

Study paper

# Municipality–Community Collaboration in Rural Areas

*Insights from the Northern Periphery  
and Arctic Region (MERSE project)*

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This report presents examples from Finland, Iceland, Ireland, Norway and Sweden, showing how municipalities, social enterprises and communities work together to address local needs and develop services. It highlights different ways of organising collaboration, the roles of different actors, and the conditions that support successful cooperation.

You will gain insights into how collaboration can strengthen service provision, support local development, and help rural areas respond to changing needs.

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## Summary

This report examines how municipalities, social enterprises, and community-based actors collaborate to address service needs and development challenges in rural areas of the Northern Periphery and Arctic (NPA) region. Based on six case studies from Finland, Sweden, Norway, Iceland and Ireland, it identifies key collaboration approaches, outcomes, and implications for practice and policy.

The findings show that rural social enterprises and community initiatives play a critical role in complementing municipal services, particularly where public systems and markets alone are insufficient. These actors provide flexible, locally adapted solutions, often grounded in strong community engagement and the mobilisation of local resources.

The analysis identifies four main approaches to collaboration: formal procurement partnerships, community-based models, co-creation partnerships, and network-based collaboration. These approaches differ in how responsibilities are organised, how decisions are made, and what types of value they create. No single model is universally optimal; effective collaboration depends on how well approaches are aligned with local needs, capacities, and institutional conditions.

Across the cases, collaboration has generated impacts in four key areas. Social impacts include improved service quality, stronger community engagement, and enhanced local identity. Economic impacts relate to job creation, stronger local economies, and new opportunities linked to tourism and local initiatives. Governance impacts include more inclusive ways of working, the development of adaptable service models, and the importance of long-term commitment and stable leadership. Environmental impacts are visible in community-led sustainability actions, such as improved waste management and circular economy practices.

Successful collaboration is supported by core factors such as trust, shared ownership, and long-term commitment. It typically evolves over time, moving from initial cooperation towards more structured and institutionalised forms. At the same time, certain structural challenges remain, such as funding mechanisms that can be limiting, short-term financing, and differences in how community-based approaches and administrative systems operate.

The findings highlight the importance of rethinking the role of municipalities in rural areas. Rather than acting only as service providers or commissioners, municipalities also play a key role as facilitators, partners, and enablers of local initiatives. Effective collaboration requires combining formal structures with community-driven approaches while adapting governance models to local conditions.

Overall, the report shows that collaboration is not only a way to improve services, but a necessary approach for sustaining communities, strengthening local economies, and supporting long-term development in rural and remote regions.

# 1. Introduction and purpose of the report

This report is produced within the MERSE-project to support transnational learning on municipal–community collaboration in the context of rural social enterprises. The aim is to deepen understanding of how such collaborations emerge, function, and create value in different rural settings across the Northern Periphery and Arctic region.

A central objective of the report is to capture and synthesise learning from the project partnership and to share these insights more widely. As municipal–community collaboration takes different forms depending on local contexts, the report explores this through selected case examples identified by project partners. These cases provide practical insights into how social enterprises and municipalities work together to address local needs, strengthen community resilience, and deliver services in areas where traditional public or private provision may be limited.

By bringing together these cases, the report identifies common patterns and enabling factors, and offers reflections that can support municipalities and communities in examining their own collaboration structures, roles, and ways of working. In doing so, it highlights how such collaboration can create value for both municipalities and communities, while supporting rural social entrepreneurship and sustainable local development.

This report is part of the MERSE-project (*Business Models Empowering Rural Social Entrepreneurship – voicing the rural norm*), funded by the Interreg Northern Periphery and Arctic (NPA) Programme for the period 2023–2026. The project has aimed to strengthen the conditions for rural social entrepreneurship by developing business models, support structures, and collaborative practices that enable social enterprises to emerge and grow. It has focused on how social entrepreneurship can respond to the needs of rural areas, particularly where public or private services are limited, and has promoted learning across regions through the comparison of different national and local contexts.

MERSE brought together partners from five countries: Sweden, Finland, Norway, Iceland, and Ireland, and was built on close transnational cooperation. The partnership included Mid Sweden University (lead partner), KBT Vocational College in Norway, Vestfjarðastofa in Iceland, Údarás na Gaeltachta in Ireland, and the Ruralia Institute at the University of Helsinki in Finland.

This report is structured to guide the reader from practical examples to broader insights and policy recommendations. It begins by presenting case examples of collaboration between municipalities and rural social enterprises selected by project partners (chapter 2). The report then applies a common framework to analyse the cases in a consistent way (chapter 3). This includes examining the local context, how the collaboration started, how roles and responsibilities are shared, and what factors have supported successful cooperation. Based on this analysis, the report identifies different cooperation models and ways of working between municipalities and social enterprises (chapter 4). These models highlight both common approaches and differences between cases. The following chapter 5 considers what these findings mean for rural areas and for the Northern Periphery and Arctic context more broadly, including how such collaborations can support service provision, community vitality, and local development.

Finally, in chapter 6, the report presents key policy recommendations that have been developed throughout the MERSE-project across different work packages and outputs, in co-creation with

stakeholders. These recommendations aim to support municipalities and other stakeholders in strengthening rural social enterprises and building effective, long-term collaboration.

