

# PADIMA project

## ECONOMIC DIVERSIFICATION

*Final report  
and policy recommendations*



Project cofinanced by



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PADIMA project

# ECONOMIC DIVERSIFICATION

*Final report and policy  
recommendations*

*In fond memory of Lisa Garbellini, colleague,  
researcher and lover of the mountains.*

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## EXECUTIVE SUMMARY

This report presents the results of a study of **economic diversification policies** in 7 mountain areas<sup>1</sup>, partners in the European project PADIMA, a project of exchange of good practices on how to fight depopulation in mountain areas (Policies Against Depopulation in Mountain Areas). 8 partners from 5 European countries are engaged in a 3-year collaboration (from January 2010 to December 2012) in order to select and examine good experiences in the 7 partner regions and to use these ideas and practices to enhance the others partners' efforts to fight depopulation in mountain areas. These good experiences or success stories are called "**good practices**". A selection of **29 good practices regarding local economic diversification policies** was proposed, classified and evaluated by the partners.

Starting from the basic idea that, in order to reverse the demographic trends and to attract new population, mountainous regions require first of all to create and increase employment opportunities through innovation and development of their economy, one of the key strategies, which probably has the greatest potential to pursue is **economic diversification**. The economic diversification can be achieved either by **diversification of single firms**, i.e. which **innovate introducing new products and entering new markets**, or through **diversification of the entire local economy**, gaining several benefits from shifting to a rather diversified economic structure.

Having this objective in mind, this Report starts with a survey of the **available theory** on economic diversification (section 1), presents therefore an **analysis of the data, information and of the local good practices** identified by the partners in their study areas (section 2) and **gives a number of policy recommendations** to stakeholders to support economic diversification (section 3).

Based on these different sections, **some remarks about economic diversification in mountain areas** have been identified:

- **economic diversification has positive effects both for the single firms and for the entire geographical area**. From a demographic point of view, this can result both in attraction of new inhabitants with diversified skills and in providing job opportunities to a higher selection of inhabitants already living there, reducing the risk of a continuous "brain drain";
- **firms in mountain areas suffer from a particular competitive disadvantage** (sparseness of businesses, remoteness from important urban market areas, isolation from other supply chains' partners). Therefore it is crucial to **support them with business services** (for example, in investments or training services) **in all production stages, in particular in the final stages (commercialisation and distribution)**;
- **mountain firms have difficulties to run the passage to new generations and to cooperate with one another, mainly because of their small dimension and family-based management. They should be helped to enter existing networks or to create new ones.**

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**;

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1 Partner regions (7 mountain areas): Provincial Government of Teruel, Province of Torino (3 Mountain Communities: Val Susa; Val Sangone; Val Chiusella, Sacra, Dora Baltea), Buskerud County, Hedmark County, Dalarna County, Massif Central, Lombardia (Mountain Community of Valle Brembana).  
Project Partners (8 partners): Euromontana, Provincial Government of Teruel (Spain), Province of Torino (Italy), Buskerud County (Norway), Hedmark County (Norway), Dalarna County (Sweden), Uccimac (Massif Central, France), ERSAF (Lombardia, Italy).

- 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.

The survey conducted shows that the **implementation of local successful policies requires at least these 9 elements:**

- ▶ strong involvement of local actors, both public and private (public-private partnership);
- ▶ strong coherence with the already existing policies at local and supra-local level (strategy);
- ▶ a multi-sectoral approach and integration (link with the policies of education and territorial marketing, work packages 1 and 2);
- ▶ bottom-up approach (local needs at first);
- ▶ good governance of the entire process of policy implementation and strong public leadership;
- ▶ well planned financial structure, based both on public and private funds (economic sustainability);
- ▶ building or improvement of networks among the different local, inter-territorial and transnational actors (i.e. Green project in Dalarna County);
- ▶ direct effects on creation of new enterprises and new jobs (real impact);
- ▶ well focalized target, as female entrepreneurs, tourists, farmers (specific target).

Regarding the real **impact of the good practices** analysed, two final points have to be underlined:

- ▶ **a good “governance” of the implementation process at local level** is not only important for the successful implementation of the project, but it also contributes to improve the local participation, the horizontal and vertical integration, the project management skills of the public administrations and the quality of the networks created during the practice implementation;
- ▶ **the effects on local offer of employment and on local entrepreneurial skills** are the most important in order to consider a “good practice” as a real success story.

