



# PADIMA

Policies Against Depopulation In Mountain Areas

Newsletter n° 3, June 2012

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## What is PADIMA about?

PADIMA is an innovative INTERREG IVC project looking at the opportunities of developing the human capital in mountain areas, with the aim of exchanging good practices in fighting depopulation in mountain areas. 8 partners from 5 European countries are engaged in a 3-year collaboration that will produce policy guidelines on successful methods to attract new inhabitants to mountain areas. The regions studied during this project include mountain territories and communities from: Teruel province (Spain), Lombardy and Piemonte region (Italy), Hedmark and Buskerud counties in Norway, Dalarna region in Sweden and Massif Central in France.

**We do believe that in order to be able to satisfy inhabitants' needs and to attract new population,** mountain regions need to be able to provide people with good living conditions. The population needs to find diverse employment opportunities, to be offered public services, education and training facilities of good quality. Regions must also be able to communicate about themselves in order to be known by people who could be interested in moving there.

Thus the partnership has identified 3 key themes: education and training, territorial marketing, economic diversification which had been looked at successively.

Project cofinanced by:



The opinions expressed here are those of the authors and do not necessarily reflect the positions of EU programmes.

## Methodological approach to economic diversification in mountain areas

Economic diversification is the 3<sup>rd</sup> topic looked at by the PADIMA partnership, after education and training and territorial marketing. One dynamic economy is a key element to attract and to maintain people in mountain areas and through our worked we tried to understand what are the essential conditions for developing successful good practices of economic diversification in mountain areas.

In this part of the project PADIMA partners:

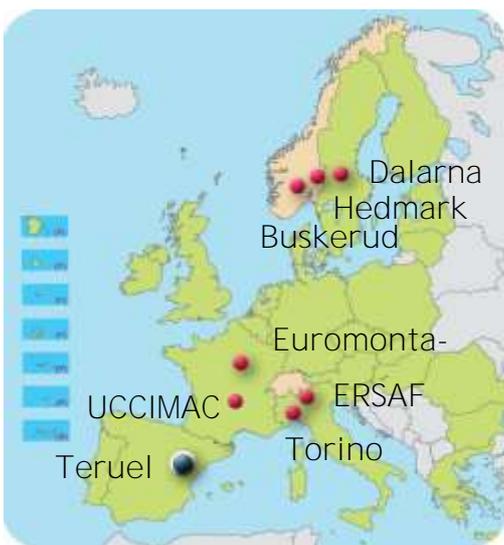
- collected statistical data from each research area regarding their **overall situation: area's dynamism and diversification, the number of enterprises existing in the study areas and their characteristics, the main sectors of employments etc.**; these data have been interpreted in **detailed in the guide “Economic diversification: Final report and policy recommendations”**;

- exchanged on instruments and initiatives (good practices) they have implemented and that lead to a better access of mountain populations to a diversified employment offer. We looked at quality, diversity and also at the relevance of this offer to current and future needs of the local economy. Our aim there is to search for and develop practices that contribute to the development of the entrepreneurship and local employment – on a yearly base; 29 good practices have been collected by the partnership and gathered in a booklet available on-line

- interviewed privileged witnesses - stakeholders working in the implementation of these good practices (these results have been used to describe presented initiatives) – main conclusions of the interviews are published in the collection of the good practices, after the illustration of the good practice.

**The results of this work have been extensively treated within the “Economic diversification: Final report and policy recommendations”.** This newsletter communicates some key findings and main conclusions of the work.

The study areas within this project were 7 mountain areas:



Map: Interreg IV C Joint Technical Secretariat

- Lombardy region - Mountain Community of Valle Brembana, Italy.
- Province of Torino - with a focus on 3 Mountain Communities: Val Susa; Val Sangone; Val Chiusella, Sacra and Dora Baltea, Italy
- In the Provincial Government of Teruel - whole area, Spain
- Buskerud County – only the mountain municipalities, Norway
- Hedmark County - only the mountain municipalities, Norway
- Dalarna County - as a whole, Sweden
- Massif Central, France



PADIMA partners, seminar Le Puy en Velay,

## Is the mountain economy diversified enough? If not, should it be?

These two questions from the title together with the key factors that need to be fostered to achieve a dynamic economy in mountain areas, **were the key elements debated during the seminar “How can we diversify the economy in mountain areas?”**. This seminar was organized in the PADIMA framework on 28-29 November 2011, in Puy en Velay, France.

