



EUROPEAN CLUSTER
COLLABORATION PLATFORM

Country factsheet

Iceland

An initiative of the European Union





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Introduction



This document presents an overview of the cluster policy in Iceland. Given its importance to contextualise the cluster policies (and related) analysed in the factsheets, a comprehensive outlook of the country in socioeconomic terms can be consulted in the [OECD Economic Survey: Iceland 2019](#).

The “Economic Surveys” present the major challenges faced by the country, evaluates the short-term outlook, and makes specific policy recommendations

The COVID-19 pandemic has caused an unprecedented economic shock to the European and global economy. In response, the Icelandic government has introduced action to respond to the many challenges presented by the COVID-19 outbreak. Has approved three legislative packages¹ on actions against the COVID-19 outbreak effects that comprise tax measures, economic stimulus measures, and employment-related measures. Clusters are not directly mentioned on those measures.

¹ Iceland's National Recovery and Resilience Plan, <https://www.government.is/government/covid-19/#measures>

01

National cluster policy, programmes and initiatives





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1. National cluster policy, programmes and initiatives

Policy type:	Broad policy
Policy name:	Iceland Tourism Strategy 2011-2020 Tourism Policies
<p>POLICY OBJECTIVES</p> 	<p>Increasing competitiveness and boosting scale up of SMEs</p> <p>Supporting internationalisation activities</p> <p>Enhancing the visibility of clusters</p> <p>Fostering R&D activities, technology development and implementation</p> <p>Fostering innovation and strengthening innovation ecosystems</p> <p>Promoting social and sustainable economy and other solidarity-based initiatives</p> <p>Strengthening the network of cluster organisations/cross-clustering</p> <p>Cluster analysis and support for policymaking</p> <p>The Iceland Tourism Strategy has four main objectives: increase profitability of the sector, systematically develop tourist destinations, enhance the quality, safety, and environmental awareness of the tourism sector, and define Iceland's unique tourism position. To achieve this, the Strategy requires investment in infrastructure; surveys, research, forecasting; product development and innovation; marketing. Product development and innovation is based on cluster theory and strategies. New product development will be done through cluster collaboration and knowledge and technology transfers.</p>
<p>POLICY FOCUS</p> 	<p>Sectoral</p> <p>This Strategy focuses solely on the tourism sector</p>






Policy type:	Broad policy
Policy name:	Iceland Tourism Strategy 2011-2020 Tourism Policies
RESPONSIBLE AUTHORITIES 	<p>In charge of implementation</p> <p>Provides funding</p> <p>Oversees the implementation</p> <p>The Icelandic Ministry of Industries and Innovation is responsible for overseeing and implementing the Strategy and provides the funding. It liaises with the Ministry of Foreign Affairs, Ministry of Finance & Economic Affairs, and Ministry for the Environment & Natural Resources.</p>
BENEFICIARIES 	<p>SMEs</p> <p>Cluster organisations</p> <p>Research organisations</p> <p>Academic institutions</p> <p>Start-ups</p> <p>Large firms</p> <p>General population</p> <p>Policy makers</p> <p>The Strategy leverages the tourism sector made up of many micro and small enterprises. Its focus on innovation and product development leverages the existing academic and research institutional support.</p>



Policy type:		Broad policy
Policy name:		Iceland Tourism Strategy 2011-2020 Tourism Policies
INSTRUMENTS 	Financial	Funding collaboration initiatives Support to R&D projects, SMEs becoming cluster members, etc. Application to labelling schemes and similar initiatives Other: Data and analysis of market research
	Technical assistance	Infrastructure: coworking spaces, offices, incubation and accelerator spaces, research centres, technology parks etc. Support for networking and partnership building (at national and/or international level) Marketing activities: advertising, communication, events, fairs, and so on Other: Financing the maintenance of tourist destinations (natural resources)
	Explanation	The Strategy invests financially in maintaining the natural resources (infrastructure) of Iceland's tourist destinations, lengthen the tourist season through product development and innovation driven by cluster theory and practice, gather and analyse market research, and develop consistent marketing messaging and coordination.
HISTORY 	Period	Limited period
	Ending year (for policies with limited period)	2020
	Starting year	2011
	Explanation	The Strategy has a specific start and end year. A new long-term Tourism Policy Framework 2020-30 with a strong focus on sustainability was published ² . This will guide the work on a new action-oriented tourism strategy until 2030, together with a new Tourism Impact Assessment model, which takes the carrying capacity of the environment, infrastructure, society and economy into account and is fundamental to the future development of Icelandic tourism. The project

² Future vision and guiding light of Icelandic tourism until 2030 (Icelandic), https://www.stjornarradid.is/library/01--Frettatengt---myndir-og-skrar/ANR/FerdaThjonusta/Lei%c3%b0arlj%c3%b3s%20%c3%adslenskrar%20fer%c3%b0a%c3%bej%c3%b3nustu%202030_Final_Samr%c3%a1%c3%b0sg%c3%a1tt1.pdf