## 2. Case examples of municipality–community cooperation

This chapter presents selected partnerships between rural municipalities and social enterprises or community-based actors, identified by project partners as relevant and illustrative examples of cooperation. These cases show different ways of organising collaboration in rural contexts and provide a basis for identifying patterns and lessons. The cases are:

### Nordanstig municipality and local social enterprises (Sweden)

The Nordanstig case illustrates how a rural municipality can work in collaboration with community-based actors to address labour market challenges and strengthen local inclusion.

Nordanstig is a small, sparsely populated municipality in Gävleborg County in Sweden, with approximately 9,500 inhabitants and a low population density. The area consists of several small villages and lacks a central urban hub, which makes local cooperation and community-based solutions particularly important for service provision and development.

Like many rural areas, Nordanstig faces challenges related to labour market inclusion, skills provision, and social integration. To respond to these challenges, the municipality has actively sought to engage local resources and strengthen cooperation with actors that can complement public services. In this context, work-integrating social enterprises (WISEs) have emerged as important partners, providing opportunities for individuals who are excluded from the traditional labour market to access employment and develop skills.

In line with Swedish public procurement legislation, the municipality has made use of opportunities to include social considerations in procurement processes, including reserving certain contracts for organisations whose primary aim is social and professional integration. This approach has allowed the municipality to work more closely with social enterprises, aligning public responsibilities with community-driven initiatives.

### Aldrei fór ég suður and Ísafjörður municipality (Iceland)

The Aldrei fór ég suður case highlights how community-driven initiatives, even without formal commercial goals, can play a significant role in rural development.

Aldrei fór ég suður (*I Never Went South*) is a free annual music festival held over the Easter weekend in Ísafjörður, a small town in the Westfjords of Iceland. What began as a one-off community experiment has, over more than two decades, developed into one of Iceland's most recognised and valued music festivals, featuring both established and emerging Icelandic artists, while maintaining its open and accessible character.

The local context is shaped by geographic remoteness, long distances, and limited infrastructure. At the time the festival was established, the region was experiencing significant population

decline, largely linked to structural changes in the fisheries sector, as well as a relatively weak external image. In this setting, the festival emerged as a grassroots response, driven by local initiative and community engagement.

Over time, the festival has become an important cultural cornerstone for the town. It has contributed to strengthening community cohesion by bringing residents together and fostering a sense of pride and shared identity. At the same time, it has helped to reshape the external image of Ísafjörður and the Westfjords region, attracting visitors and increasing visibility beyond the local context.

## **Maurtuva Vekstgård and Inderøy municipality (Norway)**

The Maurtuva Vekstgård case illustrates how collaboration between a social enterprise, a municipality, and the wider community can support the development of services in a rural context.

Maurtuva Vekstgård is located in Inderøy municipality in Norway and provides farm-based activities and care services for people with dementia. The local context is characterised by the need to develop inclusive and flexible services for an ageing population, particularly for people who may benefit from more personalised and meaningful daily activities. In response to these needs, Maurtuva Vekstgård has developed services in close cooperation with Inderøy municipality, combining public responsibility with local initiative and professional expertise.

The collaboration has evolved over time through continuous dialogue and joint development of services. The municipality has supported the integration of these services into its care provision, while Maurtuva Vekstgård has contributed with specialised knowledge and an entrepreneurial approach. The partnership is further supported by a wider network of actors, including relatives, volunteers, and local organisations, who contribute to the delivery and development of the services.

## **Saimaa Coop and regional partners (Finland)**

The Saimaa Coop case illustrates how a cooperative model can support collaboration between individuals, communities, and local actors in a rural context.

Saimaa Coop is a cooperative operating in the Saimaa region in Finland, with the aim of promoting sustainable development and creating opportunities for work and services in the area. The local context is characterised by dispersed settlements and the need to support local livelihoods and services in rural areas. In response to these conditions, Saimaa Coop functions as a collaborative network that brings together individuals, entrepreneurs, and organisations. It connects skills, resources, and ideas, and develops these into services that respond to local needs.

Through its cooperative structure, Saimaa Coop enables flexible ways of working and collaboration. Members can organise themselves into smaller teams, develop services, and use shared support functions such as administration, communication, and marketing. The cooperative model supports joint development and shared responsibility, while allowing members to benefit from collective resources and networks. Over time, Saimaa Coop has developed a range of services in areas such as tourism, local services, and employment support.

## **The Aran Islands community and Galway County Council (Ireland)**

The Aran Islands case illustrates how a community-led initiative can develop in cooperation with a municipality to address local environmental challenges in a rural island context.

The Aran Islands, located off the west coast of Ireland, have experienced increasing numbers of visitors, placing growing pressure on local infrastructure and services. The local context is shaped by geographical isolation and limited infrastructure, which made the existing approach to waste management unsustainable as tourism increased. In response, island residents came together to identify solutions and approached Galway County Council to explore the possibility of establishing local waste treatment facilities across the three islands, with the main operations located on Inis Mór.

The collaboration developed through active engagement from both the community and local organisations. A local development cooperative played a key role in coordinating the initiative and securing funding, while the municipality supported the process through planning and co-operation. This joint effort led to the establishment of Athchúrsáil Árann in 2008, with the aim of providing waste management services for residents across the islands. Today, the initiative focuses on managing waste, promoting recycling, and supporting circular economy practices in the island communities.

## **Fjällhälsan Härjedalen and Härjedalen municipality (Sweden)**

The Fjällhälsan Härjedalen case illustrates how a cooperative model can support the provision of essential services in a rural and sparsely populated area.