The main conclusions that came out from the seminar discussions were that the economic diversification is a successful solution to different problems of the mountain economy like the seasonality, limited mass of people to ensure the profitability of one business, small sized enterprises, etc. Diversification is sometimes a key element for the survival of mountain enterprises due to existing constraints. The examples of Horses as Driving Forces for Settlement, Occupation and Quality of life in Hedmark mountain areas, Norway has shown a cluster of excellence in tourism, animal breeding and food production. Mountain handcraft enterprises and farms diversify their activities to tourism and several multi-services shops provide different services at **one “stop” (like bakery, grocery, café & snack, post, etc.)**. **Mountain areas are leader regions when comes to providing simultaneous training for a different range of activities (like ski and wood related jobs for winter season and nature guide, agriculture related training for the other seasons) and mountaineers are in general “diversified skilled” people.**

*Mountain areas have a diversified economy both at the level of enterprises and sectors of activities*

In term of sector of activities, even though most of mountain enterprises are active in traditional sectors (agriculture, raw material processing, industry and handcrafts) the sector of services is the main employer in 4 areas out of 7 – expressed in number of employees.

Monique de Wys, inn-keeper, and Gérard Barras, director of a textile enterprise, participants in the final round table, **stressed that the success of one region’s diversification depends on:**

- the network creation between the different actors (public authorities, businesses, field actors and citizens mainly) and
- the strategic planning inside the regional authority.

Business representatives regretted that the synergy between policy and support to field actors is often missing or coming late. Those active entrepreneurs wanting to settle in one region or to create a business at a certain moment need supportive policy at the right moment. Monique de Wys testified that as an immigrant she settled in the region which was the most reactive and supportive to her business idea, after several unsuccessful experiences elsewhere. Furthermore, the institutions have an important role to fulfil in order to analyse one **region’s priority and challenges** in order to be able to actively accompany the new comers and entrepreneurs.

Seminar participants expressed a need and a demand for exchange of best practices between the different regions present as many challenges are similar and some regions have already implemented different successful solutions to their problems.

The delivery of public services, transport infrastructures and access to competitive broadband connection is an important asset for achieving economic diversification on the field, stressed the conference participants. The delivery of public services is problematic specifically in Nordic countries where the density of population and enterprises is low. The links with small and medium urban centres is essential to the diversification of the economy and the accessibility issues were cited as being important elements to demography in mountain areas.

## Interesting facts about the economy in study areas

Economic data from the 7 study areas (table 1) show that the socio-economic structure of mountain regions is changing and new activities are widely spreading, at least in the 7 study areas.

Table 1: main economic indicators in the study areas

Indicators	Research areas						
	Provincial Government of Teruel (Spain)	3 Mountain Communities of the Prov. of Torino - Piemonte - (Italy)	Buskerud County (Norway)	Hedmark County (Norway)	Dalarna County (Sweden)	Auvergne Region - UCCIMAC - Massif Central (France)	"M.C. of Valle Brembana - ERSAF - Lombardia (Italy)"
Main sector per number of enterprises	agriculture	services	services	services and agriculture	agriculture and services	agriculture, trade and services	other
Main sector per number of employees	services	services and industry	services, industry and trade	services	other and industry	industry, trade and services	industry, services and agriculture
Average size/dimension of enterprises	small	small	small	small	small	small	small
Average age of the entrepreneurs	35-54 y	no data	no data	no data	35-60 y	30-49 y	30-49 y
Presence of railways stations and airports	railways stations	railways stations	railways stations	railways st. + airport	railways st. + airport	railways st. + airport	none
Broadband connection	good	quite good	good	quite good	(no data)	good	quite good
Presence/absence of Research Centers and/or Universities	pres	abs	abs	pres	pres	pres	abs

Although agricultural activities are generally more important than in lowlands, only three of our pilot areas have the agriculture as main sector in terms of number of enterprises. If one looks at the weight of the sector in terms of number of employees, agriculture is never in first place, overcome by services, industry and trade. In particular, the services sector is the one emerging as dominant in terms of employees in 4 areas out of 7.