**Among the 29 good practices identified by the partnership, we observed that more than 50% had/have positive effects on the start-up of new enterprises, more than 30% have effects on the local offer of new jobs and in all the cases they improve/create local effective networks.**

As a last recommendation, **cross-cutting all the above recommendations** at regional and local level, all the policy measures supporting diversification of mountain economy should:

- **promote the creation of networks/associations among entrepreneurs;**
- **focus on young people and on women** as most underexploited and brightest part of the human capital available in mountain areas;
- **seek to have a high employment impact,** not only a relevant impact in terms of economic performance (added value, income, profitability, etc.);
- **try to reduce the seasonality** typical of most of the traditional main economic activities of mountain areas, such as tourism.





# INTRODUCTION

**PADIMA is a European project of exchange of good practices in fighting depopulation in mountain areas.** 8 partners from 5 European countries are engaged in a 3-year collaboration (from January 2010 to December 2012) in order to select and examine the *good experiences* in the 7 partner regions and to use these ideas and practices to enhance the others partners' efforts to fight depopulation in mountain areas<sup>2</sup>. These good experiences or success stories are called "*good practices*".

In particular, the partners agreed on analysing 3 issues: **education and training, territorial marketing and economic diversification**, carried out in 3 different work packages. At the end of the project (Workpackage 4), partners will produce a Policy Guidelines Final Report based on the **good practices** collected and on a selection of **policy recommendations** in order to communicate successful methods to attract new inhabitants in mountain areas, with the aim to enhance demographic development<sup>3</sup>.

**This report presents the results of the exchange of good practices and the collection of quantitative information on economic diversification.** Indeed, in order to be able to satisfy the inhabitants' needs, and to attract new population, mountain regions need first of all to create employment opportunities by innovating and developing their economy, that is their agricultural, industrial and services activities, the public service and the services of General Interest, transports and telecommunications infrastructures, etc. One of the key strategies, which probably have the greatest potential, is economic diversification, both diversification of the single businesses, which should try to innovate by introducing new products and entering new markets, and diversification of the entire local economy of the mountain areas, which can gain several benefits from shifting from high reliance on primary production to a diversified economic structure.

This report is divided in three sections:

- the **first section** reviews the relevant theoretical and empirical literature in economics - industrial, regional and agricultural economics - and geographical aspects and is aimed at introducing and explaining the concept of economic diversification to the reader. It is then devoted to illustrate and discuss theoretically and empirically the characteristics and the effects of economic diversification, emphasizing the advantages and disadvantages of diversification at the single firm level, with particular attention to the agricultural/rural firm, and at the level of an entire geographical area, such as a city, a region, an area;
- the **second section** focuses on the 29 good practices of economic diversification policies at local level selected by the project partners<sup>4</sup> carrying out a two-fold analysis:
  - ▶ **on one side, the analysis of the qualitative data for each pilot area** (concerning local economic structure, such as the number of employees by sector, firms' size and success rate), with the aim of getting some common tendencies relative to the pilot areas and to better understand real and potential effects of the selected policies/good practices;
  - ▶ **on the other side, the qualitative analysis of the characteristics and the impacts of the 29 good practices.** This illustrates for instance the sectors and targets (young people, women, etc.) of the local policies, the kind of innovation introduced by them, their effectiveness in creating new jobs and then in retaining population and/or attracting new population from outside;
- the **third section** is focused on the elaboration of a list of policy recommendations which can be extracted from the analysis of the relevant theoretical and empirical literature today available in Italian and English (chapter 1) and from the "good practices" collection of economic diversification policies realised in the case study areas (chapter 2). The third section is conclusively followed by the identification of **some final remarks** about economic diversification facts and policies (the key conclusive points).

In addition, a complete illustration of the data and of the good practices collected per research area is available in an Annex at the end of this report.

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2 Project Partners: Euromontana, Provincial Government of Teruel (Spain), Province of Torino (Italy), Buskerud County (Norway), Hedmark County (Norway), Dalarna County (Sweden), Uccimac (Massif Central, France), ERSAF (Lombardia, Italy).

Partner regions: Provincial Government of Teruel, Province of Torino (3 Mountain Communities: Val Susa; Val Sangone; Val Chiusella, Sacra, Dora Baltea), Buskerud County, Hedmark County, Dalarna County, Massif Central, Lombardia (Mountain Community of Valle Brembana).

3 Activities, objectives and timing of the PADIMA project are presented on the website [www.padima.org](http://www.padima.org).