Fjällhälsan Härjedalen is a cooperative healthcare provider established in 2006 in response to the threatened closure of the local health centre in Hede. The local context is characterised by long distances, a small and ageing population, and seasonal fluctuations due to tourism. While the municipality has around 10,000 residents, the number of people in the area can increase significantly during peak tourist seasons. These conditions create specific challenges for ensuring consistent and accessible healthcare services.

In response, Fjällhälsan was formed as a community-based initiative to secure local access to primary healthcare. Over time, the cooperative has expanded its services to include multiple locations across the municipality, as well as seasonal clinics to meet increased demand. The organisation operates on a not-for-profit basis, reinvesting any surplus into the development of healthcare services for the community. Today, Fjällhälsan plays a central role in providing healthcare for both residents and visitors.

Together, these cases illustrate a diverse range of collaborative approaches that support rural service delivery, community wellbeing, and local development. However, rather than focusing on the individual cases as such, the report looks beyond them to identify underlying patterns and logics of collaboration. The aim is to understand how different partnership models function in practice, what conditions shape them, and what kinds of opportunities and constraints they present to municipalities and community actors.

Taken together, the cases suggest variation in their degree of formalisation, ranging from formal contractual arrangements to informal, trust-based cooperation. They also differ in the source of initiative, from top-down, system-driven models to bottom-up, community-led solutions, and in their forms of coordination, from bilateral relationships between individual actors to broader multi-actor networks and platforms. Together, these dimensions provide a framework for understanding how collaboration is organised in different contexts.

### 3. Case analysis framework

This report draws on case-based data collected by project partners across participating regions. The cases presented in the chapter 2 were identified by partners as relevant examples of collaboration between rural social enterprises and municipalities. Semi-structured interviews were conducted with key individuals involved in these partnerships. Where available, the interview data were supplemented with additional sources, such as organisational websites and other publicly accessible materials, to provide a more comprehensive understanding of each case.

To ensure consistency across cases while allowing for context-specific insights, the data collection followed a common thematic framework comprising six key areas:

- **Background:** a description of the social enterprise and its rural context, including its mission, services, and the demographic, economic, or social challenges it addresses
- **Starting the partnership:** how and why the collaboration was initiated, including key actors, needs, and early steps
- **Division of roles:** how responsibilities and tasks are distributed between partners
- **Key takeaways of the collaboration:** the main outcomes, such as improved services, community engagement, economic impact, or innovation
- **Success factors:** the conditions and practices that enabled effective collaboration
- **Lessons for others:** transferable insights for municipalities and social enterprises seeking to develop similar partnerships

The collected material has been analysed thematically across cases, rather than case by case. This approach allows for identifying patterns, similarities, and differences between collaboration models, and supports a more analytical understanding of how partnerships function in practice.

An important advantage of this approach is that it helps avoid attributing observations to any single case. Given that interviews were typically conducted on a confidential basis, the analysis focuses on shared experiences and systemic insights rather than evaluating individual actors. In doing so, the report aims to provide a balanced and constructive understanding of both the opportunities and constraints shaping collaboration between municipalities and social enterprises.

### 3.1 Backgrounds

Across the six cases, rural social enterprises and community initiatives emerge as practical responses to concrete local challenges. These include dispersed populations, long distances, and limited access to services: conditions where neither public provision nor markets alone are sufficient.

These challenges take different forms across the cases. In Nordanstig (Sweden), they relate to labour market inclusion and skills provision. In Härjedalen (Sweden) and Inderøy (Norway), ageing populations and long distances increase demand for accessible health and social care. In the Saimaa region (Finland) and the Aran Islands (Ireland), economic viability and infrastructure are key concerns, particularly in tourism-dependent contexts. In Ísafjörður (Iceland), the issue is not essential services, but access to cultural opportunities reflecting broader patterns of rural marginality.

In response, the initiatives operate across a wide range of sectors. These include healthcare (Fjällhälsan Härjedalen, Sweden), social care (Maurtuva Vekstgård, Norway), labour market integration (Nordanstig, Sweden), tourism and local development (Saimaa Coop, Finland), environmental services (Aran Islands, Ireland), and cultural production (Aldrei fór ég suður, Iceland). Despite this diversity, they share a common role: they fill gaps where existing systems fall short. In practice, they combine elements of public service provision, market activity, and community action.

A key feature across the cases is the active use of local resources. Community members, volunteers, and small businesses contribute time, knowledge, and networks. For example, the Icelandic festival relies heavily on volunteer engagement, while Maurtuva Vekstgård (Norway) draws on local networks and family involvement in care services. Saimaa Coop (Finland) shows how small enterprises can pool resources to provide services that would not be viable individually. In all cases, communities are not only users of services but active contributors to their design and delivery. This embeddedness strengthens legitimacy, supports continuity, and enhances the initiatives' capacity to adapt to local conditions.

At the same time, the cases differ in how these initiatives emerge and are organised. Some are clearly bottom-up, driven by local mobilisation (Aran Islands in Ireland, Aldrei fór ég suður in Iceland and Saimaa Coop in Finland). Others are co-created, developing through collaboration between communities and municipalities (Fjällhälsan in Sweden, Maurtuva Vekstgård in Norway). In contrast, the Nordanstig case (Sweden) reflects a more top-down enabling approach, where policy and procurement frameworks create opportunities for social enterprises. These differences point to multiple pathways for developing cooperation, from informal initiatives to institutionalised partnerships. They also show that municipal involvement can range from minimal facilitation to active co-production, depending on local needs and administrative capacity.

