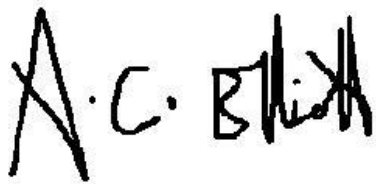
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Printing: Háskólaprent, Reykjavík, May 2012

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Declaration

I hereby confirm that I am the sole author of this thesis and it is a product of my own academic research.

A handwritten signature in black ink, appearing to read "A.C. Bliha". The letters are stylized and connected, with a large initial "A" and "C" followed by a period, and "Bliha" written in a cursive-like script.

Student's signature

Abstract

This thesis concerns the development of a non-profit organisation called The Nauteyri Project, intended to bring sustainable tourism, a nature reserve, environmental and social research options and environmental awareness education to the area of Nauteyri in the Westfjords of Iceland. The Nauteyri Project succeeded in attracting enthusiastic support, but struggled in securing funding. This thesis asks why that was the case, with a view to helping and encouraging similar projects in the future. The question is too multi-faceted to answer directly, so the thesis asks questions pertinent to the whole Westfjords tourism sector. The research questions are related to Sustainable Development in Westfjords tourism, the extent to which tourism should be developed as one of the region's core economic pillars, and how the tourism industry in the region should be organised and funded. Semi-structured interviews were conducted with relevant experts in the field. Ten recommendations for future tourism development are presented. Findings include that sustainable tourism development should be encouraged in the region; but that its potential is limited unless more off-season visitors can be attracted. Despite the lack of funding upon first attempt, the thesis concludes that an idea like The Nauteyri Project could have a place in the region's future.

Útdráttur

Lokaverkefni þetta fjallar um þróun sjálfseignarstofnunarinnar The Nauteyri Project, sem ætlað var að setja á fót sjálfbæra ferðaþjónustu, náttúruverndarsvæði, umhverfis- og félagsfræðileg rannsóknartækifæri, og fræðslu í umhverfisvitund til Nauteyrar á Vestfjörðum. The Nauteyri Project fékk mikinn stuðning, en tókst ekki að afla nægjanlegs fjármagns. Lokaverkefnið spyr því hvers vegna þetta gerðist með þessum hætti, með það að markmiði að hjálpa og hvetja til sambærilegra verkefna í framtíðinni. Spurningin er of margþætt og flókin til að svara beint, þannig að lokaverkefnið spyr spurninga sem eru mikilvægar fyrir alla ferðaþjónustu á Vestfjörðum. Rannsóknarspurningarnar tengjast sjálfbærri þróun í ferðaþjónustu á Vestfjörðum, hversu langt ber að fara í að þróa ferðaþjónustu sem eina af megin stöðum efnahagslífs á Vestfjörðum og hvernig ferðaþjónusta á Vestfjörðum ætti að vera skipulögð og fjármögnuð. Hálfopin viðtöl voru tekin við sérfræðinga á sviði ferðaþjónustu. Tíu möguleikar til eflingar ferðaþjónustu á Vestfjörðum eru settar fram á bakgrunni þróaðrar viðskiptaáætlunar Nauteyrar, reynslunni að því að hafa reynt að koma því verkefni á laggirnar á svæðinu, og með viðtöl við ólíka sérfræðinga til viðmiðunar. Niðurstöður eru m.a. að styðja ætti við þróun sjálfbærrar ferðaþjónustu í landshlutanum; en að framtíðarmöguleikar ferðaþjónustu á svæðinu eru takmarkaðar ef ekki tekst að fjölga heimsóknum ferðamanna þangað yfir vetrartímanum. Þrátt fyrir að fjármögnun hafi ekki tekist í fyrstu tilraun er niðurstaða þessa lokaverkefnis að verkefni á borð við The Nauteyri Project geti átt sér stað í framtíðinni á Vestfjörðum.

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Acknowledgements

This thesis is the culmination of work which began in early 2010 and has been influenced by countless people to whom I am grateful. For The Nauteyri Project itself I would like to thank **Hlynur Reynisson** and **Ingi Björn Guðnason**; as well as **Albertína Friðbjörg Elíasdóttir** for their willingness to help and their endless enthusiasm. I would like to thank **VaxVest** for the generous research grant that allowed the sjálfseignarstofnun to be founded. I hope this document will prove useful to VaxVest and/or ATVEST in some way.

For the thesis part of the project I would like to thank my adviser, **Anna Karlsdóttir**, for her pursuit of perfection and her unending drive to make this document as high quality as possible. I know I have been frustrating to work with and I thank her for her patience; but I hope we can both agree this final draft is better than the first! My external reader, **Brad Barr**, provided a raft of other comments and suggestions for which I am grateful. Similarly I would like to thank **Dagný Arnarsdóttir** for the consistently patient and friendly way she deals with and helps jittery thesis students. Heartfelt thanks also go to my **fellow students** and to the **University Centre of the Westfjords** itself for the wonderful and enriching experience that being part of the CMM programme has been.

Finally I would like to thank my partner, **Brad Houldcroft**, for being an indispensable emotional (and financial) support through both my spells at university – as well as being a co-founder and board member for The Nauteyri Project.

1. Introduction

This thesis did not start out as a thesis idea. It stemmed from something called The Nauteyri Project, which was set up with the aim of becoming a bold and ambitious leader in bringing new tourists, and their money, to the Westfjords of Iceland. Doing so both sustainably and to the benefit of all involved. It was to incorporate a large nature reserve, organic food production, sustainability and environmental research and an extensive environmental awareness education programme alongside its accommodation, watersports and other leisure facilities for tourists and the local community. For purely financial reasons, The Nauteyri Project is not going ahead, despite a year-and-a-half's concerted effort and the support and positive coverage garnered along the way.

This thesis asks why The Nauteyri Project did not succeed with a view to offering advice for the future. Using this as a case study, it explores the wider themes of:

- Whether the Westfjords needs, or can support, more tourism
- To what extent sustainable tourism is possible and practical
- How important tourism should become to the Westfjords economy
- How the industry should be funded and organised

These themes have been drawn together into three research questions which will be discussed, analysed and answered by the end of this thesis, following the chapters on research and results. The three questions are as follows:

1. Given the growth and development of tourism in Iceland, what is the status of tourism development in the Westfjords region with regard to obstacles and to sustainable development?

2. To what extent is it a viable strategy to use tourism as a countermeasure to the ongoing economic challenges and depopulation in the region; and can the region's infrastructure, nature, culture and inhabitants support more tourism?

3. Using The Nauteyri Project as a case study, how should the tourism sector be funded and organised in the Westfjords, and in what ways are projects that are primarily aimed at supporting regional development being supported, or could be supported? This links to considerations of financial difficulties or barriers, both specific to individual tourism initiatives and the region's tourism development.

1.1. Introduction to the Westfjords

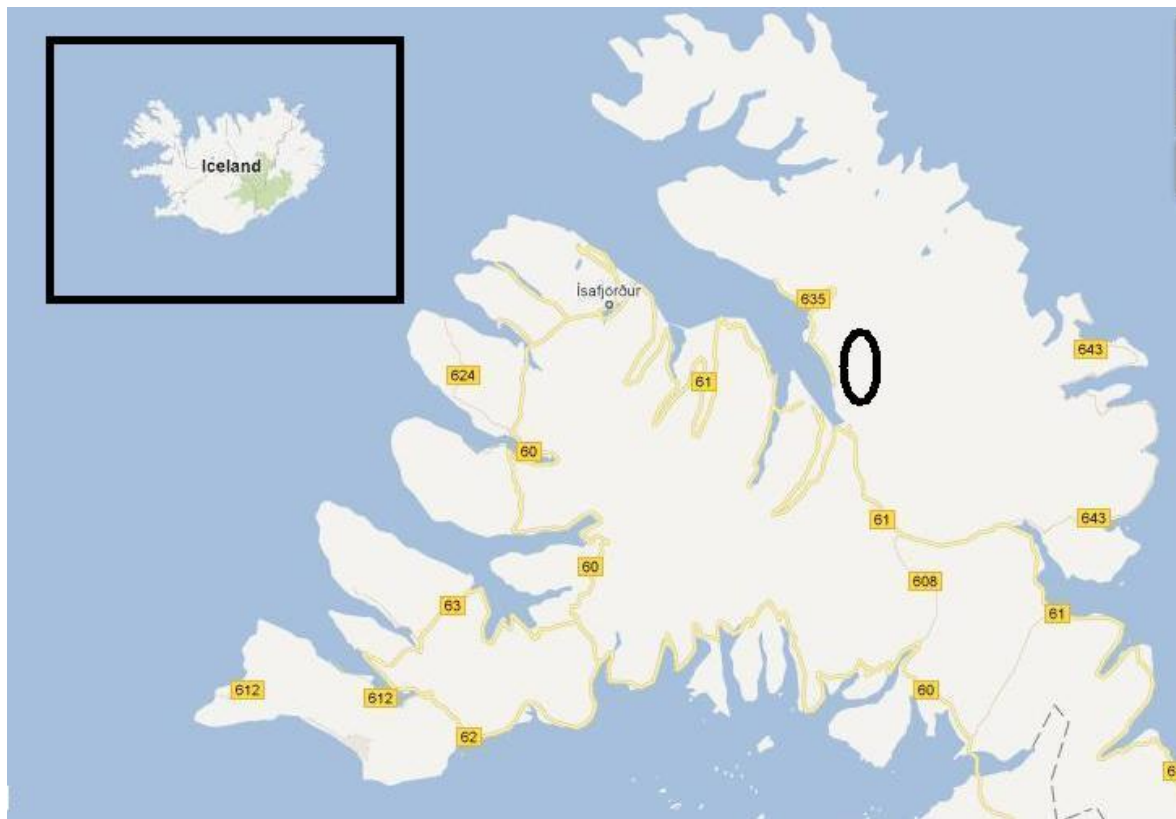


Figure 1: Westfjords of Iceland. Approximate location of Nauteyri marked in black.

The Westfjords region is the dragon's-head-shaped peninsula jutting out from Iceland's far northwest. The region has long been famed for its fish, and fishing is still the backbone of the region's shrinking economy. But in recent decades the fishing industry has been slowly migrating from all of rural Iceland towards the principle exporting air and sea ports in the southwest of the country, leaving the Westfjords in a difficult position – both literally and figuratively (Forsætisráðuneyti (n.d.)).

The Westfjords is a remote region¹ one needs to consciously decide to reach: people seldom arrive there by accident, en route to somewhere else. This fact has traditionally left the region as a 'hidden pearl', known only to locals and the most adventurous of tourists.

¹ **Language note:** Although the word 'Westfjords' is a plural word referring to fjords in the west, its use in this thesis usually implies a shortened version of 'the Westfjords region'. As the region called the Westfjords is just one of Iceland's regions, the word is always used in the singular form in this thesis; even when it occasionally looks odd (examples: 'The Westfjords is a region of Iceland' and 'The Westfjords has a lot of natural beauty').

Even as Iceland's tourism sector began to blossom, the Westfjords did not benefit proportionately; and many argue that it still does not – including some of those interviewed for this thesis. These points form a significant part of later discussion. The decline of the fishing industry and the difficulties faced by the tourism industry are both partly explained by the region's remoteness and associated transport issues; but there are other elements.

Unlike most parts of inhabited Iceland, the Westfjords does not have an abundant supply of natural hot water and its beautiful mountain terrain leaves little in the way of flat land. The lack of geothermal areas means hot water for homes and businesses is usually warmed with electricity, while the lack of geothermal heat also limits the region's electricity generating potential (see map below). Although the local power company generates hydroelectricity, the Westfjords is still supplied to a large extent by electricity from other regions (Orkubú Vestfjarða ohf., 2011). As a result, there is very little incentive for energy-intensive industry to move to the region and comparatively poor infrastructure and long road distances are negatives for even low-energy industries.

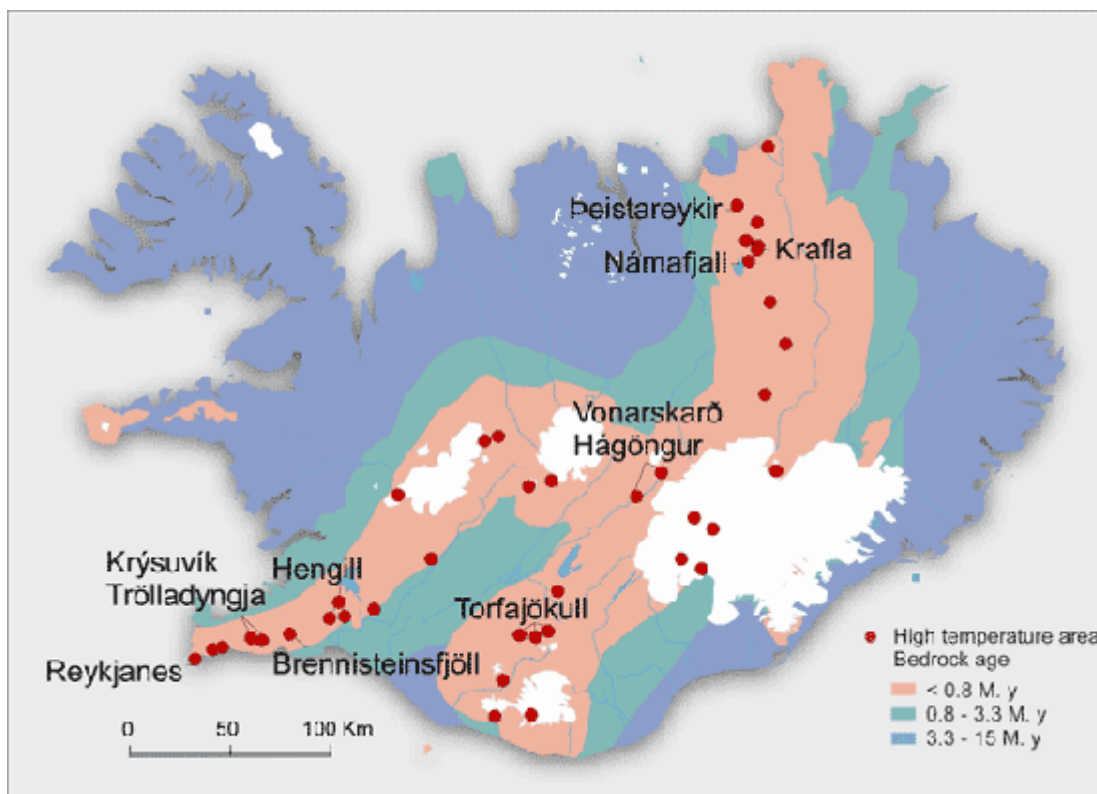


Figure 2: Map of Iceland's geothermal resources

The lack of natural hot water precludes greenhouse horticulture from taking root and the lack of flat land precludes most types of agriculture except sheep farming (because Iceland's climate restricts arable farming to lowlands areas). Even then, flatter regions of Iceland are probably able to sustain more sheep.

As a result of the above, the Westfjords faces a lot of challenges and the principle desirable resource it has to offer, seafood, is often landed elsewhere further south. But do resources always have to be tradable physical commodities? Human perceptions of what is valuable have changed continually throughout history and there is now an increasing sense that geographical beauty, fresh air, and the exhilarating feelings they inspire also have real economic value (Drake, 1992; Phillips, 2012).

Tourism is one of the world's biggest industries, as well as one of its fastest-growing (World Travel and Tourism Council (n.d.)), and one thing that the Westfjords has in great abundance is natural beauty. Tourism is often seen as a means to development for slightly more peripheral locations. According to the world's biggest travel guide company, Lonely Planet, the region was one of the top ten 'must-see' destinations of 2011 (Baker, 2010) and the future economic prospects from tourism in the Westfjords could be very bright – especially as there are presently only little over 7,000 permanent residents for the region to support, economically speaking (Hjaltadóttir, 2011). It therefore falls on the region to decide if trying to attract large numbers of new tourists is a good idea and how to accommodate and entertain them in a way which does not degrade the towns and countryside and which will provide the biggest benefits for all involved, both financially and in other, less tangible ways.

1.2 Introduction to The Nauteyri Project

The idea for The Nauteyri Project can be traced to Þorri (the ancient Nordic calendar month covering late January and early February) 2010, when the author and friends from the University Centre of the Westfjords attended a Þorrablót feast weekend at Hótel Reykjanes, which is across the fjord from Nauteyri. Discussion turned to the natural beauty of the area, to how pleasant it might be to live there, and to how some of the abandoned houses across the Westfjords region might hypothetically be good value to buy.

However, while this might truly be interesting for some retired people, wealthy people or individuals looking for a summerhouse, most people need economic activity nearby their homes in order to support themselves; so the conversation quickly turned to what it would be possible to do for a living, apart from sheep farming.

Over the coming weeks the issue was considered further and although ‘tourism’ was an obvious answer, it required further refinement. Campsites generate low levels of summer income and none at all in the winter; the hotel market is already served by nearby Hótel Reykjanes, and others; and guesthouses and home-stay farm cottages are dependent on the tourist having things to do in the local area. This would be especially pressing in winter. The question was how it would be possible to earn income from the tourist industry in the rural Westfjords all year round, and without building a new hotel or major resort.

The answer seemed to be to create a very small-scale ‘resort’ where guests could occupy themselves with varied activities, without needing to travel far each day in order to partake in them. In searching for a suitable plot of land for sale, the property at Nauteyri repeatedly came up; but at 5,500 hectares it was many-times bigger than required for a simple tourist centre.

This led to the idea of using a small part of the land and designating the rest as a nature reserve (to be donated to the Icelandic state for continued preservation if/when The Nauteyri Project ended). From that point the scope and ambition of the project escalated to include as many elements of sustainability best-practice as possible, including, but not limited to, the following list of rules:

- Get local people involved as expert instructors, staff members and volunteers for special events
- Use local produce where it exists
- Be carbon neutral
- No sewage or other pollution into the sea
- No waste to landfill or incineration (unless no other option exists)
- Use second hand or hand-built wherever possible
- No artificial fertiliser or pesticide

- No motorboats other than the safety launch
- No recreational shooting or trapping
- Educate visitors to respect these principles and empower them to carry on at home
- Be research-friendly and encourage universities and their students to help us understand and protect Nauteyri
- Cater to visitors' needs, whether they want a weeklong adventure, a sailing weekend, a nature retreat or a simple night in a tent at a great campsite
- Donate the land to the Icelandic state as a legally ensured reserve if and when The Nauteyri Project ever comes to an end

These goals were identified (quoted directly) in The Nauteyri Project Organisational Plan and Detailed Analysis, see Appendix I.

At roughly this early stage, the idea of using The Nauteyri Project as a master's thesis came up. It was potentially too big and ambitious for a 30 ECTS thesis; but at the same time, if the project was going to happen anyway, to write a thesis about it as well seemed like a natural thing to do. The author was effectively planning to *become* a coastal manager and as a Coastal and Marine Management student it would be almost irresponsible to not write academically about the experience and associated challenges.

1.3 Introduction to this thesis

If The Project had proceeded in accordance with the organisational plan, the author intended to write a thesis based on action research: a 67 year-old concept which was slow to gain acceptance but which has seen more popularity and academic credibility over the last decade, including a handful of dedicated academic journals.

“Over time, action researchers develop a deep understanding of how forces interact to create series of complex patterns. Since the forces are always changing, action research is a process of living one's theory into practice” (Lepori (n.d.)).