4 See booklet "Collection of Good Practices – PADIMA project - WP3 Economic Diversification".

# SECTION 1

## What is economic diversification? Theory at a glance



Diversification of products, economic activities and markets is one of the **key factors for regional and local economic development** and for demographic growth<sup>5</sup>. Territories should aim at diversifying their economic structure, rather than focusing exclusively on one or few sectorial specializations, in order to widen and multiply the opportunities of economic growth and to benefit from the several external economies arising from the presence and proximity of different kinds of economic activities. Mountain areas, with the exception of some places extremely specialized in specific sectors like tourism, have usually been considered as underdeveloped, disadvantaged and peripheral areas, poorly diversified, mostly concentrated on agriculture and forestry, and then extremely and unavoidably prone to a **de-population phenomenon**. Some geographers have pointed out<sup>6</sup> that mountain areas have usually been seen just as something different, definitely opposite, “residual” relatively to plain and highly urbanized areas, which were viewed as developed and central areas<sup>7</sup>. You can see in the table n.1 how the dichotomy between mountain areas and plain areas was usually perceived by the literature.

Tab.1: Dichotomy between mountain areas and plain areas (Crescimanno, Ferlaino, Rota, 2011)

	<b>Plain areas</b>	<b>Mountain areas</b>
<b>Physical-geographical aspects</b>	Centrality	Peripherality
	Accessibility	Isolation
	Urbanization	Rurality/Naturality
<b>Processes</b>	Transformation of resources/innovation	Supply of resources/services
	Manufacturing and services activities	Agricultural and tourist activities
<b>Resources</b>	Human capital, knowledge, creativity	Traditional “know-how”, natural resources
	<b>Diversification</b>	Specialization
<b>Trends</b>	Agglomeration	Rarefaction
	Polarization	Depolarization
	Virtuous circle	Vicious circle
	Flexibility	Resilience

Mountain areas were so “neglected” that the attention of national policy-makers was usually focused on plain areas and cities, and even the social scientists concentrated rarely their research efforts on those areas. Because of that, even though nowadays there is a greater awareness that mountain areas have their own peculiarity/identity compared to plain and hilly areas, **so far a specific theoretical and empirical literature on economic development in mountain areas**, and in particular on the issue of diversification, **has never been developed**.

Therefore, what we do in this section, after explaining the basic meaning of diversification (par. 1), based on the existing theoretical and empirical literature in economics – industrial, regional and agricultural economics - and in geography, is to **examine and discuss the characteristics and the effects of economic diversification**, highlighting the aspects applicable **to mountain areas**, in three steps:

1. basic characteristics, advantages and disadvantages of diversification from the point of view of the **single firm** (par. 2);
2. characteristics and reasons for diversifying from the point of view of the **single agricultural/rural firm** (par. 3);
3. diversification of the economic structure of an **entire geographical area, such as a city or a region**, that is at aggregate level (par. 4).

### 1. Diversification: some basic concepts at single firm and at aggregate level

The concept of economic diversification can be seen on two levels of analysis: the single firm level and the aggregate level. **At the single firm level, diversification is intended as the introduction of new products and the access to new markets by a firm**, as the Ansoff matrix shows (see tab. 2). On the other hand, **at aggregate level, diversification refers to the sectoral composition of the economy** (new/different sectors).

<sup>5</sup> See Volpato G. (2008), *Concorrenza, imprese, strategie*, Il Mulino, Bologna.

<sup>6</sup> See Crescimanno A., Ferlaino F. Rota F.S. (2010), *La montagna del Piemonte. Varietà e tipologia dei sistemi territoriali locali*, Gennaio, IRES Piemonte.

<sup>7</sup> In Italy mountain areas have been defined by law just as “disadvantaged areas” for many decades, never specifying their geographical and environmental features (Crescimanno, Ferlaino and Rota, 2010).

Tab.2: Diversification at the single firm level: the Ansoff matrix

		Products	
		Presents	News
Markets	Presents	Market penetration	Product penetration
	News	Market development	Diversification

At the single firm level, **we can have three conceptualisation of economic diversification:**

- as **innovation of existing products/services;**
- as **addition of new products/services;**
- as **substitution of the traditional/conventional products.**

According to the first concept of diversification, a firm can carry on making the same products - or offering the same services - but **introducing innovations** either in the processes or in the tangible and intangible characteristics of the products elaborated (for instance, they can make the same food products with new ingredients, increasing the quality of the product). In this respect, then, **diversification is pursued through innovation.**

According to the second concept of diversification, a firm manufactures a **new product** – or it can offer a **new service** - **in addition to the products/services already done.** That is, a firm can diversify widening the range of products and activities realised, namely adding new products and/or activities to the group of products/activities already offered (which are not modified).