The cases also vary in their core objectives. Some focus on maintaining or replacing public services, such as healthcare and care services in Fjällhälsan (Sweden) and Maurtuva Vekstgård (Norway). Others aim to strengthen local economies and tourism, as seen in Saimaa Coop (Finland) and The Aran Islands (Ireland). The Aldrei fór ég suður, Icelandic festival, in turn, focuses on cultural value and social cohesion. These different objectives shape both the activities undertaken and the role municipalities play ranging from service providers and commissioners

to facilitators and supporters. In practice, cooperation may arise either from necessity (to secure essential services) or from strategic choice (to support local development).

Overall, the cases show that rural communities develop pragmatic and often unconventional solutions to sustain services, economic activity, and social wellbeing. These solutions are strongly rooted in local conditions and resources, but also depend to varying degrees on municipal support, funding, and regulatory frameworks.

Across all cases, a clear pattern emerges: rural social enterprises typically arise where public systems are under pressure and market incentives are weak. Rather than replacing public services, they complement them by providing flexible, locally adapted, and collaborative solutions.

### **3.2 Starting the partnership: top-down, bottom-up and joint problem solving**

Partnerships between social enterprises and municipalities were initiated through different combinations of top-down decisions, bottom-up initiatives, and joint problem recognition, reflecting diverse rural needs and institutional contexts.

A first pathway is municipality-driven initiation following internal restructuring, as seen in Nordanstig (Sweden). Here, the municipality closed its own labour market services due to cost and quality concerns and subsequently sought alternatives. This created an opening for collaboration with newly established work-integrating social enterprises (WISEs). The partnership was therefore initiated by the municipality as a strategic response to efficiency challenges, although inspired by external examples and gradually developed through service purchasing rather than direct funding.

In contrast, strongly community-driven initiation characterizes the cases of Fjällhälsan Härjedalen (Sweden) and the Aran Islands (Ireland). In both cases, local actors mobilized in response to urgent service needs: healthcare access in Härjedalen and waste management on the Aran Islands. Communities organized themselves (through a cooperative structure in Härjedalen and a development initiative in the Aran Islands) and actively engaged public authorities. Municipalities entered the collaboration as partners after pressure from the community resulting in co-produced or jointly managed solutions.

A more informal and relationship-based initiation is observed in the Icelandic festival case. The partnership between Aldrei fór ég suður and the municipality began through personal networks and informal contacts rather than formal planning. Early cooperation focused on practical support (e.g., logistics and facilities), with both parties gradually recognizing shared interests. Notably, the community actors intentionally maintained independence, shaping a collaboration model based on support without municipal control.

Two cases reflect co-creation and joint initiation dynamics, though with different emphases. In Maurtuva Vekstgård (Norway), the partnership emerged from a shared recognition of unmet needs in dementia care. Neither actor clearly led the process; instead, the social enterprise contributed entrepreneurial ideas while the municipality showed openness to innovation. Early collaboration involved dialogue, co-design of services, and alignment of goals, quickly evolving beyond a transactional relationship.

Similarly, in Saimaa Coop (Finland), the initiative originated primarily from entrepreneurial recognition of structural market gaps but developed in interaction with municipal in tourism promotion. The cooperative emerged as an intermediary solution bridging the gap between public marketing and private sales.

#### **Key similarities:**

- All cases were triggered by clear local challenges or unmet needs (e.g., service gaps, economic viability, demographic pressures).
- Each partnership involved some form of resource complementarity between community actors and municipalities.
- Early stages typically included experimentation, dialogue, or gradual scaling, rather than fully predefined models.

#### **Key differences:**

- Leadership of initiation ranges from municipality- or community-driven to interaction-based and jointly co-created approaches.
- Formality of early collaboration ranges from structured (procurement, cooperative frameworks) to highly informal (festival case).
- Role of municipalities differs significantly: active initiator (Nordanstig, Sweden), partner (Aran Islands, Ireland and Härjedalen, Sweden), enabler/supporter (Aldrei fór ég suður, Iceland) and co-developer (Maurtuva Vekstgård, Norway and Saimaa Coop, Finland).

### **3.3 Division of roles in co-operation: who is responsible for what?**

Across the cases, roles are organised around three main functions within collaboration: enabling conditions, service delivery, and community engagement. The specific roles and responsibilities associated with these functions vary across cases and actors, and in practice, a single actor may take on multiple roles. This distinction nevertheless helps to clarify how responsibilities are distributed.

#### **1. Enabling roles: frameworks, funding, and coordination**

Public actors, primarily municipalities and regional authorities, are responsible for creating the conditions that make collaboration possible. Their responsibilities typically include funding and financial arrangements (such as procurement, grants, and reimbursement systems), regulatory oversight and compliance, coordination with broader welfare systems, and the provision of infrastructure and administrative support.

#### **2. Service roles: delivery and development**

Social enterprises, cooperatives, and other providers are responsible for the delivery and ongoing development of services. This includes organising day-to-day operations, managing staff and activities, and adapting services to individual and local needs. In many cases, these actors also play an important role in innovating and refining service models over time.

### 3. Community roles: engagement and local capacity

Communities, volunteers, and local networks contribute through engagement, participation, and local knowledge. Their roles include mobilising volunteers, strengthening local ownership, contributing lived experience, and supporting service delivery through informal and place-based networks.