The thesis was to have been a timeline and discussion of the process of setting up The Nauteyri Project: how well it managed to balance its economic, environmental and societal promises, to what degree it was liked and respected by both locals and tourists, the challenges and solutions associated with attempting to be environmentally neutral (in terms

of land access, waste disposal, water use and more). The end goal was to create a thesis which would be a useful guide to others trying to set up similar centres elsewhere.

In the end, it can be argued, it was two of The Nauteyri Project's core values which led to its cessation: The Nauteyri Project was set up as a non-profit organisation (sjálfseignarstofnun), with the kennitala (Icelandic I.D. number) 461010-1130, instead of as a business, and its core financial promise was to remain debt-free at all times. These decisions were made because it was felt the project could not achieve its full potential or stick to its likely-expensive and untried sustainability and triple bottom line commitments (see definition and expansion in the literature review chapter) if it was funded by investors expecting financial returns. Its start-up costs were far too high compared to its income expectations. It was instead to be funded initially by a mix of donations from individuals, public sector grants from Iceland and the European Union, private sector foundation grants, business grants from companies' corporate-social responsibility funds and direct sponsorship from businesses wishing to associate their brands with a positive organisation.

Although eventually hoping to financially sustain itself on tourist money, The Nauteyri Project was more than a tourism business. It was hoped that its nature reserve, its research ambitions and its goal of educating visitors and locals on how to live more sustainable lifestyles; as well as its societal rôle to try and diversify the struggling local economy and provide activities and facilities that could help stem the depopulation problem; would make it an attractive target for donations and a successful bidder for advertised funding opportunities. These two assumptions did not turn out to be correct and The Nauteyri Project therefore failed to get off the ground — even though reception to the idea was almost universally positive. This failure presented a challenge to the proposed thesis, but did not stymie the idea altogether. In scientific disciplines failure to achieve one's hypothesis is sometimes more academically interesting than success. It is hoped that will also be the case here.

The author attempts to use first-hand practical experience, interview responses and existing literature to assess the impacts of tourism on rural areas and if a new tourism initiative can become locally popular, financially viable and help stem ongoing depopulation at the same time as not degrading the natural environment. The problems faced so far have stopped the

project indefinitely. That fact does not mean the above questions can not/should not still be explored in a thesis.

The thesis takes the form of a discussion and draws its discussion material from at least four different sources:

1. After spending a year-and-a-half working on The Nauteyri Project, the author's own experiences are drawn upon.
2. They are contextualised and diversified by the opinions of experts in the field, in the form of one-on-one semi-structured interviews.
3. The broader aims of the thesis are brought to bear upon the case study with the addition of independent outside academic sources in the form of a literature review. Part of the literature review comprises quantitative data from a report on tourists visiting the Westfjords, and Iceland generally.
4. The Nauteyri Project's own *Organisational Plan and Detailed Analysis* (Appendix I) is also important additional material for the reader wishing to fully understand the context of this thesis and it will be referred to.

1.4. Structural roadmap

Following this introduction, chapter two consists of a review of existing literature in fields relevant to this study. The chapter contains some cursory analysis in italics intended purely to illustrate the relevance of some of the sources and the points they raise. It also includes a distinct section presenting University of Iceland quantitative research results from a survey of tourists in the Westfjords.

Chapter three sets out the research methods used and secondary sources, as well as discussing their strengths and weaknesses overall and specific to this project.

Chapter four is the presentation of results of analysed and processed interview transcripts, and also includes a condensed timeline of The Nauteyri Project; which is the case study this thesis is built around.

In chapter five the results are discussed and ideas and theories raised are compared and contrasted with information from other sources, including the literature review and experience gained during The Nauteyri Project.

Chapter six is called 'Lessons learnt'. It condenses some of the most important points from the discussion chapter into ten 'lessons learnt', which are intended to be useful to others – specifically Westfjords tourism brokers, regional development professionals and those interested in sustainable tourism/sustainable development.

The final chapter is a conclusion. It is followed by a bibliography and appendices.

2. Literature review

This chapter of the thesis is integral in bringing outside research and opinion to bear upon the case study of The Nauteyri Project. It will introduce external literature sources to facilitate the exploration of the thesis title and specifically the discussion of economic and environmental sustainability in coastal rural tourism development in later chapters.

This literature review covers the five main topics of: sustainable development (including triple bottom line, which is explored later in this chapter), rural development, coastal and/or rural tourism, ecotourism (including sustainable tourism), and tourism in Iceland. The five topics are, however, not split into separate sections. They are instead allowed to interconnect, as they do as concepts in the real world. Some of the literature sources are then analysed further in small subsections called ‘case-specific analysis’ intended to contextualise them and illustrate their relevance to this thesis.

Section 2.1. consists of results taken from a quantitative survey of tourists in the Westfjords and is put in a separate section for ease of reference, as it is referred to in later chapters.

The true definition of ‘sustainable development’ has still not been settled to the satisfaction of all academics, but the most common and widely-quoted definition is: “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987).

The concept of Sustainable Development is around a decade older than the above 1987 quote from what is often called the Brundtland Report, which Orr (2003) argues: “Confuses sustainable growth, an oxymoron, and sustainable development”.

An even pithier definition of sustainable development is simply: “Living on the earth’s income rather than eroding its capital” (HM Government, 2005).

In their 2005 article, Kates et al. describe sustainable development as being related to the post-Cold War world we live in and its renewed emphases on peace, freedom,

development and the environment. The authors feel that the phrase ‘sustainable development’ is useful and relevant because it can be used by individuals, groups, governments and businesses in any number of ways, on any scale. They go on to describe it as a sort of social movement of groups and individuals “With a common ideology who try together to achieve certain general goals”. Kates et al. see sustainable development as a rallying point and a worldwide movement empowered, not restricted, by the term’s generality and lack of concrete definition. Others disagree with this assessment, including Lélé (1991), who claims that the very generality and lack of focus which make sustainable development appealing to some actually cheapen the concept and make it nearly worthless in truly practical terms.

One way to interpret sustainable development from a business/economic point-of-view is through recognising the term ‘triple bottom line’ (3BL); which means that businesses/organisations choose to recognise their impact on the environment and society, as well as just the economy. They can also use ‘triple bottom line accounting’ to quantify not only how well or badly they are doing financially, but also how well or badly they are doing by the environment and by the communities in which they operate – and to push for better on all three fronts at the same time (Savitz, 2006). Savitz argues that by recognising 3BL, organisations force themselves to work differently and as a consequence develop into more efficient, productive and trusted organisations. From the point-of-view of The Nauteyri Project, triple bottom line accounting would have been useful; but it is rather the core concept of 3BL itself which is of most interest to this thesis. The idea that no one of its three pillars can be considered more important than the others was a key ideal of The Nauteyri Project from the start and analysis in later chapters will look into its pertinence for the whole Westfjords region and its tourism industry.

Norman & MacDonald (2003) criticise 3BL for being a gimmick which can serve to lucratively triple the need for already-well-paid accountants and consultants working on behalf of companies/organisations using 3BL, without having quantifiable results or significance. Much like the above-mentioned criticism of sustainable development, the writers believe 3BL lacks methodology and statistical tools for quantifying social and environmental achievements in the same way as economic ones. “What is sound about the

idea of a Triple Bottom Line is not novel, and [...] what is novel about the idea is not sound” (Norman & MacDonald, 2003).

A direct response to that article claims that blaming the advocates of triple bottom line reporting for this failure is to blame the only group that has noticed the problem and is trying to remedy it (Pava, 2007). Pava adds, in a significant aside, that economic reporting is often no more specific or transparent than environmental or social reporting; given that it is itself a balance and composite of many different figures and measures, including turnover, sales, EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), gross revenue, pre-tax profits, capital adequacy ratio and many others.

3BL differs from the similar but distinct field of green accounting because it explicitly includes a society pillar as well as the economic and environmental, and because green accounting primarily focuses on national accounting (Smulders, 2008). While it can be argued that there is a worldwide conflict between business and the environment, the most pertinent struggle in the Westfjords is societal, and specifically the depopulation problem. For that reason this thesis embraces the contested triple bottom line because a business term (as opposed to an academic one) is relevant to the development of an industry and for rural development.

Case-specific analysis:

The difficulty in precisely defining sustainable development is of limited import to The Nauteyri Project; as bringing tourism to an area currently with none or little is certainly development and the project’s stated goal was to do so in a way that would allow the area to sustain the activities and development without degradation of landscape, local environmental quality or species diversity. By striving for these goals in an open and consistent manner, the project counts as a sustainable development project, in the author’s opinion. This is true even if the project fell short of its ambitious goals at Nauteyri, and even if the concept of sustainable development is in fact impossible – as some argue.

If taking triple bottom line principles as an organisation’s core value exemplifies sustainable development, The Nauteyri Project would count under that criterion. Most of

the Westfjords region's tourist brokers take 3BL seriously to varying degrees – and even if they have not specifically heard of it.

According to European regulation, the term 'rural development' means improving the competitiveness of the agricultural and forestry sector, improving the environment and the countryside, improving the quality of life in rural areas, and encouraging diversification of the rural economy (Council of the European Union, 2005).

“Rural development in general denotes economic development and community development actions and initiatives taken to improve the standard of living in non-urban neighbourhoods, remote villages and the countryside” (Wikipedia (n.d.))¹. In reference to the above EU legislation and/or different social attitudes in Europe, the article later states: “In Europe, rural development actions also integrate environmental management as a core component.”

Murdoch (2000) writes that rural development seems to defy control and many rural economies continue to stagnate in the face of organised government stimulation packages, while others begin to grow and flourish unexpectedly and in unexpected ways. Murdoch's main points are connected to agriculture, but rural development itself is not agriculture-specific. Rural coastal tourism development is also rural development.

Case-specific analysis:

Any building work in the Westfjords outside the towns and villages can be considered rural development; but equally so can any initiatives/organisations generating tourism money anywhere in the rural region. By the definition of economic stimulation in a rural region, even a new whale watching operation or café in the middle of Ísafjörður town would count as rural development. The Nauteyri Project would also; even though it has little or nothing to do with agriculture or forestry.

¹ Although Wikipedia is not considered a good academic source, its definition of the term 'rural development' is good and is presented here on its own merit for being one of the few concise and recent definitions available online today.

Pike et al. (2006) comment on the regional impacts on entrepreneurialism in diverse regions, adapting research material from the OECD (Organisation for Economic Co-operation and Development), they draw up a variety of criteria for business start-ups, ranging from a society's innate entrepreneurialism, to the start-up and funding support options available, and they also write that "Places often have deep-rooted legacies and traditions that shape people's attitudes and beliefs, influencing their disposition towards starting new firms and being an employer with its inherent risks and responsibilities" (Pike et al., 2006). The same is presumably true for how people react to and support other people's initiatives and could potentially be influenced by the identity of the people in question.

There is a growing body of research which investigates how the coastal and marine environment's appeal shifts and Hall (2001) writes that it is moving away from the four S's of 'Sun, Surf, Sand and Sex' and towards sports and extreme activities. He argues that diving, sailing, waterskiing and fishing (among many others) are constantly increasing pressure on the coast.

Hall paints a worrying picture wherein tourism is the world's fastest growing industry and coastal tourism is one of the fastest growing tourism sectors and yet the coasts are often already under extreme pressure from other activities, including commercial fishing, sewage, shipping and dredging (Hall, 2001). People's love of the coast is not intrinsically a bad thing and is probably still something to be encouraged; but tourists need to tread lightly. Environmentally-conscious coastal tourism projects in areas with relatively few existing human pressures (like the Westfjords) might therefore provide small relief to other, more-stressed coastal areas.

Case-specific analysis:

The Westfjords region could be ideally placed to take advantage of tourism's evolution away from relaxing on the beach and towards more adventurous and unusual places/activities.

The Nauteyri Project would fit Hall's (2001) idea of under-utilised areas taking a small portion of the tourist strain away from over-stressed coastlines; such as in Spain or the Greek islands, for example.

All primary research for this thesis seems to support Lewis's 1998 assertion (see below) that rural tourism can be a better environmental and societal development for the economy than, for example, the building of a large factory. That certainly seems to be the hope for the Westfjords. Local pride and more facilities for locals are also definite advantages. One example of tourist development benefiting locals would be the re-opening of Ísafjörður's Langi Mangi bar and café (now called Bræðraborg) as a new joint tour booking centre and bar/café in 2012 (Hjaltadóttir, 2012).

Lewis's (1998) point that imported crime, litter and congestion could mar the tourist industry is a concern; but even with a relatively high number of tourists, the Westfjords is still a sparsely-populated and non-congested region. Also the author of this thesis would posit that Icelanders' travels abroad and consumption of foreign films, television and books may be more culturally influential than the foreign tourists visiting the country.

An extremely concise and useful analysis of what sustainable tourism should be is provided by Choi & Sirakaya (2006). An excerpt follows:

“First, there is no doubt that sustainable tourism must be economically feasible, because tourism is an economic activity. Economic sustainability, in this regard, implies optimizing the development growth rate at a manageable level with full consideration of the limits of the destination environment. Moreover, the economic benefits from tourism should be fairly well distributed throughout the community. Second, environmental sustainability recognizes that natural resources of the individual community and the world should be no longer viewed as abundant and are, in fact, constantly being depleted. The natural environment must be protected for its own intrinsic value and as a resource for present and future generations. Third, socio-cultural sustainability implies respect for social identity and social capital, for community culture and its assets, and for a strengthening of social cohesiveness and pride that will allow community residents to control their own lives” (Choi & Sirakaya, 2006).

The above passage neatly pins the concept of sustainable tourism within the 3BL pillars of economy, environment and society, and is also inadvertently echoed in the sentiment of all Nauteyri Project literature.

As an example from the wider topic of rural tourism generally, Daugstad (2008) claims that Norwegian rural tourism has been very slow to develop and that only now that farms are under great strain and going out of business is 'shared destiny' being taken more seriously; whereby tourism is pushed to become a second pillar to the rural, agricultural, economy. Slightly further from home, the USA's rural tourism sector has grown extensively because 96% of Americans live on 4% of the land; and increased interest in the 96% of the land awoke late but rather suddenly among the 96% of the people. In other words urban Americans are now more interested in seeing their nation's countryside (Lewis, 1998).

Lewis's US-based research is relevant to this thesis partly because Iceland's nature and countryside are its biggest draw to foreign tourists; but also because a similar domestic tourism awakening has taken place among Icelanders since the 2008 banking crash. Travel industry surveys among Icelanders variously confirm this assertion: in 2003, 80% of Icelanders travelled for pleasure domestically and around 50% travelled internationally (Mbl, 2004). In 2009, post banking crash, domestic travel had increased to 90% and international travel had decreased to 30% (Mbl, 2009). The most recent survey, for travel in 2011, shows that domestic travel is still holding at around 90%, while international travel has rapidly increased again to around 60%. Furthermore, the average length of domestic trips is long; at an average of 14 nights per person, per year (Vísir, 2012).

Discussing the positive aspects of rural tourism, Lewis (1998) points to rural communities' ability to build up a tourism industry without lowering taxes to attract big business, without needing a big workforce to man the big business's factory and without needing to build a big, dirty factory at all. Other benefits of rural tourism are that welcome recreational facilities are built which the local community can also enjoy and that popularity with tourists gives rural communities a tangible sense of local pride (Lewis, 1998). Local

authority business taxes are less of an issue in Iceland than the US; but the other points raised are theoretically valid in the Westfjords.

The potential negative impacts to rural communities are in the form of imported crime, litter, congestion and in the tourists' presence changing and degrading the supposedly-simple way of life they have come to experience (Lewis, 1998). Others include increased stress on infrastructure, i.e. water, waste disposal, and electrical demand. Lewis adds that rural tourism development is rarely a decision taken by the community together, but is usually a process led by a few people. That is certainly true of The Nauteyri Project, which will always be an idea which was created by foreigners several hours' drive from Nauteyri, in Ísafjörður. While The Project's stated goal was to involve local people at every stage, it would have remained *led* by a few people. The Nauteyri Project ses., as an organisation, is not a co-operative.

Other studies on sustainable tourism development add other positive aspects to efforts of counteracting depopulation and supporting diversification. A study conducted in a beautiful lakeside area of central Greece which has a recent history of significant population decline and primary concentration on a single economic sector; farming in the Greek case; is an example (Koutsouris, 2009). It shows that entrepreneurs should be sure to understand and align their own interests with local needs and interests before starting projects. Koutsouris describes how the local authorities took it upon themselves to construct seven new hostels in the 31,400 hectare area and to run a marketing campaign. Tourists soon started to arrive. This initial effort led to an explosion of economic activity and there were already 31 hostels in the area, 12 restaurants and 27 other businesses renting out accommodation at the time the paper was written. The local development agency has been in charge of developing the project and ensuring it meets sustainable tourism criteria; but many external factors have brought up conflicts. Two main groups have emerged, one in the form of educated businessmen and women with experience elsewhere who see the economic benefits of sustainability in high quality services with local sourcing and certification, and the other made up of locals who have jumped on the tourism bandwagon and take an allegedly short-sighted approach. The former group claims un-coordinated development has been "unfortunate if not catastrophic" to the area (Koutsouris, 2009). The whole project has stagnated somewhat due to a deadlock between

key actors in the area. There are clear parallels with, and lessons to be learned by, the Westfjords in this example. The parallels include that the areas are both beautiful and underdeveloped and looking to expand their tourism sectors through investment; while the lessons to learn include that sustainable tourism is more than an empty phrase and that tourism brokers should pull together and not against one another.

In another study of a much bigger and even more controversial tourist project, Hernández et al. (1996) came to the conclusion that the Puerto Rican public had very mixed feelings about the proposed construction of the Caribbean's biggest resort on their island. The authors found that the locals' positive expectations and their fears and reservations were well-founded and that ambivalence was unlikely to turn to pure positive feelings with the completion of the resort. This is significant because of the tourist industry's desire to locate resorts in locales friendly towards their customers, and because of local governments' desire to attract positive business developments which are popular among voters. The scale of The Nauteyri Project is very different, but some of the local people's concerns and reservations about how the influx of tourists might affect their area may be the same. The conclusion that initial ambivalence is unlikely to change to universal enthusiasm upon opening is also interesting and relevant to this thesis.

Defining the term 'ecotourism' can be difficult and there is no correct answer. At its core it is tourism which is careful of its impact on the environment, but that can be interpreted in many different ways. The International Ecotourism Society (TIES, 1990) describes ecotourism as: "Responsible travel to natural areas that conserves the environment and improves the well-being of local people."

Some academics put emphasis on the development side and on affluent Westerners' money being used for good in poor environments and communities (Medina 2005). Meanwhile others are biased towards ecotourism as a physical activity: the idea that jungle treks (for example) can be ecotourism, while a week in a seaside hotel probably cannot (Fennel, 2007).

Björk (2000), who studied the phenomenon in Finland, argues that ecotourism has to be sustainable and that it requires the co-operation of locals, the authorities, tourists and local

tourism businesses to exist. He also says that in the Finnish case the word ‘ecotourism’ is often substituted for ‘sustainable tourism’, which is seen as a less problematic concept to define and uphold. Though this is true, Björk argues, shying away from the term might put Finland at an instant disadvantage on the world ecotourism stage, which is increasingly important. The Nauteyri Project, and by extension this thesis, has also always favoured the term ‘sustainable tourism’ over ‘ecotourism’ for similar reasons; but also because the name itself is more self-explanatory.