Considering then the third meaning, **economic diversification consists in the substitution of the traditional/conventional products or activities with new ones.** The total number of products and activities does not change (the same as in the first conceptualisation): a firm **substitute a product/service with a new product/service.**

At aggregate level, that is at **local and regional level (in other words, the level of the entire socio-economic system of a mountain area), economic diversification is usually considered as a balanced presence of each economic sector** (more balanced than in the case of a predominant, or even only one exclusive sector). The **key actors**, the protagonists of the process of economic diversification in the regional and local economy are not limited to companies, but include businesses and entrepreneurs, both currently operating entrepreneurs and “new generation” of entrepreneurs; decision-makers and politicians, whose strategies and decisions can better drive and stimulate the diversification process; the workers and the entire population who on one hand can benefit from this process (for example, finding new job opportunities and increasing their income), but on the other hand can be active in starting new businesses focused on new products or new services.

## 2. Characteristics and reasons for diversification for the single firm

The single firm can pursue **horizontal and vertical diversification.** In the first case, the firm diversifies by adding new products (or by innovating existing products or substituting the old ones with the new ones), belonging to the same production stage, to its products range. For example, in the case of a car-maker company, if it adds the production of other kind of vehicles such as of lorries and buses, it is pursuing a sort of horizontal diversification. The same occurs when a food company specialized in biscuits adds the productions of other food products, such as cakes, sauces, cheese, etc.

In the second case, that is vertical diversification, the firm diversifies by producing itself a component, a part of what it already produces. In other words, by internalizing part of the production cycle (vertical integration). For example, again in the case of a car-maker, producing either brakes or wheels, means producing a component of the final assembled product (car). Or, considering also the food sector, it can be the case of a company specialized in producing tomato sauces which acquire an agricultural firm specialized in tomato production.

When a company follows either an horizontal or a vertical diversification strategy, it enters a new product/market combination (the car-maker that produce brakes can sell them to other car-makers, opening a new market).

A key question is the **degree of the product diversification** (also called diversification intensity, in other words to what extent diversification is wide). Actually, the more the products are differentiated, the more the firm can be defined as diversified. If a firm produces washing-machines and then starts the production of dishwashers, the degree of diversification is lower than in case that occurs when it adds the production of televisions: in the first case, the firm remains in the same market segment, in the second case it enters a new market segment.

Diversification can be pursued by **internal and external growth**. By internal growth, the firm widens its products range only exploiting its internal organizational, technological and commercial skills and resources. Instead, the second option occurs in the case of mergers and acquisitions between firms with different specialization.

The basic reasons why a firm decides to diversify its business relate to the objective of **either maintaining or increasing profitability in the long term**, and to the goal of **reducing the risk** (usually associated to any kind of business). In fact, entering a new product/market combination on one side can definitely represent both a great business opportunity, eventually enabling the firm to create a comprehensive products range in order to keep out of the market let potential competitors; on the other side, it can help the firm to better balance the possible negative impact of demand crises in the market where it already operates. As the theory in industrial economics says, the higher the number of product/market combinations where the firm operates, the higher level of risk fragmentation. Anyway, for this last statement to be true, products should be differentiated enough, sufficiently heterogeneous. In other words, the firm should not operate on contiguous markets. For example, if a footwear firm diversifies its business in the leather industry, it might be affected by demand crises which can hit such contiguous markets; then it might be less riskier to diversify in completely different economic sectors, such as the food industry (contiguous markets are even the ones belonging to the same supply chain, as it would be if a firm pursues a vertical integration strategy).

The main advantage in terms of production costs that a firm can get from diversification are the so called **scope economies**. Scope economies, in their strict sense, are the advantages coming from the joint production of different products within the same process. More precisely, they can be defined as the reduction of production costs per unit caused by the joint production of different products with the same production process, with particular regards to plant costs, distribution and customer services costs, administration costs, etc. In a broad sense, which refers not only to material, tangible productive processes, they correspond to the advantages in terms of cost coming from the fact that the production of some products can share some specialized competencies, skills, knowledge, internally developed by a firm for manufacturing other products. For example, marketing expertise for the food market can be similar to the one of the beverage market. Design skills for the footwear industry can be easily used, transferred in the leather industry. An advertising campaign for a brand can strengthen the image not only of that brand but also the image of the firm itself, which probably owns and produces other brands. All these scope economies, in a broader sense, arising from diversification, have an intangible nature, compared to the ones related to the mere joint material productive processes.