The size of enterprises is classified as small in all the areas and most of entrepreneurs belong to adult population (between 30 and 50 years) while young entrepreneurs (less than 30/35 years – depending of the study areas) are just a few (less than 10% in Dalarna County; less than 7% in Valle Brembana; about 12% in Auvergne region). Only for Provincial Government of Teruel the percentage of young entrepreneurs indicated is around 44%, but this number refers to the region of Aragon and not to the Province itself (data not available at the province, nor mountain areas level).

This result is certainly aligned with the fact that generally service enterprises are smaller than big industrial firms, but also confirms that craft or rural enterprises are often family owned, traditional, of small size, which can explain lower attractiveness for young qualified human resources.

The presence of Research Centres and Universities is scarce, a lack already identified by the partnership in the surveys carried out during the work package 1, education and training. The presence of sites for high education and training is not sufficient to grant development of highly qualified human capital and spread of competences and skills. Thus young people need to leave the area to get the training they want and risk to find an appropriate job in the lowlands or cities.

**Services is the biggest emerging sector in mountain areas**

## Focus on PADIMA good practices of economic diversification

Successful diversification and innovation in small and medium sized enterprises (SME)

Mountain economies are dominated by small businesses, many operating in traditional sectors. Diversification strategies can target the provision of new products by these companies or they can expand their activities beyond their traditional sector. This must be encouraged.

*A good example is the cooperative Ardelaine in Ardèche, Massif Central. Ardelaine is a success story of innovation: in a declining, traditional sector (wool processing) a group of workers of a closing enterprise have gathered in a cooperative to reorganise the factory (1982). They have decided to insist on the patrimonial value of the buildings they have inherited, on the traditional aspects of wool production, on the new methods of product creation and selling methods. Thus they have started with the production & marketing activities but diversified further in the cultural sector (creation and management of two local museums) and touristic activities (opening of a bookstore cafe and a restaurant for the visitors, management of several shops and several collaborations with the Regional **Natural Park Monts d'Ardèche**). For more information about this initiative please refer to the collection of good practices on economic diversification, page 134.*

As proof of the success of this initiative, ARDELAINÉ good practice will be transferred in the framework of PADIMA by a cooperative of sheep breeders in the province of Teruel, Spain.

Accompanying the partner of a person moving in to find a job or to create a business

Through PADIMA good practices we have noticed that we can talk about successful and long term settlement only if both partners of a couple have satisfying professional opportunities in the area. Distance work is not always suitable in the long run and companies risk losing time and money with short term employees.

**Couples settling in mountain areas often need two jobs. Helping the partner in his/her job search secures a longer stay**

*The initiative Womeninnovation from Buskerud, Norway (presented in the collection of good practices on economic diversification, page 33) has put the accent on the specific creation of business by women. The initiative involves several aspects and is about competencies development, networking and product release on the market. **The “classes” and research activities are specifically tailored to women interests’**: they explore design sector, social media, human resources development and permit local adjustments to the community for increased chances of success. After a first year development in Buskerud mountain areas, the result indicators of the programme were very encouraging (20 business creation, well-known companies “wanted” even in Oslo) and this permitted the continuation of the programme.*



CR: Kvinnoasjon, Buskerud, Siw Slevigen, Project Manager



## Key policy recommendations for decision makers

The results of the survey carried out have been capitalized into a number of mountain oriented policy recommendations for economic diversification

At European and national level, policies should be basically oriented at:

- improving transport infrastructures and services linking mountain areas to main routes and to main urban centres, in particular the network of rural and mountain roads and road transport services, can be considered a prerequisite of policy recommendations;
- improving the access to broadband connection and the use of ICTs. Doing so, on one hand existing and potential entrepreneurs in mountain areas can have better access to several services useful for developing and improving their diversified businesses; on the other hand, remote working and the creation of new companies, using the Internet, can be significantly encouraged;
- allowing national and regional public funding to companies in mountain territories especially in sectors which provide territorial services (common/public goods) to the whole community.