In their 2006 article Wurzinger & Johansson find that in a Swedish questionnaire research project ecotourists prove to be more environmentally aware and more environmentally responsible than nature tourists, who are themselves better in those fields than city tourists. The article also finds, however, that none of the three groups of tourists was very knowledgeable about the concept of ecotourism and what it really means. The authors also found that some ecotourists were unaware of the concept and unaware of the fact that they were travelling as ecotourists. While many may consider this a failure, in the case of The Nauteyri Project it need not be, as being an attractive place to visit was the main goal; backed up by the sustainable tourism/ecotourism goals but not exclusively led by them.

López-Espinosa de los Monteros (2002) argues that tourism increasingly impacts natural protected areas and that it can have positive and negative effects. The author states that the tourist industry is coming under increasing pressure to live up to its ecological boasts, but that it still fails to re-pay what it takes in full. Ecotourism is important in attracting community and political support for natural protected areas; as income generation is attractive alongside conservation. At the very least, ecotourism can help to pay for the protection.

“Interviewees from all sectors agreed that regional development, compatibility with conservation, potential to incorporate and create benefits for the local community and a conservation strategy were the most outstanding aspects that ecotourism in México can offer” (López-Espinosa de los Monteros, 2002). Interviewees also felt that a lack of regulation allowed companies to label their activities as ecotourism, even when they should not, the author added. These concerns are global and not specific to Mexico, however. The Greek example above (Koutsouris, 2009) illustrates that.

Hassan (2000) analysed sustainable tourism practices from an economic and marketing perspective and came to the conclusion that it is no mere fad or gimmick; but rather the only way for the global tourism industry to continue its growth and success. All resort destinations – particularly the biggest ones – need to do all they can to protect local nature/landscapes, culture and vibrant communities because tourism puts them all under pressure; but they are each, at the same time, the very reasons for the tourist influx in the first place. In this respect it is a paradox and one that only a conscious ‘greening’ of tourism planning and management can overcome.

In an older paper, Orams (1995) investigates definitions of ecotourism and levels of human responsibility which range from all tourism having some negative impact, thereby rendering ecotourism impossible, up to all tourism being ecotourism because of humans’ being a natural part of the world and therefore incapable of acting unnaturally. The truth lies somewhere in between.

Orams also explores the broad goals ecotourism sets itself (if it were a coherent concept and/or industry) on the environment and on the tourist. On the environmental side they are: “Minimise disturbance” at the lower end, “Improve habitat protection” in the middle, and “Long-term health and viability” as the highest goal. Upon the tourist Orams describes the ascending list of goals as: “Satisfaction/enjoyment”, “Education/learning”, “Attitude/belief change” and finally “Behaviour/lifestyle change”.

Case-specific analysis:

Koutsouris (2009) tells a story of local opportunists using the sustainable ‘ecotourism’ bandwagon cynically and to the detriment of all – especially of those who take the concept seriously. That is a risk in the Westfjords; but as many thesis interviewees assert, the Westfjords’ decision to attain regional certification (such as EarthCheck) will help; as will the Westfjords Tourism Association’s dedication to the cause. In interviews in 2009 unrelated to this thesis Ísafjarðarbær’s planning chief and the man responsible for drawing up regional development plans for all the region’s municipalities both said independently of each other that the united planning policy across the whole Westfjords region is explicitly ‘Green First’ (see Appendix II).

The concerns of Puerto Ricans in the face of what could have been the Caribbean's biggest resort (Hernández et al., 1996) are noteworthy for this thesis, but their usefulness must be viewed with the knowledge that Puerto Rico has among the world's highest population densities and that the proposed resort was many times bigger than The Nauteyri Project. It also lacked the conservation, education and sustainability aims.

The idea that tourism impacts natural protected areas would certainly be true in this case study; as the nature reserve would not even exist on paper without The Nauteyri Project.

In the Orams (1995) paper it is likely that The Nauteyri Project would look to positively impact the environment and the tourist in the highest measure on both scales.

Drawing on studies of tourism initiatives in the Westfjords, Jóhannesson et al. (2003) write about the Westfjords tourism sector (centred on Ísafjörður); claiming that the industry is quite well-networked through the town's tourist bureau, compared to other places in Iceland. Tourism brokers talk to one another and largely pull in the same direction – with crucial support from the community at large. The authors feel that the push away from fishing and towards tourism has led Ísafjörður, and the whole Westfjords region, to look to history in a conscious revival of tradition and forgotten stories and customs for the benefit of domestic and foreign tourists. The writers intimate that increasing numbers of tourism businesses offering a greater variety of activities generally serve to bring in more tourists overall, which benefits the entire Westfjords tourism sector and all the businesses therein.

On a related cultural-historical note, Jóhannesson (2005) writes in a separate conference paper about the establishment of a saga and Viking based tourism service in and around the village of Þingeyri in the northern Westfjords. He described the region as “peripheral” and wrote that tourists rarely visit the periphery without good cause. The implication being that natural beauty is not enough to draw people to the Westfjords and that unique selling points are needed. Tours and activities centred on the location of one of Iceland's most famous sagas are one such unique selling point (as in Þingeyri), the author argues. In such a perspective, The Nauteyri Project could well have been another – although it is not a purely cultural/historical project.

The Icelandic tourist board (called Ferðamálaráð at the time) was set up in 1964 (Ferðamálastofa (b.) (n.d.)); and this is earlier than any of the other tourist boards the author researched by random selection; namely the tourist boards of Australia, Britain, France, Greece, and London.

The Icelandic Tourist Board submitted its ‘Proposal for Parliamentary Resolution on a tourism strategy for 2011’ to parliament in its 139th legislative assembly. The Alþingi parliament passed the resolution in June 2011 (Ferðamálastofa (a.) (n.d.)). The resolution states (in part):

“Parliament resolves to entrust the Minister of Industry with the task of pursuing the following main objectives for tourism during the period 2011-2020:

- a. to increase the profitability of the sector;
- b. to engage in systematic development of tourist destinations, effective product development, and promotion and advertising work so as to create the opportunity to lengthen the tourist season, reduce seasonal fluctuations, and contribute to better distribution of tourists throughout the country;
- c. to enhance quality, professionalism, safety, and environment-awareness in the tourism sector;
- d. to define and maintain Iceland’s uniqueness as a tourist destination, in part through effective analysis and research” (Translation: Ferðamálastofa).

Case-specific analysis:

History and culture are second only to landscape and natural beauty in importance to the Westfjords tourism sector and the same would also be true of The Nauteyri Project – although history and culture would admittedly be a somewhat distant second at Nauteyri.

All four parts of the Icelandic Tourist Board’s ‘Proposal for Parliamentary Resolution on a tourism strategy for 2011’, which was passed by Alþingi, are addressed and encapsulated in The Nauteyri Project.

Media stories claim that 2011 was a record-breaking year for the Icelandic tourism industry (Elliott, 2012); but the most recent Icelandic Tourist Board booklet 'Tourism in Iceland in Figures' is from March 2011 and uses data up to the end of 2010. Among the noteworthy data presented, it appears that from 2000 to 2008 tourism's proportion of total GDP has been relatively stable between 4.3 and 5.7% (Icelandic Tourist Board, 2011). Meanwhile tourism's impact as a proportion of total export revenue dropped significantly between 2006 and 2010. All the while the total number of visitors to Iceland has been creeping upwards; from less than 300,000 in 2002 to around 500,000 in 2007, 2008, 2009 and 2010. Counted in krónur, the amount each tourist spends in Iceland has also gone up post-banking crash, when the exchange rate changed sharply. The above discrepancies should therefore be explained by changes elsewhere in the national economy – such as export prices of aluminium and fish, for example. Only one percent of all hotel stays in Iceland were in the Westfjords in 2010. The accommodation rate is a signifier that either more marketing is needed and/or various other activities are needed to draw travellers' attention to the amenities the region offers.

Jóhannesson et al. (2010) pointed out the fact that air travel is almost completely essential to the Icelandic tourism industry: with the exception of the Norröna ferry, it is the only way to get to the country. While this is obvious, it is also important in sustainability and ecotourism discussion. The authors also point out, however, that air travel is equally essential to Iceland's entire society and economy; not just the tourist sector.

The key to tourism development has been access and entrepreneurialism (Jóhannesson et al., 2010). By this they mean improved air services and roads combined with entrepreneurs creating and promoting attractions for tourists (such as the above-mentioned Þingeyri example).

The paper's authors also wrote that Iceland suffers from two problems common to island destinations: high levels of seasonal variation in visitor numbers and high numbers of visitors at a small number of attractions, damaging fragile environments (Jóhannesson et al., 2010). In Iceland the idea of sustainability in tourism has always been important, but not adequately codified and often only cursory attention is paid to it, the paper asserts. These arguments correspond well with the above parliamentary resolution on tourism

development to 2020 and with the goals of the Westfjords and of The Nauteyri Project and will be discussed further in this thesis.

The above concerns about seasonality and accessibility of peripheral regions is exemplified in Statistics Iceland (Hagstofa Íslands, 2012) data showing 2010 hotel occupancy in the Westfjords and West Iceland (which consists of the Snæfellsnes peninsula, as well as ‘mainland’ areas further south as far as Breiðafjörður and Akranes). The figures show a massive discrepancy in hotel occupancy, from 968 room-nights in January 2010 and 781 nights in December 2010, up to 10,521 nights in July 2010 and 9,050 nights in August 2010. As hotels are the most winter-friendly accommodation options, it stands to reason that figures for other types of accommodation, including summer-hostels, farm-stays and campsites, will be even starker.

2.1. Quantitative research: Ferðamenn á Vestfjörðum

The most informative study examining the perception of tourists visiting the Westfjords is an annual survey called *Ferðamenn á Vestfjörðum*. The following is an English translation (author’s own) of an extract from the abstract to the University of Iceland document *Ferðamenn á Vestfjörðum* (Elíasdóttir et al., 2008):

“[...] In summer 2008 the University of Iceland Research and Education Centre in the Westfjords and the Westfjords Marketing Agency organised a survey of tourists. Researchers travelled all over the Westfjords and presented visitors with a questionnaire which, among other things, asked about the reasons for their visit, where they sourced their information, their use and enjoyment of the services on offer in the Westfjords and their satisfaction with their trip overall.

“The survey paints a picture of what sort of tourists visit the Westfjords, where they are likely to source information and what they most want to encounter or experience on their travels in the Westfjords. Then a clearer picture is sought of what elements have the biggest impact on tourists’ satisfaction. The results show that nature tourists are a decisive group in the Westfjords and that the tourists who come here are generally satisfied with their trip. There are, though, many areas for improvement and the survey results indicate that tourists’ access to information and things to do in the area could still be improved. It is

hoped that the results of this survey can be used to assess the Westfjords' strengths as a tourist destination, define marketing options for the region and find further options for the development of activities and services for tourists" (Elíasdóttir et al., 2008).

Only the 2008 document contains this abstract; but updated versions of the report appeared in 2009 and 2010 (Halldórsdóttir & Ólafsdóttir, 2010). Therefore the data presented in this section are sourced from the newest edition. The data presented are also only the most relevant to this thesis.

The survey found the proportion of Icelandic tourists to be 20%, of which 83% were from the Reykjavík region. 80% were foreign. 31% of those foreigners were German and they were followed by French, Austrian and British tourists. The single biggest age group of foreign tourists was 26-35 years-old; while among Icelanders it was 46-55 years-old.

The three primary reasons respondents gave for visiting the Westfjords were: "rest and relaxation," "nature," and "the great outdoors". In the category of what they felt most important to see/experience, nature was the most important, followed by local people, local culture and local history. The local economy was the least important consideration for foreign visitors by some margin. Results among Icelanders were similar, although history was slightly more important and the local residents were slightly less important.

The four top interests of the foreign respondents were: the outdoors, environmental protection, photography and sustainable tourism. Among the Icelanders they were: the outdoors, music, environmental protection and culture & art.

The vast majority of tourists reported that the Westfjords had met their expectations.

Ísafjörður was the most common destination for foreign tourists, but not quite so common for Icelanders. Hólmavík was second most popular for both groups (Note: the area of Nauteyri is around half an hour's drive from Hólmavík along the road north to Ísafjörður; so The Project's location could be considered prime).

Two-to-four days was the average length of stay in the Westfjords for both groups of tourists. Most foreign tourists had not visited the region before; most Icelanders had.

Among Icelanders, camping, hotel and guesthouse were the top three accommodation choices (in that order), while foreigners opted first for hotels, and campsites and guesthouses followed closely behind.

In the category of activities and services, foreigners prioritised: short walks, bird watching, food shops, restaurants/cafés, and boat trips. Icelanders prioritised swimming, restaurants/cafés, food shops, and ‘other’.

All Icelanders said they would be interested in returning to the Westfjords and 88% of foreigners. Nobody from either group said that they would *not* consider recommending the region to others.

Foreigners rated information centres, guesthouses and restaurants/cafés highly, and farm-stay accommodation lowest. Icelanders rated museums/exhibits, restaurants/cafés and campsites highly and roads/transport lowest.

The quantitative data from the University of Iceland research centre in the Westfjords above is limited by the size of its sample; taking answers from 161 foreigners and 41 Icelanders. This number of people is more than the author of this thesis would have been able to survey; but is still a relatively low number when looked at objectively. The surveys were distributed at the tourist information centres in Hólmavík and Ísafjörður, at the adventure tours company Borea Adventures, on the Breiðafjörður ferry between the Westfjords and Snæfellsnes, at the café in Norðurfjörður, Hótel Flókalundur, Hótel Ísafjörður and the Edda summer hotel in Ísafjörður. Cruise ship passengers and under 18s were not included in the research.

It is not controversial to claim that the answers given to questions often depend on who one asks. In the case of a survey the individuals asked can be dependent on the locations in which the survey is conducted. In this specific example, perhaps more adventurous tourists might choose to arrive by ferry, visit remote Norðurfjörður and take a tour with Borea

Adventures. If those three sites had been replaced by (for example) the petrol station/shop/restaurant in Búðardalur, the Vesturslóð café/pub in Ísafjörður and the Natural History Museum in Bolungarvík, the results might have been quite different. The quantitative data must be taken at face value and with the recognition that their use is inevitably limited.

3. Research methods

This chapter will outline the research methods used for this thesis and explain why they were used. It will finish by looking into the chosen methods' weaknesses and limitations; both intrinsic and case specific. As stated in the introductory chapter, the main research method used is semi-structured interviews, and the application of Nauteyri Project initiation and process as a case for analysis.

The purpose of a qualitative study is to compile sources of information in a focused manner in order to build an argument (Marshall & Rossman, 2006). In this thesis the goal has been to compile information in a fair and balanced manner which can facilitate a discussion before allowing the author to draw conclusions regarding the future of tourism in the Westfjords within the conclusion and lessons learnt chapters.

3.1. Primary research and other sources used

3.1.1. Interviews

Talking directly to people who have knowledge and experience to share is one of the qualitative researcher's primary tools. As broad a base of expertise as possible was sought out for interview and the semi-structured interview format chosen means that each was asked the same set of questions, whatever their job. This approach broadly worked well, but failed in one instance (discussed below).

Semi-structured interviews are a good way of extracting information from respondents in a flexible manner which permits them to elaborate and introduce different relevant themes while staying within the predefined framework of the predetermined questions (Economic and Social Data Service (n.d.)). It also allows for interviewees to seek clarification of questions and concepts, which improves the relevancy of results.

Weaknesses of the method include the potential for too much information, leading to difficulties in ranking, rating, and sorting (Community Forestry Field Manuals, 1990).

One hoped-for interviewee in this thesis was the information officer at the Ministry for the Environment, who asked to see the interview questions ahead of time. The author was

happy to send the questions ahead to interviewees when asked and no other prospective interviewee cancelled because of them. In this case, however, the information officer believed only the Minister for the Environment herself was qualified to answer the questions. After a period of two-way contact, the minister said she was unable to find time for an interview, but answered some of the questions by email without being asked to. Given the relative importance of a government minister as an interviewee, those short email answers are included in this thesis where perhaps another potential interviewee's email answers would not have been. Material from an unsolicited email cannot, however, be considered as equal to an interview transcript; regardless of who the email comes from. The material is therefore not included on an equal footing in the results chapter.

In each instance interviewees were chosen because of what they do in their professional lives; full-time, part-time or voluntarily. During interviews it was made clear to interviewees that despite the criteria for their selection, the interviews were about them and about their own personal knowledge and ideas. The interviewees' answers did not need to echo their organisation's official policy at all times. For the most part interviewees embraced this and conversations were open and easy.

This thesis draws upon interviews conducted with seven individuals. It also includes email answers from the Minister for the Environment. The relevancy of each interviewee to this research is described below:

“Interviewee 1” is a councillor in the ruling majority in Ísafjarðarbær municipality; but the main reason for the interview is the interviewee's rôle as foreman of the Association of Municipalities of the Westfjords. The AMW is the best-developed inter-municipality organisation in Iceland and all municipalities in the region are members by choice. Together they use the AMW to advance regional interests in fields including tourism, transportation, sustainability and environmental certification. “The purpose of the Association of Municipalities is to work for the benefit of Westfjords municipalities and the entire Westfjords region. The Association of Municipalities of the Westfjords closely follows, and involves itself in the [mutual] affairs of the municipalities, wherever they are being considered; not least in national parliament, ministries and central government agencies” (Fjórðungssamband Vestfirðinga (n.d.) (translation author's own)).

“Interviewee 2” was asked to participate as an employee (at the time of interview) of ATVEST, the Westfjords regional development agency. Part of the interviewee’s job was to advise companies and individuals on setting up and running businesses in the Westfjords, especially in the field of tourism. The interviewee was ATVEST’s project manager for tourism and culture and therefore spent most working days involved in the innovation and development of Westfjords tourism. This included the Westfjords local food movement and the Vatnavinir (friends of water) project.

“Interviewee 3” is the tourism section chief at the Icelandic Ministry of Industry, Energy and Tourism. The interviewee is a civil servant and not an elected official. The section’s job is to: stimulate growth, innovation and strategy in the tourism industry; to develop the industry’s organisation and quality; to harmonise the tourism industry with prevailing economic developments; to analyse the macroeconomic impacts of the industry; to liaise with the various tourism authorities and boards; and to liaise between all other interest parties in the industry (Iðnaðarráðuneyti (n.d.) (translation author’s own)).

“Interviewee 4” is an anthropologist and sustainable development researcher. The interviewee was specifically asked to participate due to being a board member of Landvernd; an NGO whose English name roughly translates to the Icelandic Environment Association. It is among the oldest and most respected environmental NGOs in Iceland. The interviewee was chosen over the other board members (including the chairman) due to a unique perspective as a cultural anthropologist and research veteran in human-nature interaction in Icelandic coastal areas in a historical perspective, Icelandic commons management, and energy- and technology-transitions.

“Interviewee 5” was asked for interview in the capacity of sveitarstjóri (translated variously as district manager, administrative mayor, or director of local authority) in Strandabyggð, where Nauteyri is located. The municipality is unusual in Iceland for its high level of environmental consciousness and its eagerness to build up its tourism industry with festivals and innovation.

“Interviewee 6” was asked to participate due to being the Acting Director of the Department of Natural Resources at the Environment Agency of Iceland. The department is one of five at the agency and the most relevant one to The Nauteyri Project’s environmental and conservation goals.

The interviewee is also an expert on tourism in Iceland due to academic research completed before joining the Environment Agency; although this information was not apparent before the interview took place.

“Interviewee 7” is chairman of the Westfjords Tourism Association and a leading figure in the region’s tourism development. The interviewee is a committed environmentalist and runs a well-known witchcraft and sorcery museum.