Policy type:		Broad policy
Policy name:		Iceland Tourism Strategy 2011-2020 Tourism Policies
		is carried out in collaboration with representatives from the Ministry of Industry and Innovation, the Association of Icelandic Municipalities, the Icelandic Tourism Association and the Icelandic Tourist Board. The new strategy has not yet been implemented.
BUDGET 	Overall	Unknown
	Annual	Unknown
	Source of funding	Iceland Government, mainly through the Ministry of Industries and Innovation
POLICY EVALUATION 	Availability	in-itinere
	Results	No final evaluation has been released. The Ministry of Industries and Innovation releases annual reports outlining the activities that support the Tourism Strategy, including developing a Tourism Dashboard that publishes standard promotion and advertising metrics. The Ministry also made available a number of funds for infrastructure and other tourism projects that meet their objectives.
POLICY ALIGNMENT WITH THE EU PRIORITIES 		-

02

State of play of cluster policy



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2. State of play of cluster policy

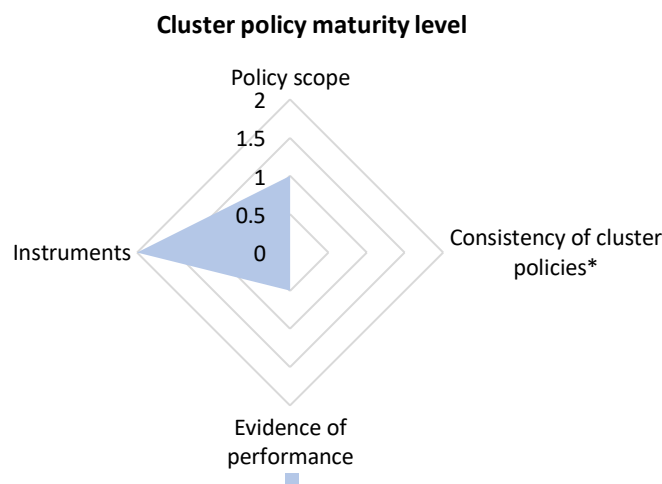
The data below illustrates how the country ranks in terms of maturity of cluster policy. The maturity index is based on a combination of factors presented in Chapter 1 and which are scored based on their existence:

- **Policy scope:** whether the country has a dedicated cluster policy, or cluster creation and/or development is targeted through broader policies (existence of broader policies = 1 point; existence of targeted cluster policies = 2 points)
- **Consistency of cluster policies:** assessment of the duration and experience of the country in doing cluster policies. This dimension assesses only existing cluster policies and not broader policies (no cluster policies available = 0 points; < 10 years of experience or > 10 years (but interrupted) = 1 point; > 10 years (but with clear continuity = 2 points)
- **Evidence of performance:** the existence of monitoring and evaluation mechanisms determines the degree of policy development in the country (no evaluations = 0 points; existence of evaluations of past policies or in-itinere = 0.5 points; existence of ex-ante and/or ex-post evaluations = 0.5 points)
- **Instruments:** whether the policies provide any instruments to support the policy implementation, being these financial and/or technical assistance (1 point for each type of instrument available)

It is important to note that the maturity does not reflect the performance of a country, but only the degree of development of their cluster policy at the moment when the data was collected (2020 and 2021). The maturity index illustrates how the country scores for each of these four dimensions (policy scope, consistency of cluster policies, evidence of performance and instruments) compared to the maximum score that they can reach.

	Iceland	Maximum score
Policy scope	1	2
Consistency of cluster policies*	0	2
Evidence of performance	0,5	1
Instruments	2	2

* This dimension is scored solely if the country has a dedicated cluster policy and it assesses only cluster policies



State of play of cluster policy in the country

Policy evaluation (for terminated policies)

No policy evaluation

Iceland does not have cluster policies but only broad policies fostering collaboration between different actors. These broad policies have been evaluated in the past. For instance, the Akureyri (Eyjafjörður) Growth Agreement I



	<p>(2004-2007) was evaluated by the RHA Research and Development Centre at the University of Akureyri in 2008. The Agreement was designed to promote the structure and growth of health, education and research, tourism, and food clusters and networks. The evaluation included the attitudes of the residents of Eyjafjörður, other Icelanders, and changes to the population. On business environment and competitiveness, seven factors were assessed but the results were inconclusive because the RHA was only responsible for one of the seven factors. On cluster growth and regional development of the four clusters, the four clusters achieved their goals, the overall educational level of the area improved, thereby leading to more regional development. The Agreement did not attract any foreign investors.</p> <p>Overall, as RHA was only partly responsible for the evaluation of the Agreement, the evaluation could not conclude whether the Agreement achieved all of its outlined goals.</p>
Policy approach in the country	Broad-based framework policies to support cooperation effectiveness
Continuity	<p>The concept of clusters was first introduced to the then Ministry of Industry and Commerce in 2003, resulting in the first regional policy, the Akureyri (Eyjafjarðar) Region Growth Agreement known as AGRA I (2004-2007) that focused on raising the competitiveness of the region, including developing strong clusters. Cluster activities began during this period. This Agreement was followed by a new Growth Agreement (2008 to 2010). This was followed by a national tourism strategy from 2011-2020 to increase the profitability of tourism. Underpinning the strategy is recognition that product development and innovation based on cluster ideology, strategies, and collaboration.</p>
Consistency	<p>No cluster policy available</p> <p>The concept of clusters was introduced officially to the country in 2003 and since then, broad and regional policies have included cluster development and growth.</p>

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