### 3. Diversification in the agricultural/rural firm

If diversification strategy for any kind of firm can be shortly explained as above, for the agricultural firms, which are numerous in mountain areas, and which have got their own peculiarities<sup>8</sup>, diversification strategy is something more articulated. In order to better understand it, we can use the **“deepening, broadening, re-grounding”** models, which identify **three ways by which agricultural firms can move from a regular agriculture-only scheme to a diversified business—model mixing different types of income sources**<sup>9</sup>. In other words, following these strategies agricultural firms change their nature: from being just “agricultural firms”, they become “rural firms”.

By **deepening**, agricultural firm differentiates its productive potential by moving toward agricultural goods with elaborated characteristics, realising product innovation and product quality valorisation, or by moving along the supply chain, acquiring production stages down the line (vertical integration/diversification). Adoption of organic production methods, **entering in more or less elaborated quality schemes (with or without certification, elaborated marketing...)**, are part of this **diversification strategy, together with all processing or distribution activities which imply shortening supply chain, such as direct sales** (farm shops, farmers’ markets, etc.) and retaining higher value on the farm.

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8 Agricultural firm has got some peculiarities, which definitely can affect its diversification strategy: the average small size, the availability of three factors of production, land, labour and capital; the fact that most of them are family owned and managed and lastly the fact that many of them have a natural vocation to diversification, as they are multiproducts firm, basically because of the diversification of cultivation due to the need of risk reduction.

9 See Aguglia L., Henke R., Poppe K., Roest A., Salvioni C. (2009), “Diversification and multifunctionality in Italy and the Netherlands: a comparative analysis”, in *Contributions Second meeting Wye City Group Conference, FAO, Rome, June 11-12, 2009*, Rome: FAO; Finocchio R., Esposti R. (2008), *Determinants of farm diversification and interaction with the CAP. An application to FADN Marche region (Italy)*, paper presented at 12th Congress of European Association of Agricultural Economists; Henke R., Salvioni C. (2010), *La diversificazione del reddito nelle aziende agricole italiane: una via di uscita dalla crisi?*, Lavoro preparato per XLVII Convegno SIDEA, Bozza, Settembre.

Tab.3: Diversification models in the agricultural/rural firm

Agricultural/rural firms: diversification models		
	Description	Illustrative activities
<b>Deepening</b>	Moving toward agricultural goods with unconventional characteristics, realising product innovation and product quality valorisation, or by moving along the supply chain, acquiring production stages down the line	<ul style="list-style-type: none"> <li>- On-farm processing</li> <li>- Organic farming</li> <li>- Quality products (PDO, PGI, other national schemes etc.)</li> <li>- Direct sales</li> </ul>
<b>Broadening</b>	Introducing income-producing activities that can be completely different and independent from real agricultural production, exploiting entrepreneurial activities in a rural context wider than strictly agricultural	<ul style="list-style-type: none"> <li>- Tourism and recreational activities</li> <li>- Sub-contracting</li> <li>- Handicraft</li> <li>- Aquaculture</li> <li>- Wood processing</li> <li>- Energy production</li> <li>- Didactic farms</li> </ul>
<b>Re-grounding</b>	Using the firm resources, in particular labour or land, for both on-farm and off-farm activities, in order either to increase income sources or to reduce production costs.	<ul style="list-style-type: none"> <li>- Leasing of land and buildings</li> <li>- Family members working outside the farm</li> </ul>

By **broadening**, agricultural firm introduces **income-producing activities (goods and services for new needs/new markets) that can be completely different and independent from real agricultural production, exploiting entrepreneurial activities in a rural context** wider than strictly agricultural. **Agri-tourism, landscape management contracts, handicraft, therapy farms, recreation, energy production (photovoltaic and wind-powered), didactic farms**, are the kind of activities which define this second model of farm diversification. Indeed, this strategy, to a greater extent than deepening, implies entering heterogeneous, not contiguous combinations of product/market. All activities part of the broadening and deepening models are on-farm activities.

**Re-grounding** model refers to the uses of the firm resources, in particular labour, for both on-farm and off-farm activities, in order either to increase income sources or to reduce production costs. **Internal inputs can be replaced by external inputs, and some family members can work outside the farm.**

According to Van der Ploeg and Roep<sup>10</sup>, who studied deepening and broadening with regards to entrepreneurial activities of farmers in six EU countries, deepening is a diversification strategy typical of 24.6% of farmers, broadening of 13.9%, and both strategies are followed by 13.6% of them. They also discovered that 60% of German farmers, 55.7% of Italian farmers, and 30.2% of British farmers, diversify their business. Deepening is prevalent in Italy and Spain, broadening in Ireland and both are equally present in Germany, United Kingdom and the Netherlands.