All interviews were comprehensively transcribed and the data then analysed. In order to break down the large amount of data to make it useable, the author conducted a thematic analysis upon the transcripts to identify running themes across several or all informants. These themes are used to guide the results chapter presentation and interviewees’ opinions are coded (Gibbs, 2008) in their presentation. This means that the possible secondary, or underlying, significance of each respondent’s words is explored and discussed, often using evidence from the literature review chapter, when it is appropriate. The use of this method is not the author’s attempt to distort what interviewees said; but rather an attempt to fully appreciate and understand the information provided. Though the unedited transcripts are not presented with this thesis, they remain on file.

The data have been processed several times over, firstly through a thematic analysis of ideas and themes brought up by multiple respondents (Gibbs, 2008). These recurring themes form the basis for the subsections in this chapter.

Having identified the (relevant) themes, this chapter goes on to codify them by analysing varying factors and asking questions including: how many interviewees expressed them, why an individual may feel that way, what the theme/opinion might mean to the individual

respondent given their personal circumstances and motivations, and whether their assertions are idealistic or practical in each case. The analysis draws upon literature review sources as back-up or diversification, where they are both available and advantageous.

The themes identified by the transcript analysis for later discussion are: sustainability, seasonality, conservation, and economic considerations. These themes have been turned into the three subsection headings in the following chapter of results: sustainable tourism development in the Westfjords, Westfjords tourism and society, and Westfjords tourism and the environment. The questions asked in interview were designed to give respondents space to talk fairly broadly if desired, while at the same to push them to directly address issues central to this thesis. The questions are included as Appendix III.

3.1.2. Author's personal experience

As specified earlier, the original thesis idea to accompany The Nauteyri Project was to use personal experience and lessons learnt in the practical field as its main research method. The chosen research method is called action research. As The Nauteyri Project has stalled, the research method had to change; but the action research method initially pursued still has a strong legacy.

“Put simply, action research is “learning by doing” - a group of people identify a problem, do something to resolve it, see how successful their efforts were, and if not satisfied, try again” (O’Brien, 2001).

In the case of The Nauteyri Project only the first three of the four stages have been completed: the problems of depopulation and lack of economic diversity in the Westfjords were identified, and a sustainable tourism and conservation project was designed to help resolve the problems. In many respects this thesis can be considered stage three of the above definition. It is an analysis of The Nauteyri Project and its successes and failures. However, without stage four the thesis cannot truly be considered action research and at the time of writing it is not clear when or whether stage four will take place. For this reason the thesis topic has been widened to use The Nauteyri Project as a case study in

analysing future planning for the wider Westfjords tourism industry. As a result of the action research being incomplete, the author's experiences cannot be considered a full research method; but they nevertheless form a part of the discussion.

This thesis is based upon the case study of The Nauteyri Project, which would not exist without the thesis author. The author was deeply involved in every aspect and decision associated with The Nauteyri Project; and he must therefore bear responsibility for it. At the time of writing he is still the organisation's legal chairman.

Over the year-and-a-half spent setting up the organisation and trying to raise adequate start-up funds, the author has also gained experience of the licensing and regulatory framework surrounding the tourism industry in Iceland, as well as experience of the practical issues involved in sustainable tourism; including considerations such as sewage disposal, insulation, noise pollution and food supply, among others.

3.1.3. The Nauteyri Project Organisational Plan and Detailed Analysis

Reference to a single external document cannot be considered a research method; but The Nauteyri Project's own business plan document is the best guide to the organisation's origin, aims, principles and intentions. Reading the document from start to finish will impart the reader with an understanding of The Nauteyri Project which is desirable, though not essential, to the full appreciation of this thesis.

As the document contains too much information to reproduce in the thesis (but it is included in whole as Appendix I) a condensed timeline of The Project's development is included in Chapter 4: Results. That the thesis should include a timeline of The Nauteyri Project is hopefully not controversial, although its inclusion in the results chapter may be. It is included in Chapter 4 because it does not fit well into the narrative style of other chapters.

3.2. Limitations and shortcomings of primary research

The interviewees were chosen to give a fair and relevant cross section of answers from the political, environmental and business perspectives; and from the public, private and voluntary sectors. With only one partial exception, all the prospective interviewees agreed to take part. Their prior knowledge of The Nauteyri Project varied, as did the extent to which they had prepared for interview. Any number of other factors will also have affected how interviews went; from how busy or stressed interviewees were, to how healthy they felt, where the interview took place, and the interviewer's own conduct and attitude at each individual meeting.

A crucial weakness of interviewing as a research method in general is that although it is often interpreted as a collaborative, 'soft' research method which is fairer, more open and more descriptive than other methods, it is not in fact a dialogue. Kvale (2006) argues that all the power lies with the interviewer: the conversation takes place solely to meet the researcher's goals and he/she has total control over questions asked and the interpretation of their answers.

"The interview may be a manipulative dialogue. A research interview may often follow a more-or-less hidden agenda. The interviewer may want to obtain information without the interviewee knowing what the interviewer is after [...] Modern interviewers can attempt to use subtle therapeutic techniques to get beyond the subjects' defences and obtain the information they seek" (Kvale, 2006).

In the case of theses like this one, the information sought by interviewers is seldom hidden, however; and interviewees are generally willing and enthusiastic to talk openly on the subjects raised in questioning. Kvale's concerns are more valid when the subject matter under discussion is of a private, personal, controversial, or sensitive nature. No matter what opinions one holds about the future of tourism in the Westfjords, the opportunity to speak about those opinions is likely to be welcomed – or at least it is likely not to be seen as too controversial.

3.3. Limitations and shortcomings of secondary sources

The principle weakness of the author's thoughts and experience is clearly that they fall one step short of the full action research cycle and are not therefore the most adequate research method in their own right; although they are partially used like one in discussion chapters and Nauteyri is used as a case study.

Secondary to this is that they are inevitably subjective: had The Nauteyri Project been set up by somebody else, in a different place, or at a different time, the experience and lessons learnt would have been different. Therefore it must be taken at face value on the understanding that others may feel differently.

Finally this thesis will refer to The Nauteyri Project's own Organisational Plan and Detailed Analysis, which is limited by having been written by the thesis author and organisational chairman, who, due to these facts, could have been prone to over-enthusiasm, over-optimism, or other shortcomings, while a neutral person would not. It is, however, the nature of such documents that they are not usually written by neutral parties. Conversely, the document is an accurate and objective record of The Nauteyri Project's goals, purpose and desired course of progress. It was written with potential backers, planners, tourism officials and the Strandabyggð municipality in mind and is not written in an academic style.

4. Results

The amount of data collected was naturally too much to present in full in this chapter; especially with the hope of teasing out the relevant information for meaningful discussion in the proceeding chapter. The data have therefore been processed several times over, as described in the previous chapter.

This chapter begins with a short and easily-accessible table of some of the main points raised by interviewees. It is a brief visual guide to points raised and to how many of the respondents agreed with each one (although merely not saying something is clearly not the same as disagreement).

The chapter ends with a brief timeline of The Nauteyri Project's development. The Nauteyri Project's Organisational Plan and Detailed Analysis document is included in whole with this thesis as Appendix I.

Table 1: Table of major themes raised in interviews. Interviewees are numbered in the same order as presented in previous chapter. Green = agreement, Yellow = partial agreement

	1	2	3	4	5	6	7
There is an economic and depopulation problem in the Westfjords	X	X			P	X	X
Tourism is a part of the solution to that problem	X	X	P	P	X	X	X
Tourism could help improve Westfjords pride and other Icelanders' perception of the region				X			
Four-seasons tourism is hard for Westfjords, making economic potential of industry limited and/or Tourist season needs to be extended from present day	P		X			X	
Funding is difficult for Westfjords tourism start-ups	X			P	P		
Sustainable Development should be the core of Development in the region and is not too difficult	X	X	X	X	X	P	X
3BL should be at the core of every tourism company and the Westfjords tourism industry	X	X	X	X	X	X	X
Westfjords needs more diverse business start-up funding options	X	X					
Regional environmental certification, such as GreenGlobe, a good idea	X		X	X/P			X
Westfjords needs whale watching, or some other big new tourist attraction	P			P	X	X	X
More national parks/nature reserves needed	X	X	X	X	X	P	X
It is okay for environmental groups to push their message in schools		X	X		X	X	X
NGOs are important for Iceland to become greener				X		X	X
Westfjords should attract different people by exploiting history and culture as well as nature			X			X	
Not enough yet being done to promote environmental awareness			X	P			X
Varied community-based environmental education is important		X		X	X		
Association of Municipalities of the Westfjords needs to be stronger					X		
Tourism companies do not yet adequately compensate their environmental damage			X			X	

4.1. Sustainable tourism development in the Westfjords

Every respondent was of the opinion that development within the tourism industry has a rôle to play in the hoped-for future economic and population regeneration of the Westfjords region. This is significant for three reasons: because of its universal acceptance, because the people asserting it come from diverse backgrounds, careers and places of residence, and because it implies that all interviewees feel there is a population and economic problem in the Westfjords that needs to be addressed (something which all-but-one respondents openly and assertively declared).

Five of the respondents asserted that 3BL should be mandatory in the Westfjords' future tourism development and one other stopped only slightly short; claiming that it should be extremely important. The remaining interviewee also felt that making economic, societal and environmental concerns equal priorities is important, although her response was slightly less emphatic. Any point-of-view expressed independently by all interviewees is significant, although it is possible that their responses were influenced by their knowledge of The Nauteyri Project and who the researcher was. There is no way of knowing if their responses would have been different if the researcher had been a prominent industrialist, for example. It is possible that some of the interviewees' true feelings are that economic development is most pressing in Westfjords tourism and that society and environment are less important. However, there is support in the literature review chapter for taking the respondents' words at face value. That literature research strongly suggests that tourism is putting immense pressure on the world's coasts and that tourism can be a degrading factor. Iceland's nature and countryside are its biggest draws to foreign tourists. From the literature and interviews (one interview especially) it is possible to conclude that local environments and societies are the reasons people visit places as tourists and the preservation and promotion of those environments and societies is therefore essential and not luxury. Even big, traditional resorts are now realising this (Hassan, 2000).

When asked if sustainable development is too-demanding a concept for isolated and less-well-developed locales like the Westfjords, all interviewees responded that it is not and is, in fact, quite possible. Interestingly three respondents asserted, unprompted, that sustainable development might in fact be easier in the Westfjords than elsewhere, because the region is developing now and therefore does not have a legacy of unsustainable development to try and reverse. Academics have debated the existence of truly sustainable development (Orr, 2003; Kates et al., 2005; Lélé, 1991), and the usefulness of the term; but interview respondents were not sceptical of the theory. Within business and the tourism industry, 3BL may be a good tool in the realisation of sustainable development; but the concept of sustainable development is broader and encompasses everything from transportation and waste disposal to fisheries management and energy production. One interviewee asserted that the region's low population and landscape can present challenges in sustainable waste management and transportation development – and both affect tourism.

4.2. Westfjords tourism and society

All-except-one of the interviewees stated that there is an economic and depopulation problem in the Westfjords. All interviewees believed that growth and development in the tourism industry has the potential to be a useful tool in addressing regional economic and population concerns.

Three of the interviewees specifically called for better environmental education (and all believed there is room in schools for environmental education) to help people better understand sustainability and embrace it in their region. Resistance to the idea is caused by ignorance and education could eradicate that ignorance. However, there is the potential for arrogance in making such a statement and it was also pointed out by a different interviewee that all sorts of organisations and movements push for their beliefs to be incorporated into the educational system. One could argue that it is just as valid a claim that people need educating to realise that greed is good and that nature should be subservient to humanity. It would be democratic to give all serious viewpoints equal weight. On every issue (perhaps

especially religion, for example) supporters call it education while critics brand it brainwashing or propaganda. The environment and environmental education are not exempt from this. In this thesis it is assumed that sustainable development is better than unsustainable development and the matter will therefore not be dwelled upon; although it is still pertinent to ask questions at times, such as: ‘better in the short or long-term?’ and ‘better for who?’

In the literature review it is stated that in some cases (including in Greece (Koutsouris, 2009)) cynical locals can exploit sustainable tourism initiatives for short-term financial gain and that is a concern also in Iceland where it is already happening to some extent, according to one interview respondent. This would seem to be an example whereby education could be a good solution; not perhaps to ‘teach’ sustainable development, but rather to point out to tourism brokers the value of sustainable tourism based on research findings in this area.

Two interviewees brought up the issue of culture as a tourist attractor and while there is literature review evidence (Fennel, 2007; Hernández et al., 1996; López-Espinosa de los Monteros, 2002) to suggest a danger of too many outsiders diluting local culture and customs, it is also pointed out in a Westfjords-specific example (Jóhannesson, 2005) that tourism might be strengthening local culture. Several interview respondents picked up the theme of local pride caused by being an attractive tourism destination and the use of culture and customs as a tool is also mentioned in both interview and literature review (Jóhannesson et al., 2003). Two respondents also discuss the finding of ways to use culture and human history as a selling point. Examples include Cold War and Second World War relic tours, attracting people to visit Ísafjörður for the beauty of its buildings, and in the resurrection and presentation of old customs. Just two examples of those might be the Viking village in Þingeyri and the Ósvör open-air museum in Bolungarvík.

Income and jobs are not discussed in depth in interviews or in the literature review, because there is not any doubt that tourists bring money to the Westfjords region and that tourism provides diverse jobs, from cleaning and waiting to adventure guiding and management positions. Seasonality is, on the other hand, discussed widely by interviewees as a limiting factor. It is pointed out that the short length of the tourist season limits the industry's ability to positively impact the Westfjords economy and jobs market as it might otherwise. This is not only in the case of seasonally variable income preventing the provision of year-round jobs in the industry, but also in terms of infrastructure. One interviewee declared that extending the tourist season might trigger investment in better infrastructure like roads, hotels and tourist attractions. Island destinations are prone to high levels of seasonality and having a large number of visitors going to a small number of attractions, it is asserted in the literature (Jóhannesson et al., 2010). It is ironic that better infrastructure could possibly cause a lengthening of the tourist season due to ease of access and diversification of activities/sites to visit, as the present lack thereof is sometimes blamed for the short tourist season.

4.3. Westfjords tourism and the environment

A theme raised in multiple interviews is the notion that tourism companies and/or tourists are not yet directly compensating for the environmental damage they do. This takes many forms, from atmospheric pollution to visible damage/degradation of national parks in Iceland. Respondents were not united in proposing solutions to the dilemma. Ideas offered included additional environmental taxes (like the proposed airport tax), increased levels of volunteering with activities including litter clean-up and footpath maintenance, and the concept of 'giving back', which can be financial, or even just in the form of treating places with true respect.

Every informant asserted that nature reserves and/or national parks are important for Iceland and the Westfjords. One interviewee maintains that creating reserves and protected areas is a way of 'giving back' for the damage that tourism does to the environment. All interviewees also brought up the financial value of such parks and reserves and the idea

that their mere existence attracts extra visitors and the positive and negative elements that come with them. The overarching theme was that the potential negative impacts of bringing more people to sensitive areas are worthwhile in exchange for preservation and investment, and all informants supported the idea of more such parks and reserves. Interviewees were asked whether or not Iceland really needs national parks and nature reserves due to the country's comparatively unspoilt state; and all agreed that it does. The common reason expressed for this was that there is always a development threat to every locale, even if the threat is remote, and that early legal protection before it appears necessary is the superior option. This sentiment is illustrated in the paper on the rapid recent loss of true Icelandic wilderness written by Ólafsdóttir & Runnström (2011). The fact that such designations also stimulate the tourist economy was not lamented by any interviewee.

However, several were also keen to deny that tourism should be automatically considered a better environmental option than other industries; with one interviewee describing it as one of the world's most destructive industries. The theme in this apparent contradiction appears to be that national parks and nature reserves are able to provide facilities (such as footpaths, toilets, litter bins and rangers) to minimise negative impacts on the sites in question.

Another strong theme through the interviews is the proposed EarthCheck certification for the Westfjords region and how that could have a positive impact upon the regional economy, environment and society. Two interviewees point out the project is being carried out on behalf of every person and business in the region and not as a marketing tool for the tourism industry; but it is also acknowledged that the project is being led by the Westfjords Tourism Association and that it could be an important boost to the industry.

4.4. Supplement to interview data

The Iceland environment minister sent email responses to some of the questions. As she was not an interviewee, her answers are not discussed or analysed directly. Her opinions are included here (quoted directly due to their non-controversial nature) as reference material which largely supports the above themes from interview:

“Sustainable Development should be the foundation for every business model. By balancing the social, environmental and economic factors of each decision, we aim to ensure that the needs of future generations can be met. A region such as the Westfjords is well aware of this, as the development in the region over the past decades would most likely not have been as negative, had the principles of sustainable development been employed.”

“The economic and environmental are two of the three factors of Sustainable Development. All three must be in harmony. By accurately weighing in how unique and valuable Iceland's nature is, nature conservation is sure to increase in the years to come.”

“Cooperation with NGOs is an important part of enacting environmental policy. It is both an effective path of co-operation, and a necessary one in a democratic aspect – one which the Aarhus Convention emphasises. To this end, the Ministry has formally cooperated with NGOs since the year 2001.”

“I’m sure that the list of local efforts to raise awareness would be quite long, but we can always do more.”

4.5. The Nauteyri Project timeline

Sources are referenced except those from The Nauteyri Project's own website (www.nauteyri.wordpress.com)

February 2010:

- The idea of doing something other than farming that would make it possible to live in the undeveloped parts of the Westfjords was first discussed.
- Initial search for land brings up several options, founders advised by estate agent to take Nauteyri seriously, despite being far too big, as its price was likely to be reasonable and it has natural hot water.

March 2010:

- Website www.nauteyri.wordpress.com set up.
- PayPal account set up for donations.
- Meetings held with ATVEST and Nýsköpunarmiðstöð Íslands about plans. Full business plan requested as next step.
- Business plan started, including dozens of pricing and feasibility enquiries about electricity, insurance, plumbing, construction, telecommunications, tourist licensing, campsite regulation etc. Meeting held with architect.
- National media Mbl.is reports on the establishment of The Project (Mbl (a.), 2010). Generates 1,726 hits on Project's own website in one day.
- The Project written about on the Westfjords Tourism Association website (Atlason, 2010).
- Westfjords media BB.is reports on The Project (Hjaltadóttir (b.), 2010). Article syndicated by national media Vísir.is.
- Westfjords media Skutull.is reports on The Project (Skutull (b.), 2010).
- Iceland Review Online reports on The Nauteyri Project in its English and German versions (Iceland Review_Online (a. & c.), 2010).

- Organisational Plan and Detailed Analysis first draft completed. Two more drafts would follow between then and February 2011.

April 2010 to January 2011:

- Letters asking for support sent to companies: Smyril Line, Delta Airlines, Sunseeker, Mathmos, Iceland Express, and others. No replies ever received.

April 2010 to March 2011:

- Grant applications made to funds: Icelandair, IMPRA, Náttúruverndarsjóður Pálma Jónssonar, Lush Charity Pot, NATA, Body Shop, Pokasjóður in 2010 and also 2011, Captain Planet Trust, Paul G. Allen Family Trust, Wallace Global Fund, and others. All rejected or not replied to.

April 2010:

- PayPal restricts Nauteyri Project account for comprehensive organisational status review. Extremely poor customer service and disagreement/conflict leave the organisation unable to take online donations for ten months due to review. Success of that review, however, legitimises organisation's credibility.
- Nauteyri Project representatives attend Sustainable Westfjords tourism conference at Hótel Núpur.
- Nauteyri Project board of directors appointed and first board meeting held.