In addition to these core functions, the cases highlight the importance of a bridging role, i.e. actors who connect different parts of the collaboration and help it function in practice. These roles are often taken on by municipal staff working across departments, public agencies, associations, or intermediary organisations, such as local development agencies or LEADER groups. Bridging actors operate at the interfaces between organisations, services, and users, facilitating access to services, coordinating activities, and supporting cooperation. They also play a key role in translating policies into practice by clarifying responsibilities and supporting day-to-day collaboration.

Although these roles are not always formalised or highly visible, they are essential for effective collaboration. They help maintain communication, reduce fragmentation, and ensure continuity over time. In this way, bridging roles connect different functions within the system and support collaboration as a coherent whole.

The cases demonstrate that while clearly defined roles provide a necessary foundation, effective collaboration depends on how these roles are connected and coordinated in practice.

### 3.4 Outcomes of the collaboration

The collaborations between municipalities and social enterprises have generated a range of important outcomes. One of the most significant outcomes is the improvement in services. By contracting local social enterprises and supporting cooperative initiatives, municipalities have been able to offer more responsive, flexible, and personalised services. This includes, for example, year-round access to healthcare in remote areas and the development of tailored care models such as farm-based and community-based dementia services. These approaches have improved quality of life for users, provided greater support to families, and ensured that essential services remain accessible even in sparsely populated regions. Importantly, several of these services have demonstrated long-term viability, continuing beyond initial pilot phases and becoming embedded within municipal systems.

The collaborations have also led to strengthened community engagement and social cohesion. Local residents, volunteers, associations, and families have played an active role in shaping and delivering services, fostering a strong sense of ownership and shared responsibility. This participatory approach has reinforced local identity, pride, and belonging, while also strengthening social networks.

Successful initiatives have been characterised by high levels of trust, respect for autonomy, and a shared understanding of services as public goods rather than purely commercial activities. The experience highlights that inclusive, bottom-up processes where diverse voices are actively involved in decision-making are often important in enabling meaningful collaboration, although effective arrangements may also take different forms depending on context.

In terms of economic impact, the collaborations have contributed to both local economic resilience and growth. By using socially responsible procurement tools, such as social criteria and smaller contract lots, municipalities have supported job creation and expanded the local labour market, particularly for individuals with limited access to employment. Tourism-related activities and cultural initiatives have further strengthened the economy by increasing visitor numbers, boosting retail and hospitality sectors, and generating revenue that helps sustain also other services.

Also, innovation in public service delivery has improved through partnerships. They have enabled the development of new and alternative service models that are more adaptable to local needs. These include cooperative structures, community-driven initiatives, and integrated service approaches that cut across traditional sector boundaries. A critical lesson is that innovation is most effective when it emerges from concrete local needs and existing networks, rather than from top-down strategic planning alone.

The partnerships have also generated important insights into governance and sustainability. While many initiatives have proven resilient over time, their success depends heavily on stable leadership, long-term commitment, and dedicated development capacity. Changes in public-sector leadership can significantly influence the direction and strength of collaboration, particularly when models rely on shared power and trust. Experience shows that without institutional anchoring, collaborative approaches may become more centralised and less participatory. Effective collaboration therefore requires clear structures that protect bottom-up initiatives and ensure continuity beyond individual actors such as formal partnership agreements, dedicated coordination roles, long-term funding arrangements, and mechanisms for shared decision-making.

Finally, the partnerships have demonstrated environmental impacts, particularly in community-led sustainability initiatives. These have resulted in significant improvements in waste management, including reduced landfill use, increased recycling rates, and the adoption of circular economy practices such as material reuse and local composting. These outcomes illustrate how locally driven collaboration can contribute to broader environmental goals while simultaneously strengthening community capacity.

In conclusion, the cases demonstrate that municipality–community cooperation can generate significant social, economic, governance, and environmental value. The findings highlight that sustainable and impactful outcomes depend on shared ownership, mutual trust, and long-term commitment, supported by governance structures that enable genuine co-creation and protect community-driven approaches.

### 3.5 Success factors and lessons learned

The analysis indicates that municipality–community cooperation typically evolves through three interconnected phases: initiation, experimentation, and maturation.

**Initiation phase:** cooperation is grounded in the development of a shared vision and clearly aligned goals. Municipalities and community actors jointly define both the problem and the proposed solution, fostering a strong sense of co-ownership from the outset. This co-creative approach lays the foundation for collaboration that moves beyond traditional client–provider relationships toward more equal partnerships.

**Experimentation phase:** shared intentions are translated into practice through experimentation and learning. Transparency, open communication, and continuous dialogue form the foundation upon which trust is built over the course of the process. It supports shared responsibility and encourages actors to commit to long-term collaboration. During this phase, partners develop and test concrete operating models, often moving beyond short-term, project-based approaches toward more stable forms of cooperation. The role of the municipality may vary, ranging from co-developer to enabler, but remains crucial in facilitating collaborative processes.

**Maturation phase:** cooperation becomes more embedded and institutionalised. Successful practices are integrated into administrative structures for example through policy guidelines, procurement frameworks, and inclusion in municipal budgets, ensuring continuity beyond individual projects. Supporting networks further strengthen collaboration by acting as mediators and facilitators. At this stage, partnerships stabilise and generate sustained impact, reflecting a broader shift towards long-term, trust-based collaboration that is adaptable to different contexts and roles.