**Why do agricultural firms diversify their business, by broadening, deepening or re-grounding?** We can classify two different kind of basic determinants: **pull factors** and **push factors**. As seen in the beginning for all kinds of firm, the main pull factors for agricultural firms are the opportunities that arise from entering new markets in terms of higher income. Therefore, we can say that strategies of agricultural firms are more and more conditioned by the changing trends in demand for goods and services in rural areas, which means, as seen above, increasing demand for tourist services, recreational services, handicraft, quality and traditional products, etc., all activities which usually can provide higher incomes than the conventional agricultural activities. On the other side, anyway, many factors push agricultural firms to produce a more diversified and advanced mix of goods and services. First of all, the aim of reducing the risk is extremely important in agriculture, because of both the cyclicity, which can cause financial problems, and uncertainty of agricultural income, due to natural hazards.

Looking at **the type of agricultural firms which are more likely to diversify their business**, one can firstly see that **firms located in hilly and mountain areas and periurban areas are more diversified than others**<sup>11</sup>. Indeed, **these kinds of firms on one hand are pushed to diversify because of the disadvantages associated to their geographical location**; on

10 See Van der Ploeg J.D. and Roep D. (2003), "Multifunctionality and rural development: the actual situation in Europe", in Van Huylenbroeck G. e Durand G. (eds.), *Multifunctional Agriculture. A new paradigm for European agriculture and Rural Development*, Ashgate, Aldershot.

11 See Henke and Salvioni, (2010); OECD, 2009.

the other side **they can profit more than others from the proximity to either urban areas or touristic places, which are the places where most of the demand pressure for new, diversified, goods and services comes from**<sup>12</sup>.

**Firm size seems to be relevant for diversification** too, in particular for the strategy followed, even if its effect can be ambivalent. Actually, what has been observed from some studies concerning United Kingdom and the Netherlands<sup>13</sup> is that **the bigger the firm is, the more differentiated is the business, in particular for broadening activities, such as tourism and recreational services, handicraft, etc.. In fact, firms which are over a certain size can obtain some scale economies, in other words are likely to have inside a mix of competencies – human capital – and technological processes that can make diversification process easier and more convenient**<sup>14</sup>. On the opposite, some studies concerning Italy suggest on the contrary that **small size family businesses appear to be more oriented to diversification than others. In fact, diversification can be an as good as obliged strategy for risk reduction**, while other, bigger, not household firms can spread the risk on several shareholders. **The strategies of family businesses are in particular oriented to some types of traditional “deepening” activities**, such as direct sales and products processing<sup>15</sup>, labour intensive<sup>16</sup>, based on internal intangible expertise and knowledge, **needless of relevant investments and of acquisition of external skills**.

**One more condition which favours diversification is the level of existing specialization**. Some studies have pointed out how **not specialized agricultural firms, which for example practice multi-cropping and livestock farming, are more likely to diversify their business**<sup>17</sup>. Indeed, these firms have already experienced a sort of diversification in agriculture, and its advantages in terms of risk reduction (different agricultural productions are affected by different climatic conditions and by different diseases) and income stabilization. Lastly, **the poor economic performance is another aspect which appears to be determinant**. Small gross margins resulted to be a significant explanatory factor for diversification from conventional agriculture in some studies concerning Italy<sup>18</sup> and the Netherlands<sup>19</sup>. In this respect, **these findings strengthen the idea of the important role played by push factors**.

It has been found that **diversification brings many benefit for agricultural firms and for rural areas, firstly in terms of its contribution to total income**. Diversified firms have been found in better economic conditions than not diversified firms, in particular when they diversify in activities such as tourism and sport activities<sup>20</sup>. Diversification, although more typical of small firms, can generate a level of income comparable to the income reached by big farms. **As regards the household income, it has been noticed that the part of the total income not originated by conventional farming is relevant (at least 30% of total), in some cases even prevailing**<sup>21</sup>. What has moreover emerged from studies concerning Italy, where diversified firms are mostly present in hilly and mountain areas, is that, even though average income of conventional farms is still higher than that of diversified firms, diversification has been probably precious in order to slow down the process of marginalization and abandonment of internal areas<sup>22</sup>. Besides that, **diversification has a better impact on local labour market**, as on average they are able to absorb a higher number of employees than normal firms. According to some studies, **diversified firms can, on average, absorb 2.1 annual work units, against 1.3 annual work units by not diversified firms**<sup>23</sup>.