May 2010:

- Purchase offer and comprehensive business plan submitted to Strandabyggð municipality.
- Westfjords media BB.is reports on ISK 30 million land purchase offer to Strandabyggð (Hjaltadóttir (a.), 2010). Article syndicated by national Vísir.is.

- Strandabyggð council debates land purchase offer of ISK 30 million; votes to put issue on hold and say neither yes nor no for the time being (Leifsdóttir, 2010).

June 2010:

- Enquiries made to Nordic Council representatives about pan-Nordic funding.
- Alexander Elliott awarded VaxVest (ATVEST) research grant for the completion of this thesis. Half money paid out initially and half due with thesis submission. All funds used to pay company registration fee to government.
- National media Vísir.is reports the VaxVest grant. The article goes into detail about the land purchase offer and The Project itself (Vísir, 2010).

July 2010:

- The Nauteyri Project logo created and publicised.

July 2010 to April 2011:

- Personalised letters requesting support sent to celebrities with known pre-existing interest in the environment and/or Iceland: Alan Fletcher, Ben Barnes, Cameron Diaz, Damon Albarn, David Attenborough, Dawn French, Lionardo DiCaprio, Eddie Izzard, Gwyneth Paltrow, Hayley Joel Osment, Hugh Fernley Whittingstall, James May, Jamie Oliver, Jeremy Irons, Jimmy Carr, Joanna Lumley, Julia Roberts, Nik Kershaw, Orlando Bloom, Rowan Atkinson, Sally Magnusson, Scott Mills, Sheryl Crow, Stephen Fry and Viggo Mortensen. Only a few replies received.

August 2010:

- Letter received on behalf of Joanna Lumley wishing all the best but regretting she is too busy to help.
- Letter received on behalf of Stephen Fry sending thanks for the letter but declining to help. Although, he said, a Tweet might be appropriate at some point.

September 2010:

- Letter received from David Attenborough wishing all the best but declining to help.
- BBC presenter Sally Magnusson, daughter of Magnús Magnússon, gives The Project a personal endorsement after personal research to see if it was worthwhile and trustworthy. She said her research showed The Project and its founders were very well respected in the Westfjords.
- Westfjords media Skutull.is publishes detailed article saying The Nauteyri Project is still alive and gathering pace; among other things mentioning the support of BBC presenter Sally Magnusson, daughter of Magnús Magnússon (Skutull (a.), 2010).
- Iceland Review Online reports Sally Magnusson's support (Iceland Review_Online (b.), 2010).
- National media mbl.is covers Sally Magnusson's support (Mbl (b.), 2010).
- Application for grant money from Lush Cosmetics Charity Pot funding rejected.

October 2010:

- The Nauteyri Project ses. finally registered as a non-profit organisation with the Icelandic register of companies (fyrirtækjaskrá) after multiple delays and difficulties.
- Letter received from Dawn French wishing Project luck and saying she will try to spread the word. Article written on subject for website.

November 2010:

- The Nauteyri Project gets bank account and pre-pay Visa card.

December 2010:

- National media Pressan.is conducts interview with thesis author and publishes extensive article on The Project; especially on the support of comedienne Dawn French (Pressan, 2010).
- Email received from actor Viggo Mortensen asking how The Project is going. Email replied to but no further correspondence received.

January 2011:

- Direct contact with the European Union regarding possible funding opportunities. Outcome is that it seems unlikely that such a project could receive support in an EU applicant country (as opposed to a full EU member state).

February 2011:

- Contact was made with Greenland and the Faroe Islands for partners in West Nordic NATA funding (mentioned above); but no reply came and applications needed to be cross-border co-operations.
- The Nauteyri Project upgrades its Facebook group to a Facebook page.
- Nauteyri.com is bought and an automatic link placed to existing website with hope of more development soon.

March 2011:

- Icelandic Innovation Centre (IMPRA) start-up funding application submitted.

- Letter and email written to Prime Minister Jóhanna Sigurðardóttir asking for help after government announces Westfjords stimulation package. No reply ever received.

April 2011:

- Facebook advertising campaign launched to attract more diverse base of international supporters.
- IMPRA funding application rejected.
- Nauteyri website publishes article congratulating government for focusing on Westfjords' problems and urging the Prime Minister to respond to The Project's letter. Also publishes the letter for the public to read.
- Strandabyggð sveitarstjóri emails to ask status of Project; Nauteyri Project board answers that things are slow but still hopeful.

May 2011:

- Email received from Jeremy Irons with thanks for the hand delivered letter while he was in Ísafjörður and expressing regret that a meeting did not take place.

Summer 2011:

- With little money to its name hope starts to fade and The Project is put on hold indefinitely. The writing of this thesis has reignited passion for The Nauteyri Project, but prospects for funding are as unsure as ever.

5. Discussion

This chapter is divided into separate sections corresponding to the thesis's three research questions and discussion is based upon research results, literature, and experience gained through The Nauteyri Project.

5.1. Given the growth and development of tourism in Iceland, what is the status of tourism development in the Westfjords region with regard to obstacles and to sustainable development?

Tourism development in the Westfjords is currently more recent and less pervasive than in most other parts of Iceland; and arguably than in all other parts of Iceland. Several thesis interviewees argued that this gives the region a good opportunity to develop its tourism industry in a sustainable manner.

The Icelandic tourism sector has grown in line with a global increase in leisure travel and a greater will/ability to visit places “off the beaten track”. As explored in the literature review (Icelandic Tourist Board, 2011), the number of foreign citizens visiting Iceland has increased from less than 300,000 in 2002 to over 500,000 per year and rising. One respondent stated in interview that the Westfjords has been trying to increase its share of the tourist revenue (both from domestic and foreign tourists). A large part of getting a fair share of the overall Icelandic tourist market involves trying to take a little more money from each individual guest, the informant argues – primarily by giving them attractive spending options which may currently be lacking. The notion of extracting more economic value from tourism without encouraging vastly more visitors seems like a benign and sustainable path on face value, but it depends on how the goal is achieved. From a sustainability point-of-view a doubling of the number of campsites (for example) might prove better than the construction of a casino or speed boat racing centre (as purely notional examples); even if the latter brought more money without bringing more tourists.

Defining the term ‘sustainable tourism’ is difficult in much the same way as defining ‘ecotourism’ was in the literature review chapter. For the sake of this discussion it is taken

to mean that visitors are able to visit a place (like Nauteyri) and enjoy all it has to offer and that their presence and actions will not degrade it for future visitors. This definition indirectly encompasses both the environment and society because aspects such as damaged land, fewer birds, less friendly/enthusiastic residents or littered towns and villages would all count as degradation of the experience. The definition deliberately does not include atmospheric sustainability because it is assumed that nearly all visitors would use aeroplane, ferry and/or road-based motor vehicles to reach the Westfjords and there is very little local tourism managers could do to prevent that in the present day, particularly in the case of aviation. It can reasonably be assumed that the majority of people would still travel for leisure purposes if facilities at Nauteyri did not exist (as is the case now) and that foreign tourists would still fly to their holiday destinations even if Iceland did not exist as a potential destination. The tourist industry – otherwise known as the travel industry – necessitates travel. At the moment that nearly always involves burning fossil fuels. There is nothing The Nauteyri Project, the Westfjords or, arguably, even Iceland can unilaterally do about that fact, given the cost factor of developing alternatives.

The Westfjords is actively engaged in a process of securing regional EarthCheck certification which would codify and encourage the pursuit of sustainable development in all sectors of society and economy; and while it could be a particular boon to the tourism industry and a good advertisement strategy, it is being sought primarily for the people of the Westfjords themselves and the future wellbeing of the region. It is not, therefore, a cynical business move, according to at least one interviewee. Despite this, an identified trend in the interview responses was that environmental certification would be a great spur to the tourism industry within the Westfjords.

In the literature review chapter it is mentioned that sustainable development as a concept has developed since the Cold War because before the spectre of nuclear annihilation (and of climate change) came to the public imagination, the concept of a finite and degrading global environment was not envisioned (Kates et al., 2005). It can be argued that the fear and avoidance of environmental degradation came late to the Westfjords (and Iceland generally), because of the sparse population and abundant unspoilt land. Two interviewees stated that people still do not take it as seriously as they do in many other places (presumably including Denmark, Germany and the Netherlands, for example). There is no

evidence to suggest that The Nauteyri Project suffered as a result of these points; but it is nevertheless possible. One informant even claims that residents' deliberate close personal association with local nature might be a hindrance to sustainable development, because it stops people seeking to understand the consequences of their lifestyle and actions outside of their country, their region, or even their own gardens.

Tourism as an industry could be seen as helpful in this respect; as it brings different people to the Westfjords from all over the world and not only allows locals to interact with them and understand that their opinions and experience may be different; but it also forces the region and its tourism operators to think globally and consider the impact of the tourism industry on visitors, locals, and the environment – at home, in the tourists' home, and all the way in between.

It is telling that every interviewee believes that sustainable development in a way that considers and respects 3BL is not only possible for the future Westfjords tourism industry, but in fact essential. This point-of-view is backed up in the literature review as well, with the idea that local culture/societies and the natural environment are the main reason behind tourism's economic success, meaning that even the biggest resorts should be considering a form of 'sustainable redevelopment' in order to keep their principle attractions intact for the future (Hassan, 2000). On this basis, the Westfjords has a clean slate from which to begin and therefore an advantage over many other beautiful places in the world.

There is little mention in interview of what is being done in the region specifically to achieve tourism development in an environmentally sustainable manner, with the exception of EarthCheck – although there is mention of individual companies making strides in the area; such as Borea Adventures, which makes a point of pushing sustainable environmental practices in every area of its operation and does so very publicly. On the society pillar, however, informants regularly talked about co-operation among tourism brokers for their own overall benefit, and the literature review discusses the need to keep local people involved in order to remain enthusiastic (Hernández et al., 1996; Koutsouris, 2009; Lewis, 1998).

5.1.1. How important should tourism become to the Westfjords economy; and to what extent is economic, social and environmental sustainability possible within the industry?

Starting with the second of the two questions above, literature review material is not especially helpful in deciding whether or not truly sustainable tourism yet exists anywhere; and nor can it be expected to, given that academics in the field have themselves yet to find a mutually acceptable definition of the term and how it should work in practise. The literature does, however, provide a wealth of lessons learnt around the world, from which it is possible to extrapolate advice for the Westfjords.

The Greek example (Koutsouris, 2009) teaches the lesson that tourism brokers need to co-operate to make sustainable tourism projects work. Outsiders cannot simply expect locals to join them in their enthusiasm. Without close dialogue the residents may be just as likely to cynically exploit the sustainable tourism project for short-term financial gain.

On a related topic, the Puerto Rican example (Hernández et al., 1996) also shows that the residents need to be included in the project at all stages if managers wish for their misgivings to be dissipated.

There is also evidence around the world of sustainable tourism operations using the term (or similar ones such as ecotourism) as a selling point, without doing enough to prove their good intentions. An interviewee in this thesis identified this as a problem in Iceland already; and the further the Westfjords goes down the sustainable tourism route, the more it risks being undermined by opportunistic individuals and organisations wishing to cash-in, if cited literature and interview data are to be believed.

In answering this section's first question in general terms, it is perhaps wise to examine Nauteyri specifically; and in that case the author posits that economically, socially and environmentally sustainable tourism is possible – with the exception of travel to and from the destination. This is true despite The Nauteyri Project's cessation at this time.

At Nauteyri all electricity comes from renewable sources and hot water for bathing and heating is also available from hot springs on the site (something which is unusual in the

Westfjords). The Nauteyri Project plan involved using sewage disposal methods possibly including sequential holding tanks and reed bed systems to ensure that runoff into the sea was clean enough to allow people to swim and catch fish, and for wild birds to live as normal. Seawater quality would be paramount as so many of the activities would be reliant on tourists being safe in the waters of the fjord. Footpaths could be difficult to justify, as their creation could be seen as degradation of the land. It would, however, be one-time degradation which would then allow near-unlimited access to the land without further degradation. The same could potentially be said for all new infrastructure on the site.

The Nauteyri Project's proposed buildings are designed to have minimal impact, both on the site itself and also on the source locations of their materials: local stone, sustainably sourced or second-hand timber, driftwood from Strandabyggð and traditional Icelandic style turf construction. They would also be built with energy saving and good insulation in mind.

The Nauteyri Project was also committed to encourage and support scientific research at the site, by cultivating partnerships with universities and their students; and especially perhaps the University Centre of the Westfjords. The managers would use results of the research carried out at Nauteyri to analyse their impact on the environment and amend behaviour as needed within the framework of the action research model. Examples of possible research questions include: are daily kayak tours disturbing nesting birds? Do footpaths disturb the Arctic fox's natural movement across the land? Do scuba diving groups scare fish away? Is the seawater still clean and safe? Is anthropogenic use of geothermal hot water causing negative impacts in nature?

Under circumstances whereby tourism initiatives commit to sustainable development principles, then sustainable tourism is probably possible; as long as organisations involved actively seek out information on what they are doing wrong and how they can improve, and then act upon the information.

The above assertions are, however, reliant on the assumption that tourism is not allowed/forced to become too big a sector of the overall economy. As stated in interview, a balanced economic model for the Westfjords is the optimal sustainable solution. That

tourism is currently making ground against fisheries in the region is a positive step towards diversification; but for tourism to become a sort of replacement for fisheries as the single primary economic sector would represent a step backwards once again. This argument is examined closer in the following section.

5.2. To what extent is it a viable strategy to use tourism as a countermeasure to the ongoing economic challenges and depopulation in the region; and can the region's infrastructure, nature, culture and inhabitants support more tourism?



Figure 4: The hot pot at Nauteyri as it looks today.

If the Westfjords region wants to stem its depopulation issue and diversify its economy, as stated by the Association of Municipalities of the Westfjords, the region needs to do something affirmative. All interviewees agreed that tourism is, or could be, a part of that ‘something’; but none said it should be the only solution.

Literature review information indicates (Hagstofa Íslands, 2012) that there is a significant degree of seasonal fluctuation in Icelandic tourism – with many more foreign tourists visiting in the summer than in the winter: in winter 2010 there were less than 1,000 hotel nights taken monthly in the Westfjords and West Iceland region and over ten-times more in months in the height of summer. Luckily for the country as a whole Reykjavík and the southwest is a year-round attraction; but the Westfjords suffers when it comes to off-season tourism. As stated by an interviewee, the region has an accommodation shortage in the height of summer and a glut of unused capacity in the other three seasons. The Nauteyri Project would serve to ease the summer shortage but would not help the winter glut; in fact it could add to it. However, with a combination of discounts, retreats, courses, seminars and parties, The Nauteyri Project explicitly planned to put special emphasis on off-peak tourism, aiming at remaining open (and busy) year-round: something which is easier for a non-profit (without debts to service) only needing to break even over the winter and not needing to strive for profit every month of the year.

Accommodation is only part of the problem: there are many stakeholders, including restaurants, which rely on tourist money, and there are tour guides and activity specialists who obviously also rely on tourism. Winter success for Nauteyri, or similar projects, could serve to help those sorts of people and businesses. In a region people visit to hike, go on boat trips and drive around, it is difficult to attract winter tourists without giving them alternative activities. Hiking in darkness, deep snow and high wind is not a good marketing concept, roads are often closed due to snow or wind and there are no organised boat trips for the most part in winter. Alternative activities suggested by thesis interviewees include trying to make towns (Ísafjörður was specifically mentioned) more of a destination due to their beautiful buildings; trying to attract a higher proportion of families as balanced against adventure tourists, trying to attract more skiers, silent groups (and other meditation retreats), specific wintertime hiking groups, emotional and spiritual health retreats, arts festivals, and also the idea of using the area for trips for disadvantaged youth and other disadvantaged individuals. The author would also suggest the possibility of cost incentives and discounts for choosing Ísafjörður as a conference venue over Reykjavík – possibly including co-operative discounts provided by multiple companies for services offered to a single conference group.

Infrastructure has a key part to play in the seasonality of Westfjords tourism, as wind conditions regularly cancel or delay the twice-daily flights to and from the capital in winter and driving conditions are often poor, and weather can even close roads altogether – sometimes for a whole day or even longer. While no combined flight and roads data on ‘totally cut-off days’ yet exists, the author’s own observation is that the number of days each winter when the roads are closed and there are also no flights to/from Ísafjörður (i.e. totally cut off) is surprisingly low and that Icelandair (possibly other airlines as well) is quite understanding and accommodating with rescheduling international flight bookings missed due to weather. This is good news for Westfjords residents; but may not be convincing enough for foreign tourists often only half-considering visiting the region during their stay in Iceland.

In addition to this pitfall, there is also the fact that nearly all Icelandic tourism is filtered through Reykjavík; meaning that the city is the first port of call for nearly every foreign visitor and it is tourism workers within the city who advise and influence visitors on where else to visit and what to do. The Westfjords has an ongoing image problem among some other Icelanders and it is quite feasible that tourist office workers in Reykjavík would not even consider recommending the Westfjords in winter as they too may never have personally visited the region. Three potential responses to this could be to organise a fun wintertime Westfjords ‘fact-finding’ tour for Reykjavík tourism workers, to simply publish a ‘Westfjords in the Winter’ tourist brochure, or to open up a Westfjords-specific tourist information and booking bureau in Reykjavík.

At the moment Westfjords tourism could arguably be viewed as half an industry, or as one respondent described it in interview, “a hobby”. It is extremely important for the region in the summer, but fades away almost completely in the winter. On that basis it is difficult to plan and organise; and it is certainly difficult to create permanent jobs for permanent residents. This, the author would assert, is the biggest obstacle to tourism as an industry in the Westfjords.

Does the Westfjords need more tourism, if the industry is only a significant economic force for three or four months of the year? Is such an economic model even viable? It should be acknowledged that summer will probably always be the biggest season and bring in

currency to tide the industry over the leaner months; but few other popular regional destinations in Europe have such a complete annual boom and bust as the Westfjords does: from accommodation shortages preventing enthusiastic people from visiting in the summer, to almost nobody visiting in midwinter. The thesis author once stayed at Hótel Ísafjörður with a colleague on a February work assignment from Reykjavík. Arriving late and unplanned, they were the only two guests that night and anecdotal evidence from hotel staff suggests that is not unusual at that time of year. While it can be tempting to relate the Westfjords to high latitude destinations like Alaska, Greenland and Nunavut, the existing transport infrastructure (while not perfect) is much more comparable to Scandinavia and northern Europe and residents view themselves and their region in that light.

With present levels of infrastructure the region can support only few more tourists in the height of summer, but many more in the spring, autumn and (especially) winter. This is largely due to accommodation; but partly other services as well, including the red and orange list of visitor sites in danger of degradation caused by visitors identified by the Environment Agency and discussed in interview. Two of those sites are in the Westfjords. The challenge, as described above, is to spread visitor numbers out more evenly throughout the year in order to make tourism in the Westfjords a more reliable source of income and better-integrated into the economy as a whole.

With regard to specific new projects aiming to provide more accommodation and activities, one could easily argue that the Westfjords can support more tourists. There is ample land available and even a large number of abandoned buildings in the countryside and the smaller towns. The roads are far from congested, even on the busiest summer days, and the region's natural attractions are largely not over-stressed; although the Environment Agency interviewee mentioned one site which is on the Environment Agency of Iceland red list, and another on its orange list. The respondent believes that both are on the lists largely because of lacking infrastructure, such as paths, toilets and roads; and not because of sheer volume of visitors.

The Westfjords economy has traditionally relied upon fisheries, and tourism represents a diversification away from fisheries and a new, independent source of direct income.