Community-rooted initiatives tend to achieve higher levels of legitimacy within the local community, engagement, and trust, especially when social and economic value is visibly retained at the local level. In rural contexts, where social capital is often critical, this local ownership strengthens participation and long-term sustainability. Effective initiatives are also embedded in broader ecosystems involving volunteers, associations, families, and public actors, which enhance capacity, resilience, and shared responsibility.

Resource constraints, which are often seen as a defining characteristic of rural areas, do not necessarily hinder collaboration. On the contrary, they can act as a catalyst for innovation. Limited financial and human resources create a sense of urgency that encourages experimentation, pragmatism, and action-oriented approaches. Rather than waiting for ideal conditions, actors move forward with available resources, accepting uncertainty as part of the process and refining solutions over time.

## Key risks and barriers

Despite the positive findings, the cases also reveal recurring challenges that can limit or destabilize collaboration.

A key challenge relates to funding arrangements, which often tend to favour predefined or fixed service models rather than more flexible, community-driven approaches. This can create barriers for bottom-up innovation. Similarly, procurement tools are sometimes underutilised or insufficiently understood, reducing their potential to support social enterprises and collaborative models. Also, the continued reliance on short-term funding further undermines long-term stability.

Another challenge concerns the organisation of collaboration. Partnerships may become overly dependent on individual leaders or champions. While such individuals can drive progress, this dependency creates vulnerability when leadership changes. In addition, top-down project design can limit meaningful participation and weaken local ownership.

Finally, differences in how actors operate can create tensions in collaboration. Community-based initiatives tend to evolve dynamically, while public systems are often slower and more rigid. This mismatch can make it difficult to align flexible, locally driven approaches with standardised administrative processes.

### **Takeaways for municipalities, communities, and social enterprises**

Rural collaborations often benefit from smaller-scale environments, where trust can develop more readily and strong social capital helps compensate for limited resources. In such contexts combining formal structures with informal modes of cooperation are essential for balancing stability with flexibility.

Municipalities play a decisive role in enabling effective collaboration and may need to reframe their approach. This involves moving away from a primarily control-oriented role toward one that emphasizes facilitation, co-creation, and partnership with community actors.

#### **Key actions for municipalities include:**

- Institutionalising successful collaborations through supportive policies and long-term funding mechanisms.
- Making effective use of instruments such as reserved procurement and long-term contractual arrangements.
- Providing support to community initiatives while safeguarding their autonomy.

#### **For communities and social enterprises, the implications include:**

- Maintaining clear values and organisational autonomy.
- Building community legitimacy through strong local engagement.
- Recognising, leveraging and indicating the contribution of volunteers.
- Expanding networks beyond the local level to strengthen capacity and resilience.

A central insight across all cases is that sustainable collaboration depends on the ability of formal systems to adapt to community-based ways of working. Successful partnerships are characterised by institutional frameworks that evolve to support local initiative, rather than attempting to reshape community action to fit administrative structures.

## 4. Cooperation models and logics

The cases show that an important distinction lies in the objectives and action underpinning the initiatives, which in turn shape the role municipalities and communities take in cooperation. Building on this perspective, the analysis identifies four functional models through which cooperation takes place in practice. Rather than forming a hierarchy or linear progression, they represent different ways of governing cooperation, each aligned with specific local contexts and capacities.

### Formal contractual procurement partnerships

#### Cooperation logic: control and legal accountability

The logic of formal procurement partnerships is based on the need to ensure stability, predictability, and compliance in public service delivery. In this model, municipalities retain overall responsibility for services while outsourcing delivery to external actors through contracts. Roles, responsibilities, and expectations are clearly defined, and accountability is ensured through legal frameworks.

This approach prioritises administrative clarity and risk management, enabling municipalities to fulfil their obligations without expanding internal capacity. At the same time, innovation tends to remain incremental, as activities are bounded by predefined rules and contractual arrangements, even if relational elements develop over time. This logic is particularly effective where services are well defined and stability is prioritised.

Where initiatives aim to complement or substitute public services, such as in healthcare and dementia care (Fjällhälsan Härjedalen in Sweden and Maurtuva Vekstgård in Norway), municipalities tend to assume a central and active role. In these cases, cooperation is often driven by practical necessity, as municipalities retain statutory responsibility for service provision. Their role typically includes acting as commissioners, funders, or system integrators, ensuring service quality, accessibility, and continuity. Collaboration is therefore more formalised and embedded within welfare structures, often resembling long-term partnerships or co-production arrangements.

### Communitybased partnership

#### Cooperation logic: local ownership and public value

Community-based service continuity is rooted in collective action and the capacity of local communities to respond to their own needs. Collaboration often begins when communities mobilise to sustain or develop services that might otherwise be unavailable. Responsibility is assumed by local actors, and legitimacy stems from their direct connection to the community and its needs. Municipalities typically play a supportive or enabling role rather than leading the process. Accountability is less formal and more social in nature, based on trust and shared commitment.

This logic can be seen, for example, in the Aldrei fór ég suður festival in Iceland, which began as a grassroots initiative driven by local actors and has grown into a significant cultural and social asset through strong community engagement and shared ownership. Similarly, the Aran Islands initiative in Ireland reflects how local residents mobilised to address a pressing environ-

mental challenge and worked with the municipality to develop a community-based solution. In both cases, the initiative originated within the community, with public actors supporting rather than directing the process.