#### **4. Why diversification is important for economic development of regions and areas, such as mountain areas? The advantages of diversification at aggregate level**

As said in the beginning, the strategy of **diversification can be followed both by single businesses from mountain areas and by mountain areas as such**<sup>24</sup>. At aggregate level, the concept of diversification refers to the diversification of the sectoral composition of the economic structure.

12 Although, it should be pointed out that short geographical distance can be perceived a disadvantage for some activities, such as agri-tourism.

13 See Pfeifer C., Jongeneel R., Sonneveld M. P.W. e Stoorvogel J.J. (2009): Landscape properties as drivers for farm diversification: A Dutch case study, *Land Use Policy*, 26 (4): 1106-1115; McNally S. (2001): Farm diversification in England and Wales – what can we learn from the farm business survey?, *Journal of Rural Studies*, 17 (2): 247-257.

14 See Finocchio (2007), Marche, Italy.

15 See Henke and Salvioni, (2010).

16 See Reardon T., Berdegué J., Barrett C.B. e Stamoulis K. (2006): Household income diversification into rural nonfarm activities, in Haggblade S., Hazell P. e Reardon T. (eds.) *Transforming the rural nonfarm economy*, Johns Hopkins University Press, Baltimore.

17 See McNally (20012), and Finocchio (2007).

18 See Finocchio (2007).

19 See Pfeifer et al (2009).

20 See European Commission (2008), *Other gainful activities: pluriactivity and farm diversification in EU 27*, Brussels; DEFRA (2003), *Farm diversification activities: benchmarking study 2002*, University of Exeter.

21 See Aguglia et al (2009).

22 See Henke and Salvioni (2010).

23 See Capt D. e Dussol A.M. (2004), *Exploitations diversifiées: un contenu en emploi plus élevé*, Agreste Cahiers, 2.

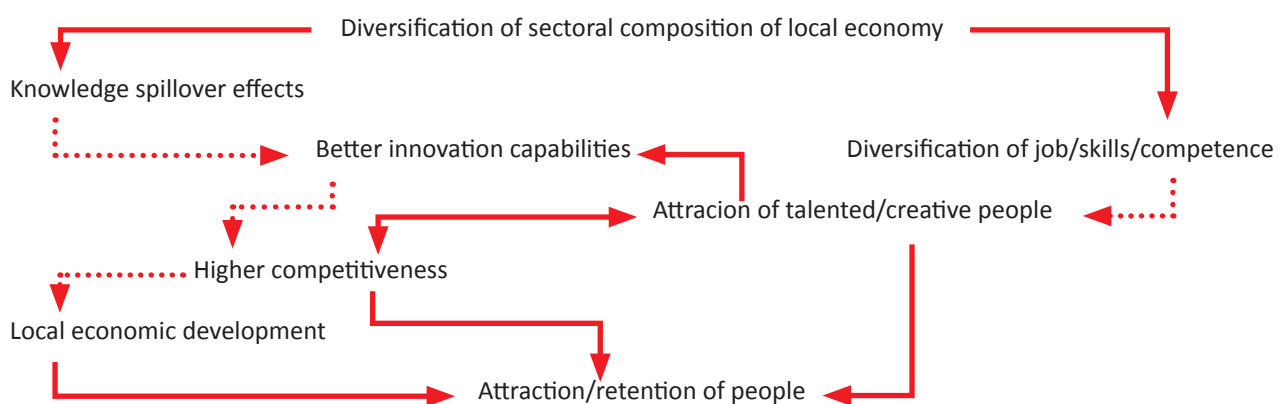
24 Ellerman D. (2005), “How Do We Grow? Jane Jacobs on Diversification and Specialization”, in *Challenge. The Magazine of Economic Affairs*, vol. 48, n. 3, May/June, pp. 50-83

One of the external advantages brought by diversification at local and regional level refers to innovation, favoured by the *knowledge spillover effects*, more likely to arise between rather than within industries<sup>25</sup>. Both horizontal and vertical diversification can favour innovation processes. In fact, the richer, the more diversified and ramified, the more multi-staged and interconnected is the web of local economic activities, the higher is the orientation to innovation. According to Bairoch<sup>26</sup>, “[...] diversity quite naturally encourages the attempt to apply or to adopt in one sector technological solutions adopted in another sector”.