Judged solely on that basis alone, it should be encouraged to grow. However, a two-pillared economy cannot really be seen as stable; much like a two-legged table.

The Association of Municipalities of the Westfjords has agreed that the Westfjords is a no heavy-industry region and low population, long roads in comparatively poor condition, lacking electricity generation and geothermal hot water all conspire to make the region less enticing for heavy industry, even if it were allowed. In its present form tourism in the Westfjords does not appear to offer opportunities to provide a reliable year-round income and should probably not therefore be encouraged to become the region's biggest industry. Also the region is not grappling a major unemployment crisis. A crisis of depopulation is quite different to a crisis of unemployment and requires different solutions. Local pride – as identified in interview and literature – and a more diverse set of job options are attributes the tourism sector can bring to the region, as stated by Lewis (1998) in Chapter 2. These are two things that could potentially persuade residents not to leave, or to move back again if they already live elsewhere.

The importance of tourism to the economy is not always something a region can choose or plan. Tourism generally focuses on beautiful or unusual locations and is less successful in unremarkable places, notwithstanding the level of investment in tourism advertising or infrastructure. Two random examples from the UK might be that tourists continue to visit the county of Cornwall in huge numbers despite the county's severe road congestion and locals' relative hostility towards tourists; while the struggling industrial city of Stoke-on-Trent in the Midlands has invested a lot of money in renovating its Cultural Quarter for the benefit of tourists, but it is still considered as an unlikely place to visit. As worldwide media-driven attention continues to focus on the Westfjords, and Iceland, tourist interest is likely to remain strong and the region must therefore plan accordingly in order to sustainably reap the rewards.

In this context 'sustainable' is not just environmental, but also economic; because a flood of one-time-only visitors who return home with negative impressions of the region would cause a boom and bust in the industry. While a region's capacity to control the number of visitors in any given week or year is quite limited, it can plan a strategy to keep visitors returning year after year and, crucially, recommending it to their friends and families. As

several interviewees mentioned, this requires a certain level of infrastructure, planning, and companies offering a wide range of different activities.

The building of strategy and infrastructure requires that the tourism industry be taken seriously, which one interviewee argued is not always the case at the moment when tourism is largely summer-only. It requires year-round work and preparation.

In conclusion to this section, the tourism industry should ideally be just part of a balanced economy in the Westfjords and it should not be seen as a replacement for fishing. It should perhaps be more important than it is today, and more year-round; but it should not dominate. If carefully managed there can be cautious optimism that the region could sustainably support more tourism.

5.3. Using The Nauteyri Project as a case study, how should the tourism sector be funded and organised in the Westfjords, and in what ways are projects that are primarily aimed at supporting regional development being supported, or could be supported? This links to considerations of financial difficulties or barriers, both specific to individual tourism initiatives and the region's tourism development.

The idea of The Nauteyri Project was enthusiastically received by almost everybody who chose to give their opinion to the author and gained symbolic support from the start. It fitted well with the ideas of sustainability in the Westfjords, more tourism for the Westfjords, economic stimulation and diversification in the Westfjords, more diverse opportunities for tourists in Iceland, and other related concepts. The author still holds that The Project could have been successful and that it could have become financially self-sustaining once operational, if start-up funding had been achieved.

One reason that the needed start-up funding was not accumulated could have been that the organisation asked the wrong people, companies and directorates for assistance; or that it asked the right people, companies and directorates but was not attractive enough to them as a non-profit organisation instead of as a business, offering returns on investment.

It would likely have been easier to attain start-up funding with the promise of returns on investment; but under those circumstances it is not certain the required returns would have been made. The reason for this assertion is that The Nauteyri Project as a business would have needed to have brought its start-up cost projections into line with its income projections. This means either a significant increase to the number of tourists and number of activities on offer at any one time (which risks over-stressing the physical environment), or it means scaling back the aspects non-essential to the business; like the nature reserve, education and sustainability research and development, organic food production and alternative approaches to sewage management, insulation, building and other areas. It could be argued, however, that without those ‘non-essential’ aspects The Project would lose its uniqueness and would cease to offer something significantly ‘different’. It is already possible to stay in the Westfjords countryside and outdoor activities for tourists abound throughout the region. The Nauteyri Project idea could be seen as more of an ethos; as a community. It is a holiday resort designed to inspire and teach visitors and to foster loyalty and the desire to be part of ‘The Nauteyri Movement’ both before, during and long after visiting the site. In short, to be unique, The Nauteyri Project needs to be a ‘sustainable tourism community’ of sorts, with diverse activities in progress – many of which generate no income on their own; and some of which actually lose money (including environmentally friendlier sewage disposal and chalet building techniques, for example).

Interviewees were divided on the question of whether there is a lack of business funding available to the Westfjords, with one strong agreement and two partial agreements; but most others agreed that the problem lay more in the lack of business funding available to tourism in Iceland generally. That may now be changing due to the increased importance of tourism and the more domestic focus of the Icelandic financial sector, post-crash.

It is possible that some of the potential financial benefactors approached felt The Nauteyri Project was too much like a business model to deserve funding by donation. This assertion could certainly have been true if Project literature was not read over carefully.

Another, potentially awkward, area of inquiry is whether or not people local to the Westfjords could have been more successful simply for being locals. As discussed in the literature review (Pike et al., 2006), there are cultural and historic factors which influence entrepreneurialism in every region of the world and it cannot be ruled out that being of foreign origin negatively impacted The Nauteyri Project's leaders' chances of success. Two national news headlines in particular piqued suspicion among Icelanders close to The Project: one emphasising that the idea comes from British people in the first word of the article headline, and the other using an old proverb as a headline, stating that the guest's eye can be very perceptive – and thereby emphasising the foreignness of the Project founders and instantly assuming they have not, and will not, become true locals. There is no direct sense of discrimination or hostility in these headlines, and indeed throughout the entire Nauteyri Project process, and it would most likely be churlish to point the finger of racism (or more accurately, xenophobia) just because a good idea failed to get off the ground. It is, nevertheless, a valid and reasonable topic to discuss and ignoring it because it is uncomfortable is not helpful. This is especially true in light of a high-profile recent attempt by a Chinese investor to buy a tract of land in Iceland in order to build a resort. Some have pointed the finger of nationalist discrimination in the rejection of the land purchase offer. However, that story is still ongoing at the time of writing and the resort may still be constructed on leased land. In addition to this, the situation, plan and organisation are different to Nauteyri in many very significant ways. As a result, it will not be discussed further.

On the question of whether the right people, businesses and directorates were asked for help; the author believes Section 5.4. illustrates that they were. There was admittedly an unusual emphasis on contacting celebrities; but they were mostly contacted not in the hope that they would contribute financially, but in the hope that their endorsement would generate interest and spur other donations. This proved to be accurate, as celebrities were more likely to respond to correspondence than businesses, and the two celebrity-related stories on the Nauteyri website both generated national media attention.

When trying to solicit money from businesses' corporate-social responsibility funds the argument needs to be persuasive. The fact that not a single company contacted ever replied to The Nauteyri Project's letter can be seen as a clear indication that in-person meetings are best wherever businesspeople are willing to sacrifice some of their time. Unfortunately creating a professional-standard presentation and travelling around to different companies in Iceland and overseas is expensive. The IMPRA grant The Nauteyri Project applied for was intended explicitly to cover these costs. Unfortunately that grant application, like all others, was rejected. The grant from VaxVest (which was used entirely to fund the government start-up fees for the registered non-profit organisation) was an academic research grant to the author for this thesis, and was not granted to The Nauteyri Project ses. (the registered organisation) specifically.

Tourism companies, attractions and services in the Westfjords today are primarily small-scale and the experience of The Nauteyri Project is that securing funds for something bigger and more ambitious can be difficult. One interviewee stated that the region should set up a green investment fund backed by domestic and international green investors who could help the region develop sustainably. The author concurs that that is a good idea, but wonders what would make the Westfjords attractive to such people. One answer suggested by four interviewees is regional environmental certification such as EarthCheck, which would mark the Westfjords out globally as a region which takes environmental matters seriously.

Organisation of tourism could be carried out in three main ways: a 'capitalist model' whereby each private company works solely for its own success, possibly to the detriment of other competing companies; a town-by-town or municipality-by-municipality approach whereby each municipality funds and co-ordinates its own tourism bureaux and promotes the sights and services it offers in competition with other municipalities all over Iceland; or a regionalised approach whereby the Westfjords authorities jointly fund and co-ordinate their bureaux to promote sights and services across the whole region holistically. The author believes the Westfjords Tourism Association and the Association of Municipalities of the Westfjords are both too well established and well supported for the region to consider any other possibility as a viable alternative.

Interviewees all endorsed the regional approach to a greater or lesser extent; but some criticised that it does not yet go far enough and that municipalities are not yet pulling in the same direction at all times on tourism issues. One thing that is almost certain is that unified Westfjords marketing would have a greater reach outside the region than a more fractured approach, if only because of the pooling of marketing budgets. One interviewee claimed that most present-day public sector funding for business start-ups in the region does not provide for construction costs or any other sort of operating costs and runs dry after the planning and set-up phase is complete. This is something that would definitely need to be addressed if it is to be made easier for new tourism businesses to begin operating in the Westfjords (and elsewhere in Iceland).

This section should also address the issue of focus within the industry; because it was speculated by one interviewee that the Westfjords currently seems to attract predominantly adventure tourists and that there is a noticeable lack of luxury accommodation in the region. A combined regional effort to build a five star country hotel (for example) could potentially alter the demographic of tourists in the region and serve to heighten the average spend per capita without significantly increasing the number of visiting tourists. Alternative to that, the interviewee suggested the region could invest in mobile luxury such as hire yachts, as one example. The Nauteyri Project could aid that goal if its chalet accommodation was made to be as luxurious as possible; within The Project's sustainable construction criteria. It can be assumed that if the price is right, high quality accommodation will not put off adventure tourists; but low quality might put off higher-end 'luxury' tourists.

The interviewee's point, though, largely boils down to variety and diversity within the tourism industry, and across the entire economy. The Nauteyri Project idea is specifically about improving that variety and diversity.

The discussion about organisation could become somewhat political if looked at from a capitalist versus socialist point-of-view. Accepting this potentially unhelpful suggestion temporarily, the author would suggest a 'Nordic approach': the encouragement of innovation and private sector participation backed by strong public sector and communal

structures. On a practical level this might mean making it as easy and cheap as possible for tourism brokers to participate in the workings of the Westfjords Tourism Association and for the Association to respond by certifying and promoting only those companies working within its communally agreed upon code of practice; and crucially for all its members to commit to promoting and recommending each other to tourists, and not promoting companies outside the Association. This idea is potentially fraught with problems of tyranny, bullying, protectionism and stifling of unusual/risqué ideas by the majority and would therefore need to take place under a very robust constitution. The goal in this model would be for all, or nearly all, of the entire Westfjords tourism industry to be involved in the Westfjords Tourism Association, by choice. There are multiple different ways the Westfjords tourism industry could be funded and organised, but the author hopes greater continuity, easier access to start-up funding and a united stance on sustainability – in all its three pillars – will feature strongly in the future.

6. Lessons learnt

Tourism as an industry in the Westfjords is at an earlier and less developed stage than other parts of Iceland, and certainly than many other parts of Europe. It is also an increasingly desirable destination as a result of travel guide and media coverage. As such, development will surely follow and is already underway, and it is still very much within the grasp of the small number of people who call the Westfjords their home to steer the industry along a sustainable path which benefits themselves, the environment and the tourists; or, at the very least, which is not detrimental to themselves, the environment or the tourists. In this regard the Westfjords has been given an unusual gift which was not available to mass tourism pioneer communities, such as those along the Mediterranean. The region can control how much accommodation it provides, what nature reserves it creates, whether or not it chooses tourism as an economic pillar to focus on, and many other aspects. Even individuals unconnected to the industry have control over how welcome outsiders are made to feel in their home region.

This chapter will present ten lessons learnt, some of which are worded as recommendations for the development of the tourism industry in the Westfjords, and also for the area of Nauteyri specifically. While ten is a pleasingly round number, it is largely coincidental. These ten lessons arise from the discussion in the previous chapter and are based upon primary research results and supporting literature. For the sake of clarity and ease of reference, they are presented as ten sections; although not in any particular order.

6.1. At Nauteyri

As its founder and principle advocate the author has, of course, always felt The Nauteyri Project to be a good idea; but research for this thesis has served to reinforce that view. Nauteyri is an important location for the Strandabyggð municipality, as it (and the southern shore of the adjoining Ísafjörður fjord) is its only land on Ísafjarðardjúp. At present almost all the municipality's people, money and attention are focused on the other side of Steingrímsfjarðarheiði (see map below for illustration). Ísafjarðardjúp is beautiful and offers many opportunities to tourists. It is in Strandabyggð's interest to be a part of that.



Figure 5: Location map of Strandabyggð area. Water at the top is Ísafjarðardjúp and water at the bottom is Steingrímsfjörður. Hólmavík (main population centre of Strandabyggð) and Nauteyri are marked in Orange. Steingrímsfjarðarheiði is labelled. Orange line represents municipal boundary between Strandabyggð and Súðavíkurbhreppur.

Nauteyri is for sale and Strandabyggð is under financial strain, meaning it is enthusiastic to sell quickly. It is the author's opinion and recommendation that (assuming the land is to be developed at all) a buyer connected to the tourism industry be found for the site, and certainly not an industrial business.

It is not too late for The Nauteyri Project, or something similar. The author asserts that the general idea is more important than the personnel and would consider relinquishing control of The Nauteyri Project ses. to an appropriate investor(s).

6.2. Academic help

The Nauteyri Project idea and the practice of sustainable development, linked to action research, teach that the tourism industry in the Westfjords would be wise to draft in the help of a university – quite possibly the University Centre of the Westfjords – to help it assess its impact. Academic research projects on the sustainability of the sector in all three pillars of the triple bottom line could then be used by tourism operators to amend their practices and continually improve their operations. This is a principle tenant of action

research. As pointed out in interviews for this thesis, triple bottom line accounting may be difficult and expensive for businesses to start with, but it can lead to increased efficiency, responsiveness, trust and profitability.

6.3. Environmental certification

Regional certification from an organisation like EarthCheck (such as the certification already secured on the Snæfellsnes peninsula) would likely be a spur to achieving a serious and focused regional approach to environmental matters.

Such certification does not require that a region be sustainable or even especially green-minded to begin with; only that it prove it is making positive steps year-on-year; as was discussed publicly at the conference into environmental certification for the Westfjords at Hótel Núpur on 17th April 2010. It also does not need to be successful in all of its many goals in order to be worthwhile, for the reasons below:

Such certification is not industry-specific. It covers everything from fisheries and schools to sewage management, tourism and composting. The biggest winner from such a scheme in the business sector could arguably be tourism, because visitors look at everything when they travel. Waste management, litter and recycling, for example, all have the potential to impress or disturb visitors...“*glöggst er gests augað!*” as one Icelandic media outlet wrote about The Nauteyri Project and the perceptiveness of guests’ eyes.

Certification might also be a huge spur to the green investment fund idea mentioned below; as it would provide concrete and up-front evidence that the green investment was being focused on a region which takes ‘green’ seriously. Like tourists, business investors are also known to look at and judge everything.

6.4. Green investment

As suggested by one of the thesis interviewees, a green investment fund for the region should be set up to help give innovative start-ups in the Westfjords the financial help they need and currently do not receive. The fund does not have to be tourism-specific, but it should focus solely on companies/organisations recognising the triple bottom line and

working explicitly for a sustainable economic, environmental and societal future in the Westfjords.

If legally and logistically possible, the author would recommend an international fund consisting of overseas green investment capital and money from the Icelandic pension funds, banks and other interested businesses and individuals.

The fund should be an investment fund, not a grants fund; but it should charge very low interest on start-up and development loans granted. In exchange for accepting low profits, investors would be able to include supporting the scheme in their corporate-social responsibility reports as a positive thing they are doing, which could serve to improve their image. If viable, such a fund would have no losers; only winners.

6.5. Infrastructure issues

The Westfjords' infrastructure is among the worst in Iceland. This section concentrates exclusively on transport infrastructure. The rough gravel roads in the southern Westfjords are a serious obstacle to many tourists, some of whom avoid gravel roads at all costs because they do not wish to damage their cars or because they are too nervous of their own driving ability and have never experienced unpaved roads before. The author has driven gravel roads with many foreigners in Iceland and is certain this is true.

The tarmac road along Ísafjarðardjúp is extremely long and makes Ísafjörður around two hours further from Reykjavík than Akureyri (for example) is from Reykjavík. More tunnels or bridges, like the one over Mjóafjörður, would significantly shorten the journey by up to a couple of hours and make the northern Westfjords more attractive to tourists with limited time. All tourists have limited time and the Westfjords is often ignored completely by visitors today. The financial cost and environmental impact of more bridges or tunnels would clearly be very significant, however, and will not be covered in this thesis.

Ísafjörður airport suffers more flight cancellations than any other domestic airport with scheduled services from Reykjavík through Flugfélag Íslands (Air Iceland). The airline was asked for confirmation of this, but did not reply. However, the thesis author tracked flight statuses through the Air Iceland website nearly every day during the winter and

would assert that the difference is extremely stark. This fact does not make flying to the Westfjords an attractive proposition for tourists who have to get back to Keflavík International Airport on time. Residents of the northern Westfjords sometimes complain that Þingeyri airport is under-used as a back-up destination for Ísafjörður flights and that flights which could have landed there are simply cancelled instead. Maybe there are other airports in the region that could also serve as back-ups. This thesis is not about aviation, but it is logical that the Westfjords would be a more desirable destination (especially in winter) if its level of flight cancellations were not so much higher than others like Akureyri and Egilsstaðir.

Another idea is for formal co-operation between Icelandair and Air Iceland (both part of the Icelandair Group) so that delayed domestic passengers could have a guarantee that international flights would be rescheduled free of charge, if necessary due to weather. Other international airlines might also choose to do the same.

6.6. Conservation

In a region with so much open space it may not yet seem important to create national parks and nature reserves; but research suggests that such designations bring in visitors and that their existence may become crucial in the future protection of the area from unforeseen threats.

It makes sense to legally protect the things people want to visit and see in the Westfjords from destruction or degradation. One example is the proposed national park at the Látrabjarg bird cliffs – the one of Europe’s most noteworthy seabird breeding sites. A national park there would bring the basic infrastructure needed to prevent the increasing number of visitors from damaging the area unnecessarily (paths, paved roads, litter bins, toilets et cetera) and it would also protect it from unlikely but technically possible threats, such as mining or quarrying. Látrabjarg is already a popular visitor site, but does not benefit from the financial investment national park status would bring.

Protecting the things people want to see is a good idea for the tourism industry and also for the local pride of residents. It also does not prevent multi-use, such as sheep grazing; it just

codifies and clarifies questions like where, when, and how intensively land users can make use of the sites.

6.7. Length of the tourist season

Off-season tourism seems to be the biggest area for growth in the Westfjords and interviewees agree that focus should be placed on bringing people to the region in the autumn, winter and spring, when occupancy is currently very low. The Westfjords' weather and infrastructure are very real hindrances to midwinter tourism; but extending the summer tourist season into spring and autumn is an attainable (and potentially very worthwhile) goal. The Nauteyri Project, as an example, would have put great emphasis on year-round tourism, offering courses, retreats, seminars and parties during the off-season. But other existing tourism companies could also do the same thing – and possibly with little additional cost. Iceland as a whole is working to promote year-round tourism to potential overseas guests, but the Westfjords is not mentioned specifically and the region must work hard to share in the hoped-for success of the nation's campaign.