At regional and local level, policies should be aimed at:

- supporting financially existing mountain firms (retaining entrepreneurs or firms who might consider moving their business units out of the mountain areas where they are currently located), or start-up businesses (therefore attracting new potential entrepreneurs and new potential investments from firms located in other regions or in other countries);
- supporting firms in improving commercialisation and distribution of locally produced goods. Indeed, mountain firms should be supported not only financially when they invest and create new diversified businesses/products, but also when they have to commercialise, promote and distribute their new products;
- related to the previous recommendation, supporting the spread and utilisation of quality brands or labels for products and services from mountain areas could provide an important marketing tool, mobilising firms and helping them to reduce their isolation;
- supporting education and training activities targeting the launch and management of new businesses/firms and aiming to strengthen skills and competencies in existing firms, targeting all entrepreneurs and in particular women, young people;
- promoting multi-level governance models and cooperation among actors at territorial level in order to involve private actors, starting from businesses and associations up to the citizens, as active players in the local development strategy planning and implementation;
- fostering a balanced relationship between urban and rural/mountain territories towards the valorisation of the territorial and functional relations between them;
- preventing the decline of basic services, both public (health services, postal services, schools, etc.) and private (basic commercial services) in the small urban centres, functional areas in mountain or sparsely populated areas;
- favouring the settlement of research and university institutions that take into account the particularities of these areas (agriculture, energy or forestry schools, etc.). The survey undertaken in the study areas shows that these kinds of institutions are present only in some of the areas involved in the project (Hedmark County in Norway, Teruel Province in Spain, Dalarna region in Sweden and Auvergne region, France). They are recognised as having a positive impact on local demography of the area.

## Conclusions

Among the 29 good practices identified by the partnership in the chapter economic diversification, we observed that more than 50% had or currently have positive effects on the start-up of new enterprises, more than 30% have effects on the local offer of new jobs and all initiatives improve or create local effective networks. Graph

This confirms the demand of actors from the local and regional level of need to encourage the exchange of good practices. Within PADIMA, each partner has chosen to implement at least 1 good practice identified within the project.

In term of policy, the surveys conducted during the projects shows that the implementation of local successful policies requires at least these elements:

- strong involvement of local actors, both public and private (public-private partnership);
- strong coherence with the existing policies at local and supra-local level (integrated strategy are stronger than single initiatives);
- a multi-sectoral approach and integration is essential (link with the policies of education and territorial marketing, work packages 1 and 2);
- bottom-up approach (with local needs at first);
- good governance of the entire process of policy implementation and tool creation, with an attentive **ear to business actor's needs** (the right support tools at the right moment);
- building or improvement of existing networks among the different local, inter-territorial and transnational actors (i.e. Green project in Dalarna County, for more information refer to the collection of good practices on economic diversification, page 30);
- focus on young people and on women as most underexploited and often brightest part of the human capital available in mountain areas;
- Through job creation and diversification, one seek to have a high employment impact, not only a relevant impact in terms of economic performance;
- try to reduce the seasonality typical of most of the traditional main economic activities of mountain areas, **such as tourism by awareness raising of actors on diversification's advantages, training and support to diversification of activities.**



## EU news: tomorrow's tools to encourage the entrepreneurship

A lot of reflection is on-going on that aspect considered as pivotal to boost European economy in the context of the economic crisis. As a result, we expect to see quite a lot of initiatives at European level. For example, the Programme for the Competitiveness of Enterprises and SMEs (COSME) should run from 2014 to 2020, with a planned budget of €2.5 bn (Numbers to be discussed by the European Parliament and the Council, which must agree to adopt it; COSME should start on 1 January 2014). There are probably chances to take for mountain business-men and women.

This program should:

- facilitate access to finance for Small and Medium-sized Enterprises (SMEs)
- create an environment favourable to business creation and growth
- help small businesses to operate outside their home countries and improving their access to markets



The main beneficiaries should be existing entrepreneurs (small businesses in particular) who will be given easier access to funding for development, consolidation and growth of their business as well as future entrepreneurs (including young people) through assistance in setting up their own business. The regional and national institutions will be targeted as well with the objective of simplifying the administrative burden in business creation and creation of tools for effectively reforming policy. We encourage regional authorities to increase their knowledge and ownership on this programme.

For more information visit: [http://ec.europa.eu/cip/cosme/index\\_en.htm](http://ec.europa.eu/cip/cosme/index_en.htm)

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## PADIMA's next steps

On-going activity: Dissemination and broad communication of WP4 final report – tool kit to evaluate the risk of depopulation of a region, elements on strategies to attract:

- young people,
- working age,
- retired people to mountain areas.

On-going activity: transfer of PADIMA good practices to fight depopulation – done by each partner.

18-21 September 2012, San Pellegrino Italy: Training sessions for technical actors working with mountain enterprises (elements on food production, industrial and touristic activities in mountain areas).

For more information, visit [www.padima.org](http://www.padima.org)

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