The central logic is grounded in collective responsibility and necessity: services and initiatives exist because local actors assume ownership and act when no alternative is available. Outcomes include strong local legitimacy, high levels of commitment, and solutions that are closely adapted to local realities. Over time, institutional support can enhance sustainability, but the core driver remains community ownership rather than contractual delegation.

Stability is achieved not primarily through formal governance structures, but through mutual recognition of public value and relational commitment. At the same time, this approach may leave initiatives vulnerable to capacity constraints, including volunteer fatigue, particularly where institutional support remains limited.

## Strategic cocreation partnerships

### Cooperation logic: shared problemsolving and innovation

The logic of shared problem solving and innovation underpins strategic co-creation partnerships and is based on the recognition that many social challenges are complex and cannot be addressed through fixed or pre-designed solutions alone. In this model, municipalities and social enterprises work together to define problems, develop solutions, and adapt services over time. Responsibility and risk are shared, and collaboration is characterised by continuous dialogue and mutual learning.

This logic is illustrated, for example, in the collaboration between Maurtuva Vekstgård and Inderøy municipality in Norway, where services for people with dementia have been developed through ongoing interaction between the municipality and a social enterprise. Elements of this logic can also be seen in the Nordanstig case in Sweden, where collaboration with work-integrating social enterprises has required ongoing adjustment and alignment between public objectives and locally developed solutions.

Strategic co-creation partnerships approach enables the development of flexible, user-centred services and can lead to the integration of new models into public systems. It assumes that innovation emerges through interaction and experimentation rather than through linear planning, and is especially effective in areas such as care, welfare, and inclusion, where needs evolve and standardised models are insufficient.

## Network-based cooperative collaboration

### Cooperation logic: ecosystem and capacity-building

Network-based cooperative collaboration shifts the focus from direct service provision to enabling networks of actors to collaborate. In rural and community-based contexts, network organisations play a crucial intermediary role by connecting entrepreneurs, professionals, and public actors, and by facilitating access to shared resources, knowledge, and infrastructure.

This logic is illustrated, for example, in the Saimaa Coop case in Finland, where a cooperative model brings together individuals, entrepreneurs, and organisations into a collaborative

network. By providing shared support functions and enabling flexible forms of cooperation, the network allows smaller actors to develop services, access resources, and participate more effectively in local service provision and innovation.

In settings often characterised by limited capacity and fragmented service provision, such organisations help coordinate efforts and strengthen local ecosystems, enabling smaller actors to participate more effectively in service delivery and innovation. Responsibility is distributed across the network, with value generated through increased capacity, service diversity, and adaptability.

The underlying logic emphasises capacity building and resilience. Outcomes include more diversified services, strengthened cross-sector collaboration, and enhanced local adaptability. Municipalities typically participate as partners or clients rather than owners, benefiting indirectly through stronger local economies and service ecosystems. This model is particularly useful in contexts where needs are diverse and evolving, and where no single organisation can address them alone.

Accordingly, the cases show that the nature of cooperation is shaped not only by who initiates it, but also by its underlying purpose, which in turn influences the roles and responsibilities that municipalities, social enterprises, and communities assume in rural development processes. The table below summarises the partnership logics:

Cooperation model	Cooperation mode and logic	Type of interaction	Mechanism	Municipal role	Role of community / social enterprise	Typical outcomes
<b>Formal procurement partnership</b>	Hierarchical & control	Legal accountability, clearly defined	Rules and contracts	Commissioner, funder, regulator	Service delivery	Stable and predictable services; administrative clarity
<b>Community-based service continuity</b>	Trust-based & reciprocity	More informal, accountability is social rather than contractual	Social norms and trust	Supporter and integrator	Ownership and operation of services	Service survival; strong local legitimacy and resilience
<b>Strategic cocreation partnership</b>	Shared & coordination	Shared responsibility and accountability	Co-governance	Strategic partner, codeveloper	Service innovation and delivery	Tailored services; system learning; longterm integration
<b>Networkbased cooperative collaboration</b>	Distributed & flexibility	Distributed responsibility and accountability	Adjustment and negotiation	Partner, client, or cofinancer	Coordination and facilitation	Diversified services; adaptability; local capacity growth

The analysis shows that different collaboration logics prioritise different types of outcomes. Procurement-based approaches tend to emphasise stability and efficiency, community-based approaches highlight community legitimacy and local ownership, co-creation focuses on user-centred solutions and innovation, while network-based approaches strengthen capacity and coordination across actors.

No single logic consistently outperforms the others. Instead, effectiveness depends on how well a given logic aligns with:

- the nature of the local need,
- community capacity,
- institutional constraints, and
- the form of public value being pursued, such as service accessibility, economic resilience, or community welfare.

For rural and peripheral regions, the key challenge is therefore not to adopt one optimal model, but to recognise, select, and combine cooperation logics in ways that fit local conditions and can evolve over time.

## 5. Outcome implications for rural and NPA contexts

The findings have important implications for rural and Northern Periphery regions, where sparse populations, limited resources, and long distances shape the conditions for collaboration and service provision. In these contexts, cooperation is not simply a governance choice but a necessity, and the way it is organised has direct consequences for outcomes.

A central implication is the need to align cooperation models with local conditions. Different cooperation logics produce different outcomes, and their effectiveness depends on how well they align with local needs, available capacities, and institutional conditions. Procurement-based arrangements may be necessary to ensure the stability and continuity of municipal legal obligations, while community-based, cocreation and network approaches are often better suited to addressing locally specific needs and gaps in provision. In this sense, combining logics is less about choosing between models and more about designing complementary roles and processes that work together.