An example of an idea which could help extend the tourist season might be the establishment of a trendy, inexpensive youth hostel in Ísafjörður, combined with an inexpensive and reliable (as reliable as possible) daily, year-round, coach service to and from Reykjavík. Most importantly, this would be publicised through a combined Westfjords-only information centre, booking office and shop in central Reykjavík.

6.8. Stronger industry co-operation

As the Westfjords is a region with a lot of land and very few people, it makes economic sense for its tourism industry to co-operate as much as possible. Its best chance of success is to create and market a united vision; an image of the Westfjords to present to the outside world. As many of the Westfjords' tourism companies as possible should be part of an umbrella organisation, like the Westfjords Tourism Association for example, which allows them to democratically decide their direction for sustainability and success, together.

It is recommended that the Association should be used as a spur to sustainable development, deciding that “we are all going to do this together”, and having measures to

disadvantage companies which do not join in. That ‘disadvantage’ may simply be in the form of missing out on advantages enjoyed by others. This recommendation stops short of suggesting compulsory membership of the Association, or obligatory licensing through it, as there may come a time when disagreement causes a split between parties. This would probably be a negative development for the Westfjords, but it must be allowed to happen if opinions differ widely.

6.9. Sustainability

Research for this thesis revealed evidence of considerable support for sustainable tourism development in the Westfjords. As a perhaps slightly novel recommendation, a non-binding “contract” should be drawn up and signed by all members of the Westfjords Tourism Association; more to generate publicity than as a legal manoeuvre. It would state that the undersigned understands and agrees that people usually visit the Westfjords because of the region’s natural beauty and its people/culture and that it is therefore in the undersigned’s best personal interest to work towards maintaining or improving the region’s nature and landscape and to ensure the region’s communities, culture and enthusiasm towards tourism/tourists only become stronger over time. The contract would continue by stating that the undersigned understands and agrees that short term financial gain in bringing too many tourists to the Westfjords without enough planning could directly cause financial hardship in the future when dissatisfied customers fail to return or recommend the destination to their friends and family.

Such a ‘contract’, if well-publicised, could garner media attention and free advertising for the Westfjords and could also serve to be a useful basis for the entire region’s tourism strategy, as long as participants take it seriously. Making such a contract legally-binding would be difficult and could also reduce tourism brokers’ enthusiasm to sign it.

6.10. Triple bottom line

The idea that businesses should care about their impact on the environment and society as much as they care about their economic impact sometimes seems like wishful thinking and in today’s world lowest prices and highest capital returns usually seem to win out. But primary research strongly suggests that the Westfjords tourism sector has a chance to stand

united in doing things differently and benefiting from free advertising in Iceland and overseas as a result of doing it well.

The Westfjords is unlikely to ever become a high-turnover, cheap destination to visit, in the league of Tenerife, the Costa del Sol, Zakynthos, or the Algarve. It already emphasises catering to smaller numbers of visitors, who perhaps spend a relatively large amount (compared to some package holiday tourists on the Mediterranean, for example). Although interview and literature evidence is not nearly conclusive, it is claimed that it is the outdoors-loving, adventurous and more affluent tourist who appreciates visibly sustainable approaches to tourism business the most.

By impressing visitors with how environmentally and socially conscious the entire Westfjords tourism industry is it can realistically be hoped tourists will continue to leave with a positive impression of the region and ready to recommend it to others.

7. Conclusions

It is clear that there is a great deal of interest in tourism in the Westfjords and that experts within the region, and elsewhere in Iceland, recognise the industry's potential as one important pillar in a stable and diverse regional economy. The idea of replacing fishing with tourism as the central pillar in a largely one-dimensional economy would, however, not be in the best interest of the region and is also highly unlikely if Iceland continues to manage its fish stocks with sustainability in mind.

All tourism in the Westfjords is coastal tourism. Even people who visit the region for its mountains cannot avoid the fact that nearly all infrastructure is on the coast; including all the towns and the roads connecting them. As a result, work to assess the impact of tourism on the coast and the marine environment is as relevant in the Westfjords as in Mediterranean beach resorts – even if it may not at first appear so, due to the huge difference in overall visitor numbers.

The economic sustainability of tourism in the region must be addressed as a matter of urgency; as the pressure on summertime accommodation capacity hampers the industry, while the wintertime glut of unused accommodation impairs tourism becoming a stable, year-round economic pillar. For as long as tourism revenue in the autumn, winter and spring remains low the industry will be of limited use to the regional economy as a whole – no matter how well it does in the summer.

The proportion of foreign visitors in Iceland who choose to visit the Westfjords has increased and will probably continue to do so due to positive international press and travel guide coverage. Unreliable transportation in the Westfjords is probably the biggest barrier to winter tourism, as is emphasised by the far more year-round nature of the industry in the southwest of Iceland. A major secondary barrier is the lack of specific winter activities in the Westfjords. The region is barely even known as a ski destination to most Icelanders, who instead travel to Akureyri or Siglufjörður, among others. Foreign ski tourists are even rarer. This is odd in a region famed for its mountains and snow.

The Nauteyri Project would have helped by offering things for visitors to do during the winter and summer alike. But The Project stalled due to lack of interest from potential financial donors. This is at least partly symptomatic of a current investment environment which does not have the ability or will to support relatively big and ambitious projects in the Westfjords.

The reaction to The Nauteyri Project was almost universally positive and every person who engaged with it did so recognising its potential to diversify the local economy and do so in a manner which conscientiously looked out for the environment and the well-being of local people as well. That level of implied support contrasts starkly against the number of funding application rejections.

This thesis concludes, with strong research evidence, that there is room in the Westfjords tourism sector for an endeavour like The Nauteyri Project; but that it should perhaps be run by a businessperson with a proven track record and a network of potential backers to call upon. This thesis also concludes that the additional environmental and societal aspects of The Project which make it expensive to set up and limit its capacity are not non-essential extras, but rather they are core to the very idea and necessary to its economic success. Without them it would not be unique and would not fit so well with the region's stated development goals.

When talking about rural coastal tourism developments, sustainability must now be addressed, because irresponsible tourism can have very negative impacts on pristine environments and on small communities. The more we, as a civilisation/society, study and the more we learn, the less acceptable the old ways become. There can be no turning back from sustainable tourism practices now – and especially not in brand new rural, coastal developments. A day may come when emissions from transport are universally included in the equation and mean that no tourism can be called sustainable; but for the moment it is environmentally and socially better for tourists to spend their destination time in places like The Nauteyri Project than in most traditional high-rise beach resorts. The same can be true of the entire Westfjords, with a little planning and co-ordination.

The last word

The closing comments to this thesis come from just an ordinary guy. Þorsteinn Bragi Jónínuson lives in Reykjavík but is originally from Súðavík in the Westfjords. He told RÚV television in early 2011, in a Westfjords feature for the Landinn programme, that what he loves and misses about the Westfjords is how everybody can really be ‘somebody’ there and that if something needs doing, people just do it themselves. This can also be a bad thing though, he reasoned: “Because if you don’t do things yourself, they simply don’t get done!”

The final, final word is credited to Mahatma Ghandi in one of his most over-used, yet inspirational, quotes: “Be the change you want to see in the world”.

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Appendices

Appendix I: The Nauteyri Project Organisational Plan and Detailed Analysis: Page 87

Appendix II: 'Nature First' explanation from Ísafjarðarbær: Page 110

Appendix III: Semi-structured interview questions: Page 112



Organisational plan and detailed analysis

English version

THIRD DRAFT
Updated February 2011

SUMMARY

The Nauteyri Project is unusual. It is exciting. And it is bold.

The Nauteyri Project will take the approximately 5,500 hectares of land at Nauteyri in Strandabyggð, Iceland and it will add value to it.

It will add value for **wildlife**, for **tourists**, for the **environment**, for the Westfjords **economy** and for the **local people** of Strandabyggð.

Wildlife will enjoy a large new nature reserve where human disturbance is kept to a minimum and the land is permanently protected from development, pollution and overexploitation.

Tourists will benefit from accommodation at Nauteyri and the ability to learn and practice sports and varied cultural, craft and artistic activities not yet possible in the area.

The **environment** will benefit from The Project's emphasis on sustainable development and its commitment to share what it learns with anyone who is willing to be inspired to take better care of the planet.

The Westfjords **economy** will benefit from an influx of tourists to an area where few currently venture. Nauteyrarhreppur (Nauteyri) was once a thriving municipality, but the Westfjords-wide problem of depopulation has left the area in need of new direction. The Nauteyri Project fits perfectly with the Association of Municipalities of the Westfjords' (Fjórðungssamband Vestfirðinga) vision for increased sustainable tourism development in the region.

The **local people** of Strandabyggð will benefit for the same reasons as the tourists will; as well as from interesting talks, tours and workshops on nature, outdoor recreation and sustainable development for schools and groups – and also because the site's function room and bar will provide a new community facility.

The Nauteyri Project is set up as a non-profit organisation. It will remain debt free at all times and will become financially self-sustaining given time. But the generous help of grants, funds, individuals and businesses will be necessary in the initial stages.

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THE IDEA

The idea of The Nauteyri Project is to create a watersports, tourist accommodation and recreational facility which is built on environmentally sustainable principles and practices. An equally important part of the idea is to create a large nature reserve and to spread the sustainable development message to the community; both local and global. This idea developed from several areas:

- The directors' desire to contribute to the Westfjords economy and their deep admiration for its landscape
- Strandabyggð's stated goal to support and promote environmental awareness
- The Westfjords region's aim to generate more value from tourism and broaden the regional economy
- The search for a suitable Master's level thesis on Coastal and Marine Management (University Centre of the Westfjords)

The Project will use the area of Nauteyri as a base to sell accommodation, activities, and physical products for the tourism industry. The tourist presence will take up a small area of the land with a nature reserve making up the majority. The idea of sustainability will influence every part of The Project; from recycling and re-using waste products, growing food and using wild food plants, to the activities on offer, the organisation's business model and promotion of education on preserving the land and sea whilst enjoying it at the same time.

The Nauteyri Project is still in its infancy and for such a young endeavour it has been enthusiastically received by friends and strangers alike and has already been featured in the national and local media.

The Nauteyri Project is a non-profit organisation which will strive to be debt free at all stages and financially self sustaining through its business activities; but which will require a combination of individual donations, volunteer work, donated materials, public sector grants, and corporate sponsorship in its initial phases.

CURRENT POSITION AND FUTURE ACTION

Upon learning of the land for sale at Nauteyri, the directors decided it would be a suitable location for this venture. To date the directors have established contacts with the local authority at Strandabyggð and submitted a purchase offer on the land, held discussions with Atvest and received a research grant from VaxVest (part of Atvest), among other donations. Research into other grants is also well under way and several have been applied for.

The directors submitted an offer on the land and a copy of this business plan was submitted with the offer.

A temporary Wordpress website has been created and a short business proposal has been drawn up for the sake of potential contributors.

At this stage a clear idea of buildings, materials required, revenue streams and assets has already been established.

The Strandabyggð council reacted favourably to the offer and has resolved to discuss The Nauteyri Project again when the directors have secured purchase funding. They have also rejected other offers in favour of waiting for us. The directors' confidence in being able to amass enough backing is explained in this document.

Now that the offer has been submitted and fundraising has begun, The Nauteyri Project has been legally registered as a non-profit organisation with the Icelandic authorities and has the identification number 461010-1130.

GOODS AND SERVICES

Accommodation:

- Campsite
- Six chalets, each of varying size and appearance (probably including a standard wooden summerhouse, a driftwood house, a stone house, a turf house, a triangular 'Swiss' style chalet and a renovated derelict outhouse already on the site. Apart from the driftwood one, all will be subtly built in Icelandic style – see page 7)
- General purpose room with sleeping bag accommodation for large group bookings but not for day-to-day sleeping accommodation
- General purpose room will usually be used for meetings, lectures, exhibitions, classes etc

Outdoor activities:

Hire of sailing dinghies, kayaks, fishing rods, bicycles, diving gear, snorkelling gear and rowing boats

Services of qualified instructors/guides on the above, plus guides for hiking and other activities without special equipment

Retail (onsite and online):

- Sale of local produce including jams from wild berries, mushrooms, mosses and teas; also home grown vegetables and duck eggs
- Sale of Nauteyri merchandise
- Sale of arts and crafts including paintings, sculptures and furniture created by staff, visitors and volunteers all year round
- Sale of alcohol, soft drinks and snacks at small bar in the general purpose room
- Sale of raw food products from small store for use of self catering guests
- Sale of camping goods including gas and charcoal



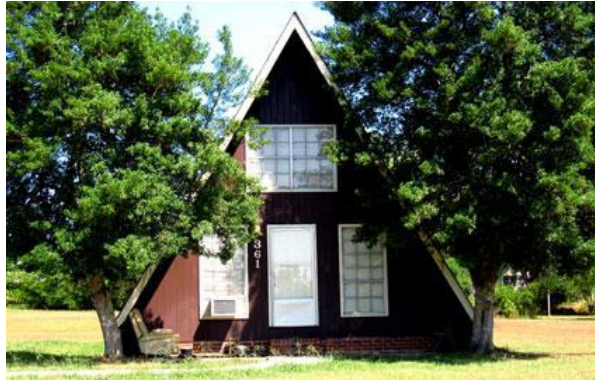
Driftwood



Stone



Turf



Swiss style



Wooden summerhouse



Existing ruin at Nauteyri to be refurbished

DEVELOPMENT TIMELINE

The Project will be split into five key phases:

Phase 1

April 2010: Offer was submitted to Strandabyggð on land purchase

April – September 2010: Initiate intensive fundraising campaign for Phase One

July 2010: Submit offer on house at Arngerðareyri to serve as Project H.Q.

August 2010: Purchase of vehicle for Project use (as a vehicle will be absolutely necessary given the long distances and lack of public transport in the Westfjords).

August – September 2010: Officially register The Nauteyri Project as a non-profit organisation in Registry of Companies (Fyrirtækjaskrá)

March 2011: Set-up and open new websites, Nauteyri.com and Nauteyri.is

June 2011: Complete purchase of land

June 2011: Complete Purchase of house near to Nauteyri. The house will provide accommodation, office space, reception desk and store, among other things

Starting June 2011: Set up of basic facilities in the house – living accommodation, office, utilities etc.

Phase 2

Prepare, set-up and licence campsite. Build shower, toilet and wash facilities

Initiate advertisement and publicity of campsite and intensive fundraising for Phase Three

Phase 3

Begin the purchase of leisure equipment (second-hand where possible), apply for licensing and begin provision of instruction

Acquire materials, gain planning permission and construct chalets and general purpose room

Furnish, decorate and open chalets for business

Initiate advertisement and publicity of new facilities and wind down fundraising activities in line with revenue increase

Phase 4

Construct hotpot facility

Mark out hiking routes, build bird watching hide, greenhouse and vegetable garden

Phase 5

Full operation of The Nauteyri Project, which will constantly evolve and adapt to circumstance and the needs of the local economy, the tourism industry and the environment

MARKET ANALYSIS

At a meeting in Ísafjörður in January 2010, the Association of Municipalities of the Westfjords placed special emphasis on coastal management and use of natural resources.

Nature conservation, social and economic development and sustainable development are all explicit goals of the Association – and The Nauteyri Project has exactly the same goals at its heart.

Economic development

The Nauteyri Project will enliven the Strandabyggð economy by:

- Requiring builders for its construction
- Hiring local guides and instructors for watersports, hiking, birdwatching, fishing and weekend courses including music, art, knitting, yoga, creative writing and many more
- Directly employing staff for any or all of: accounting, architect's drawings, administration, gardening, cooking, cleaning
- Attracting day trippers to the nature reserve and hot pot who would otherwise not spend the day in Strandabyggð
- increasing demand for shops and other services in Hólmavík and the wider Strandabyggð area from guests and volunteers staying at Nauteyri

Social development

The Nauteyri Project will have a socially positive impact on Strandabyggð by:

- Offering discounts and promotions to Strandabyggð residents wishing to hire equipment and/or take part in courses and training
- Running workshops and open days for local schools and social groups on sustainable development, recycling, nature conservation, local food, and others
- Offering a bar and shop in the countryside
- Generating national and global awareness of Strandabyggð and a positive impression, even among people who have never visited

Sustainable development

The Nauteyri Project will fulfil the Westfjords' sustainable development goals partly by following these very simple rules:

- Use local produce where it exists
- Be carbon neutral (including reduced emissions, planting, recycling, alternative fuels and offsetting)
- No sewage or other pollution into the sea
- No waste to landfill or incineration (unless no other option exists)
- Use second hand or hand-built wherever possible (including building material)

- No artificial fertiliser or pesticide (sanitised sewage and compost-based fertilisers work best anyway)
- No motorboats other than the safety launch
- No shooting or trapping for recreational purposes
- Educate visitors to respect these principles and give them the enthusiasm to carry on at home
- Be research-friendly and encourage universities and their students to help understand and protect Nauteyri
- Donate the land to the Icelandic state as a permanent legally ensured reserve if and when The Nauteyri Project ever comes to an end

Nature conservation

The Nauteyri Project will help nature conservation by:

- Creating a nature reserve where all wild plants, birds, insects, fish, mammals and other life will be protected in the very long term, and hopefully forever
- Using this nature reserve to showcase nature to locals and tourists and foster positive attitudes to nature conservation everywhere
- Welcoming scientists and researchers to study nature and help develop the concept and emphases of nature conservation everywhere
- Scheduling its activities and routines around the sensitivities of local wildlife

CUSTOMERS

The remote location of the site will mean that only a limited portion of the target market will be passing by and stop in on a whim. The majority will be in the area specifically to visit Nauteyri and will have pre-booked.

The Nauteyri Project's online presence will be an important part of its success, as will the number of start-up supporters; as they will be the first potential customers.

Each chalet will be individual in style and guests booking will be able to choose which unique chalet they want (see Accommodation in the Goods and Services chapter on page 6).

The campsite will not be prioritised and will be open to all. Camping guests will be able to book other activities upon arrival.

The site will also have a general purpose room which will have a small bar but will otherwise be empty. It will be fitted with removable tables and chairs. This means that when a large group books (such as a school, youth organisation or business adventure/teambuilding group) it can be emptied and used for sleeping bag accommodation. However, at all other times it will be used for socialising, eating, learning, handicrafts and lectures.

The Project's target customers are therefore:

- People visiting Iceland specifically to come to Nauteyri
- People already coming to Iceland but encouraged to visit the Westfjords because of The Nauteyri Project
- People living in the Westfjords using the site for its facilities and to attend the varied weekend courses on offer – especially during winter
- People living in the rest of Iceland for weekend breaks, family holidays and courses
- Schools/universities and businesses in Iceland and overseas for educational and teambuilding purposes
- Scientists and researchers using the facilities and status of the nature reserve for observation and sampling

MAKING THE PRODUCT APPEALING

The Nauteyri Project will strongly emphasise its presence in the pristine Westfjords region (a region which is being recommended as a must-see location by Lonely Planet, CNN and the EDEN Awards, among others). It will seek accreditation and recommendation from environmental and sustainable development organisations in Iceland and overseas. It will strike the balance between providing enough infrastructure and activities while also maintaining its wilderness charm and allowing visitors to enjoy the natural surroundings without damaging them.

The Nauteyri Project is working hard to gain celebrity endorsement. This is of course difficult to achieve, but will raise the profile of The Project massively if it can be secured. We have already been endorsed by half-Icelandic BBC presenter Sally Magnusson and comedienne Dawn French has promised to spread the word.