The results also underline the importance of community capacity. In many rural areas, communities play a central role in sustaining services and initiating solutions. However, community-based and cocreative approaches rely on trust, local knowledge, and voluntary engagement, meaning that this capacity cannot be taken for granted and may require active support, such as stable funding, facilitation and coordination resources, skills development, and enabling institutional frameworks.

The findings suggest that the stakes are often higher for local actors, particularly in community-based and co-creative models where responsibilities are shared but resources remain uneven. These risks are not only financial, but also relate to increased workload, volunteer exhaustion, and the long-term sustainability of local initiatives, directly affecting the capacity and well-being of communities.

Importantly, the emergence and severity of these risks are closely linked to how well different governing logics align with the nature of the local need, community capacity, institutional constraints, and the form of public value being pursued. When such alignment is weak, for example when local needs exceed available capacities or when institutional support and bridging functions are limited, risks are more likely to accumulate and become disproportionately borne by local actors.

While these risks can be managed to some extent, doing so requires deliberate efforts to ensure adequate resourcing, clear allocation of responsibilities, and sustained institutional support. Without such measures, there is a danger that risks remain unevenly distributed, reinforcing existing inequalities and placing disproportionate pressure on communities.

Network-based approaches offer opportunities in geographically dispersed regions by enabling coordination and scale across distance. However, they also require governance capacity, clear rules, and often also digital infrastructure, meaning that their effectiveness depends on appropriate enabling conditions. This is particularly relevant in settings where demand is too limited or dispersed to sustain standalone service provision, making it necessary to design services in a way that distributes provision across multiple providers.

An important practical implication emerging from the project is the role of tools for articulating and communicating social value. The communication tool developed for rural social enterprises demonstrates that measuring value is a means of making the contribution of social enterprises visible to stakeholders. In practice, such tools help translate diverse forms of public value, such as social cohesion, inclusion, and development of local service provision, into a format that is more visible to municipalities, funders, and stakeholders. This supports cooperation by strengthening legitimacy of action, clarifying roles, and enabling more informed decision-making across cooperation logics.

Finally, the analysis shows that public value in rural and Northern Periphery areas is context-dependent. In some cases, value lies in ensuring continuity of basic services; in others, in strengthening social cohesion, enabling innovation, or strengthening capacity. This suggests that evaluation criteria should reflect the specific cooperation logic in use, rather than applying uniform measures of success.

Taken together, the findings suggest that the key challenge in rural and Northern Periphery development is not the lack of individual solutions, but the importance to align governance approaches with contextual conditions shaped by sparse populations, long distances, limited and fragmented demand, and often constrained local capacities. These characteristics are not merely background factors; they help explain why different cooperation logics perform differently and make effective alignment across actors and approaches a central condition for success.

Future development should therefore focus on how different cooperation logics can be combined in ways that reflect these realities. This also requires greater attention to the underlying conditions that enable or constrain action, particularly community capacity, coordination mechanisms, and the distribution of risks and responsibilities. Finally, the results underline the importance of moving beyond narrow economic indicators towards more comprehensive understandings of sustainability, resilience, and service continuity. Together, these insights point to the need for more adaptive, balanced, and context-aware approaches to governing service provision and development in rural and Northern Periphery regions.

## 6 Strengthening rural social enterprises: key policy recommendations

This chapter presents a set of policy recommendations developed within the MERSE-project. While the recommendations are also published as a standalone project output, they are included here to complement the analysis by providing practical guidance for policy and decision-making.

The recommendations draw on the broader work of the MERSE-project, including literature analysis, stakeholder engagement, and cross-regional learning across the NPA area. They have been developed in co-creation with project partners and stakeholders, reflecting both research findings and practical experience.

Together, these recommendations aim to support municipalities and other stakeholders in strengthening rural social enterprises and fostering effective, long-term collaboration between public authorities and community-based actors.

### **Strengthen policy recognition and rural-proofing**

- Introduce rural-proofing to ensure entrepreneurship and third-sector policies systematically assess their impact on rural social enterprises and avoid unintended barriers.
- Define social enterprises clearly by establishing a shared organisational category that recognises inclusive, democratic and community-owned business models and enhance their visibility and recognition at national and regional levels.
- Create a national/regional database to provide reliable data for policy design, monitoring and evaluation of social enterprises.

### **Redesign funding mechanisms for long-term development**

- Establish multi-year grants (3–5 years) to support early-stage and developing social enterprises, enable stable operations and reduce the administrative burden associated with short-term funding cycles.
- Develop blended finance models that combine grants, loans, guarantees and capacity-building support, tailored to rural conditions such as small markets and higher logistical costs, and designed to be accessible for small and emerging actors.

### **Use public procurement strategically**

- Build procurement competence among public authorities and social enterprises, especially in using social criteria.
- Pilot supportive procurement models in sectors where social enterprises already contribute, such as rural services, work integration, circular economy, local food systems and community care.

### **Adapt support structures**

- Create dedicated advisory pathways that understand cooperative, democratic and community-based business models and help social enterprises navigate support systems.
- Support impact measurement through tools and training that help organisations articulate and communicate their social value, strengthening legitimacy and visibility.

### **Position social enterprises as key partners in rural development**

- Integrate social enterprises into development programmes in welfare, innovation, labour inclusion and community resilience.
- Establish partnership platforms for structured dialogue, co-creation and long-term collaboration between municipalities and social enterprises.