The Nauteyri Project will be a high value and low capacity operation. It will seek to increase the value of its accommodation and other services due to their limited availability. The Project's high profile and intelligent marketing will mean demand for its very small collection of six chalets will drive up their value, especially during summertime.

The near total lack of interest in camping and watersports over the winter will be in line with a wintertime reduction in economic activity in all areas of The Project.

To remain appealing during wintertime, The Project will lower the price of its chalet accommodation considerably and will run weekend events to bring customers (mainly those living in Iceland) to the site to learn a skill, discuss an issue or simply to party. Ideas for classes include weekend courses in watercolour, yoga, knitting, music and even things like accounting, internet marketing or ice fishing.

The winter will also be an important time for development and planning work, office administration, for the creation of handmade souvenirs and for off-site work in raising awareness of sustainability and environmental protection.

The bar and hot pot will remain available and will encourage ramblers to stop in during winter hikes.

PRICING OF GOODS AND SERVICES

Based loosely on the advertised prices at a variety of accommodation providers including Hótel Reykjanes, Heydalur and Summerhouses-Iceland.com, the nightly rate for the chalets in summer will not be lower than 20,000kr and will extend to 30,000kr for the most luxurious. A fully-booked summer night will therefore bring in around 150,000kr from chalets; although full occupancy cannot be expected every single night.

Camping guests will pay roughly 1,000kr per adult per night, with discounts for children. An unusually busy summer night could therefore mean camping revenue of 100,000kr; but a more realistic average is 30,000 to 50,000kr per night.

The hire of sailing dinghies, kayaks, snorkelling gear and rowing boats without the services of a guide or instructor will cost 2,000kr for one hour, 3,000kr for two hours or 5,000kr for the whole day. Diving gear will be more expensive, while fishing rods and bicycles will cost less.

Watersports lessons with instructors will cost around 5,000kr per person (subject to numbers) and usually last two hours, including the equipment hire. Diving will cost 7,000kr and guided walks, birdwatching and fishing will cost 2,000kr per person. Income from activities will be dependent on what sort of guests are on-site, how many of them and what the weather is like, among other things.

The bar will not be more expensive than the average Icelandic bar. Profit from drinks and small bar snacks will be a small but welcome extra; but will be extremely variable and will not form a core pillar of The Project's income.

The relatively small selection of products available in the store will be expensive in comparison to big supermarkets. The emphasis will be on long shelf life products (although limited supplies of fresh fruit and vegetables will be available according to supply and demand) but will also source local products first. All products on sale will be either local, organic, fair trade or free range. Profits from the store will depend largely on the type of tourist staying on site and are therefore very hard to predict beforehand.

The heart of Nauteyri souvenir sales will be in the form of produce, art, furniture and small items mostly made from local natural materials by Nauteyri staff, visitors and volunteers – but also donated by Project supporters, wherever they are in the world. These individually crafted and high value products will be available on site and through the website.

Externally produced souvenirs with a sustainable bent, such as hemp-cotton T-shirts, bare wood pencils, wind up pocket torches and jewellery will also be available.

DISTRIBUTION

Distribution of products sold on the internet will be through Íslandspóstur, or logistics specialists like TNT for larger packages. Postage and packing will be charged extra.

There will be few other distribution challenges faced.

It will be necessary to have physical leaflets and brochures on recycled paper to send out to tourist offices in Iceland and to travel agencies overseas.

There will be no addressing of the issue of “human distribution” – in other words, visitors will be responsible for their own transport. However, guests will be encouraged to ask if The Project’s vehicle will be in Reykjavík/Keflavík/Ísafjörður on any given day; and if so they will be welcome to hitch a ride if there is room in the vehicle.

FUNDRAISING AND MARKETING

The emphasis and direction of marketing will progress in accordance with the five phases mentioned in the Development Timeline on page 9.

The public

The core of the marketing campaign to the general public will be through the website Nauteyri.com; as that will be the hub of fundraising, news and information. The website will be open and accessible to all, but will have the feel of an online club with special access for individuals and companies who have donated to The Project.

Traffic will be driven to the website with the help of several factors. Firstly a targeted search engine optimisation, link-building and online PR strategy will boost its visibility for a range of keywords in search engines such as Google.

The Project's Facebook Group page will be heavily advertised within Facebook and will have incentives to reach an ambitiously high number of followers. Its main focus will be to drive traffic to the website with incentives like: "If 10,000 people join The Nauteyri Project's email list by 1st June then Company X will donate 1 million krónur to The Project!" This will attract people to join at no cost to themselves and provide valuable exposure and goodwill for the donating company.

People will be encouraged to visit the website through the traditional media with regular progress reports sent out to broadcast media and the press, especially within Iceland.

An incentive competition will be run from the website to encourage donations. Several draws will take place with progressively more valuable prizes as public fundraising reaches a series of pre-defined thresholds. One entry will be made for each multiple of ten dollars donated. The competition is not intended to be a bribe; it is just a fun added reward for donations to a good cause. All prizes will be relevant to The Project and its principles, possibly including sustainable or hand made products and holidays at Nauteyri.

After initial fundraising is completed, advertising will then focus on the sale of services The Project has to offer, both on-site, online and in the form of conservation and sustainability consultation.

The business community

Business funding for The Project will be sought through presentations, meetings and direct contact using email, telephone and specially created literature, emphasising how donating money to Nauteyri can benefit companies. This persuasive literature is already available on The Project's Wordpress website.

The first step is for the directors, board members, friends and family to directly contact all the businesses they have personal dealings with. Following this, those close business contacts will be asked to contact their friends and families' business contacts.

Other Icelandic and international companies will be contacted cold, making sure to send the request to a relevant individual in each case.

The fundraising campaign aimed at businesses will focus on their growing need to address and support sustainable development and nature conservation issues as part of corporate social responsibility.

Business supporters will be welcome to mention The Project and use its logo. They will be able to turn to The Project for sustainability support and advice. They can get Project directors to speak at conferences and meetings. And they will be able to recommend research ideas for The Project's academic partners.

Furthermore, they will get discounts for accommodation and activities at Nauteyri – and because The Project will become financially self-sustaining, their initial generosity will continue bearing fruit long into the future.

Public sector funding

The Nauteyri Project will contact all public sector agencies with relevance to The Project's goals with the aim of securing grants.

The Icelandic Innovation Centre
The Nordic Innovation Fund
The European Union
The Icelandic Tourist Board
Westfjords Growth Agreement

SWOT ANALYSIS

	POSTITIVE	NEGATIVE
I N T E R N A L	<u>Strengths</u>	<u>Weaknesses</u>
	Generate tourist income with low environmental impact	Board must include broad skills base
	Non-profit structure encourages volunteering	Literature must be available in Icelandic as well as English
	Employment opportunities	Fundraising must meet or exceed strict targets
	Unique product	Maintain a mix of management emphases that encourages both locals and foreigners
	Buildings designed to compliment natural beauty	Skilled volunteers/employees needed for specific tasks
	Broad funding brings broad base of support	Need very clear timeline and stick to it
	Project managed to encourage local participation (sense of community ownership)	Must not appear as foreign 'invaders'
	Debt free structure	Ineffective marketing
	Nature reserve and built facilities add value to land	
	Range of ideas to make income year-round	
E X T E R N A L	<u>Opportunities</u>	<u>Threats</u>
	Hot water on site for greenhouse, hot pot and heating	Collapse in global tourism
	Lots of land	Changing customer tastes
	Local political will exists to rejuvenate economy, increase tourism and protect natural environment	Anti-British sentiment in Iceland
	Iceland-wide (and also global) emphasis shift to sustainability, tourism and innovation	Similar project opens nearby
	Increased Iceland tourist numbers year on year	Low level of interest from potential backers
	Some necessary infrastructure already exists on site	Potential conflict with six existing summerhouse owners on site; at least some of whom are hunters
		Decline of purchase offer on land and/or house
		Large strengthening of Icelandic króna

COMPETITION ANALYSIS

There are four major providers of accommodation in the area near to Nauteyri: Hótel Reykjanes, Heydalur, Ferðapjónustan í Kirkjuból and Steinhúsið. The mutual effect of The Nauteyri Project on these is detailed below:

Hótel Reykjanes is geographically extremely close to Nauteyri, located on a spit on the other side of Ísafjörður fjord. However, the only major competition between Reykjanes and The Nauteyri Project will be that both offer camping facilities. As Nauteyri's chalets will be prioritised for guests also taking part in activities, the much larger scale hotel accommodation at Reykjanes will not be adversely affected. Nauteyri guests will be encouraged to use the restaurant, the indoor sports facilities and the swimming pool at Hótel Reykjanes; and it is hoped Hótel Reykjanes will encourage its guests to partake in outdoor activities at Nauteyri. Reykjanes's activities are currently limited to boat trips and kayaking – which must be specially pre-booked. Reykjanes is not in the Strandabyggð municipality.

Heydalur is also quite close to Nauteyri and more similar in approach than Hótel Reykjanes. However, its emphasis is still different enough for the two to co-exist and even be mutually beneficial. Heydalur has chalet accommodation, hot pots and outdoor activities including kayaking. However, the main emphasis of its outdoor sports is on renting kayaks and horse riding – a service Nauteyri will be happy to recommend. Nauteyri will also be happy to recommend Heydalur's excellent food. The existence of more varied activities in the area can only benefit Heydalur – especially as Nauteyri's recreational capacity will be higher than its accommodation capacity. Heydalur is also not in Strandabyggð.

Ferðapjónustan í Kirkjuból has an emphasis on outdoor leisure; but it does not offer specific activities. It is mostly a guesthouse and it is nearly 60km south of Nauteyri. Ferðapjónustan í Kirkjuból recommends stopping off for a day or two on the way north and Nauteyri customers may be included in that group.

Steinhúsið is an old stone house split into three self contained apartments in a historical house in central Hólmavík. The two businesses will clearly attract different types of overnight guest; but Steinhúsið might benefit from the fact that Nauteyri offers its guests extra recreational options and could encourage them to stay longer.

STAFF AND ORGANISATION

Initially the only contracted employees of The Nauteyri Project will be the joint managers. Their salaries will be comparatively low because they will live rent free near the site in the house also used as reception and head office.

The managers and a team of volunteers will carry out as much of the construction and development work as possible; but local contractors will inevitably have to be hired for many tasks including any or all of: electrics, plumbing, roofing and foundation construction.

As the project grows, the amount of outside help needed will also grow. A cleaner may be needed shortly into the project, and the same is true for a secretary or office manager. The services of an accountant and lawyer may also be needed.

It is certain that professionally qualified guides and instructors will have to be hired for on-site sports and activities, and this will lead to one or more contracted positions as The Project establishes itself.

Although The Nauteyri Project will not seek a restaurant licence, it is not ruled out that a chef and waiting staff will be required in the coming years if circumstances change.

The success of The Project's small scale produce operation could necessitate the hiring of a gardener or groundskeeper.

The Nauteyri Project is controlled by a four-member board which includes the two managers. None of the four members are paid for sitting on the board. The board is already operational and has established a set of operational laws which can be found on The Project's website. The board is made up of the managers Alexander Elliott and Bradley James Houldcroft, as well as Hlynur Reynisson and Ingi Björn Guðnason. The daily running of the organisation and the daily finances fall to the managers; but the board has oversight of accounting and can call a vote to replace the managers if they are seen to be acting against the best interests of The Nauteyri Project.

COST ANALYSIS

The offer price on the land is by far the largest single cost to The Project. The 30 million krónur offer is a very significant expense; but at today's low exchange rate, this amount is only around GBP 150,000 or USD 230,000 – which is the same as for an average 30 year-old two-bedroom semi-detached house in southern England. As a significant proportion of the start-up funding will come from overseas businesses, development funds and individuals, the fundraising target is achievable; but it is not easy.

A house for sale on site has now been sold. It is in good condition but is not a pretty building. Conversely, the mock-castle five minutes' drive away at Arngerðareyri is also for sale – but it is quite literally a wreck and in need of massive refurbishment. The asking price is a completely unrealistic 15 million krónur. The Nauteyri Project hopes to be able to purchase the house and refurbish it for 5 million.

The above-mentioned motor vehicle has already been bought and is a second-hand car.

A budgetary prediction drawn up at this stage cannot hope to be very accurate as The Project aims to solicit donations and discounts on as many costs as possible from building materials to office equipment, furniture and labour – with volunteers featuring at all stages. The items paid for in full will be second-hand wherever possible; a fact which makes accurate budgeting yet more uncertain.

Here is a summary of some key costs:

Insurance of buildings against fire: ISK 6,302 pcm (pcm = per calendar month)

Household insurance: ISK 4,608 pcm

Insurance tourism activities incl. property, staff and liability: 54,912 pcm

Insurance of car: ISK 11,000 pcm

Stamp duty: ISK 40,800

Car: ISK 300,000

Car registration and tax: ISK 25,000

House: ISK 5,000,000

Land: ISK 30,000,000

Building materials (chalets): Depends on donation/purchase and new/second-hand

Building costs (chalets): Dependant on if any volunteers are experienced builders

Building materials (shower/toilet block): Depends on donation/purchase and new/second-hand

Building costs (shower/toilet block): Dependant on if any volunteers are experienced builders

Electric infrastructure: ISK 1,800,000

Plumbing infrastructure: Cost dependent on pressure and temperature of water and distance between houses, among other factors. Quotes have been requested.

Sewage infrastructure: Quotes requested but not yet received.

Communications infrastructure: ISK 10,814 pcm for service

Furniture for office, store, chalets and volunteer rooms: ISK 1,000,000 (depending on how much is donated, discounted or second-hand)

Cost of setting up non-profit organisation: ISK 130,500
Cost of legally setting up and licensing campsite: ISK 500,000
Cost of setting up website: ISK 100,000
Cost of brochures: Around ISK 50,000
Cost of architect's drawings: ISK 700,000-800,000
Cost of employees: ISK 400,000 pcm

All of the above prices are estimates and many can hopefully be lowered with support from the providers involved; just one example is that Oddi Prentsmiðja invites charities and non-profit organisations to apply for discounts and financial support.

Costing is provided for Phase One plus the chalets. Later stages such as the multipurpose room, hot pot and purchase of sporting equipment are not included at this stage.

Modest income will begin with the opening of the campsite; and will reach nearly full income levels in when chalets and activities are all operating and fundraising activities are slowed down accordingly.

APPENDIX II

Main directions of Ísafjarðarbær planning development

The professed main thrust of all local planning in the Westfjords is described as ‘Nature First’ by both GPE (Teiknistofan Eik, 18.02.2009) and JBH (Ísafjarðarbær environment and planning department, 17.02.2009). It is also one of the guiding principles of the Association of the Municipalities of the Westfjords’ non-binding regional planning policy.

Nature First is built on four main pillars:

1. No heavy industry in the Westfjords
 2. Protect as much beautiful and naturally significant land as possible from human construction
 3. Ensure that areas zoned for agriculture are not transformed for uses incompatible with agriculture
 4. Develop and improve public paths and outdoor recreation facilities.
-
1. Heavy industry is defined as an industrial operation that requires large amounts of power. As the Westfjords are an energy-poor part of Iceland, there is very little interest in heavy industry projects in the region anyway. The technical definition of heavy industry has been used to defend the possibility of constructing an oil refinery in the region. There are those who would like to be able to build the refinery and still not break the ‘no heavy industry’ rule. This idea is more prevalent in neighbouring Vesturbyggð: Ísafjarðarbær planners have decided an oil refinery does not fit with their municipal master plan.
 2. There is a lot of beautiful land in Ísafjarðarbær and some 45% of the land area is already protected (HSVest lecture, 16.02.2009). Hornstrandir is a national nature reserve and the rest is locally protected (marked green on the master plan). However, it is important to note that as Ísafjarðarbær is a very mountainous municipality, there are large tracts of this protected land which are unsuitable for development anyway.
 3. This rule means that areas marked in yellow on the master plan should not be used for industry, housing, summer houses or other purposes which would devalue the area’s agricultural utility. This is not the same as a blanket ban on land use changes though.
 4. This is the municipality’s key means of proving to the population that Nature First is a good idea. Better foot/bridle/cycle paths and better outdoor facilities are aimed at encouraging people to use their environment and realise how special it is.

Second to Nature First comes the priority given to improved infrastructure for the municipality. Top of this list are better transport connections and better electricity supply.

Since August 2009 it has been possible to drive between Ísafjarðarbær and Reykjavík on entirely paved roads, which is a very important development although all the recent paving and new roads took place outside Ísafjarðarbær. In contrast, it was not possible to drive between Ísafjörður and Súðavík AT ALL until 1949 when Iceland’s first tunnel was built.

Even today it is not possible to drive the short distance between Þingeyri (Ísafjarðarbær) and Bíldudalur (Vesturbyggð) in the winter. For this reason, the master plan includes up to two new tunnels between the towns.

Improved electricity generation at an expanded Mjólkurá hydropower station are allowed for in the plan, as well as a possible hydro station on Hornstrandir (Hvalá). The plan also makes provision for more robust power cables from the rest of Iceland (a large part of which would be to use the new road tunnels to avoid sending power over the windy and icy mountains).

Municipal sewage treatment is “being reviewed” and is therefore not specifically mentioned in the 2008-2020 master plan. The European Water Framework Directive will eventually force the municipality to invest in sewage treatment.

Further infrastructure included on the master plan are a new elderly persons’ care home near Ísafjörður Hospital and a new preschool and emergency control centre (police, fire and rescue team) in the Holtahverfi neighbourhood.

Developments to the municipality’s outdoor recreation facilities in accordance with the Nature First principal are also included in the plan.

APPENDIX III

“Economic and environmental sustainability in coastal rural tourism development: a case study on The Nauteyri Project in the Westfjords of Iceland”

Thesis semi-structured interview questions:

Upon accepting the interview request and before the interview takes place, each interviewee will be sent a fact sheet about The Nauteyri Project and my thesis. This will be done to ensure that all of them know the same basic information and can begin from an informed base – even though some may already be more familiar with The Nauteyri Project than others.

1. To what extent do you feel tourism could be the answer to the Westfjords’ economic and population problems (if you indeed believe there is a problem)?
2. My personal experience is that there is not enough money available for the region to support the start-up of big, ambitious and innovative tourism initiatives. What is your experience or point-of-view in this regard and what, if anything, would you like to see done about it?
3. The business-model of The Nauteyri Project was to try and benefit society, the economy and the environment almost equally. How important do you think this sort of approach should be to business-models of companies operating in the Westfjords?
4. Sustainable Development is seen by some as a modern-day buzzword. How important, or even possible, do you feel aiming for sustainable development in business-models and daily business operations is in a region like the Westfjords? (Supp if needed: The Westfjords could be said to suffer from isolation, unreliable transportation, depopulation and economic stagnation. Is it therefore too much to ask from an underdeveloped area?)
5. In comparison to economic growth, how important do you feel environmental protection (for example the establishment of nature reserves) is for the future in Iceland – given that it is relatively unspoilt compared to other developed countries?

6. How important a rôle do you think there is for organisations like charities and non-profit organisations wishing to use education to promote environmental and social development? And what sort of organisations do you think would do that best – for example, by bringing good environmental advice into schools, by imparting it to tourists, by pushing the environment on the local and national political stage, or by inviting people to see hands-on why the countryside and Mother Nature matter so much?

7. Have you seen any tourism developments or other regional development projects anywhere else in Iceland or overseas that you think could really make a positive difference in the Westfjords? If so, what?

8. What do you know is being done locally to raise environmental awareness, and do you think it is enough?