Another advantage for local development coming from diversification relates to the concept of **attractiveness and competitiveness**. Economic diversification, in fact, implies diversification of people working, so it is a key factor for territorial attractiveness<sup>27</sup>. People, in particular talented, creative people, are especially attracted by places that concentrate highly differentiated people and jobs, in terms of knowledge, skill, culture and ethnicity. Empirical evidence shows that the higher is the presence of creative people in a place, the higher are its innovation capabilities and consequently its competitiveness. A successful diversification of economy in our 7 study areas would impact positively on the demography in these areas, attracting more people with an interesting profile to mountain areas.

Therefore, economic diversification constitutes a source of competitive advantage for areas/regions for several reasons. **It has even been studied and demonstrated that per capita income is negatively related with sectoral concentration**<sup>28</sup>.

Tab.4: Illustration of the some of the potential effects of economic diversification on mountain areas socio-economic development



## 5. Diversification and relationship between urban areas and mountain areas

These effects are especially observed in urban areas, because of the spatial proximity of economic activities<sup>29</sup>. A **balanced relationship among urban and the rural/mountain territories of proximity** can benefit both territories by establishing “win-win” development options. The balance between territories and the contact between rural and urban development models is a presumption for the competitiveness of mountain areas towards a local sustainable development model. On one side, the authentic values of rural life (social trust, reciprocity, openness, hospitality, safeguard of landscapes heritage, etc) has contaminated the urban development; on the other side, new urban lifestyles, with the rediscovery of the use of open spaces, have stimulated the provision of environmental services and a social recognition through territorial public goods (e.g. landscape) which leads to an active preservation of the quality of the open spaces themselves.

**All forms of rural/mountain-urban collaboration have the potential to open up mountain economies and societies to new forms of knowledge, ideas, innovation and entrepreneurship** and can help driving territorial development and performance in a positive way. Moreover, it should not be forgotten that **many mountain regions, such as the Alps or the Massif Central, are characterised by a territorial structure rich of small – and less frequently medium size - urban centers**, which is itself an aspect which makes diversification important for their development as **they can provide a wide variety of inputs, services (including human resources) which can help to achieve a diversification strategy also in the sparsely populated areas**. Moreover, thanks to their demographic concentration, **they represent concentrated market that can provide a demand for goods and services offered by the diversified mountain firms**.

25 See Glaeser E.L., Kallal H.D., Scheinkman J.A., Shelifer A. (1992), “Growth in Cities”, *Journal of Political Economy*, Vol. 100, No. 6, Centennial Issue, December, 1126-1152, University of Chicago Press.

26 Bairoch P. (1988), *Cities and economic development*, Chicago: University of Chicago Press.

27 Florida R. (2003), *L' ascesa della nuova classe creativa. Stile di vita, valori e professioni*, Mondadori, Milan, Italy.

28 Jimbs Jean and Wacziarg Romain, “Stages of diversification”, *American Economic Review* 93, no. 1 (March): 63-86.

29 In cities it is well known that diversification plays a key role for economic development. According to several theoretical and empirical contributes, in fact, it can bring many advantages to their economy because of the positive external economies arising from the presence and proximity of a rich variety of products (in particular, services), technologies, skills, and institutions (such as universities and research centres).

The situation is very different in other partner areas where mountain areas are much more remote from urban centres and where population is much lower. There rural development and economic diversification must be achieved by using inner rural development potential (answering rural demands). The study “rural innovation” by NESTA<sup>30</sup> clearly identifies different types of innovation and of innovation strategies that can occur in rural economies depending on the provenance of the demand (urban, rural or universal needs).

**In order to take advantage of urban demand, mountain areas must benefit from a high level of accessibility;** mountain inhabitants should be well connected, thank to an efficient and modern transport infrastructural network, with and to the urban areas from their functional areas (a distance of 30 to 45 minutes by car, maximum). It is also essential to have good connection through broadband as a lot of products and services can be delivered and marketed on-line.

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30 Sami Mahroum, Jane Atterton, Neil Ward, Allan M. Williams, Richard Naylor, Rob Hindle, Frances Rowe (2007), « Rural innovation », NESTA, UK





## SECTION 2

### Economic Diversification in mountain areas: main results from the PADIMA WP3 Survey

The survey carried out by PADIMA partners, aiming to identify and collect information about successful initiatives regarding economic diversification policies at local level, leads to the collection of **29 good practices** from the 7 study areas (see “Collection of Good Practices – PADIMA project - Economic Diversification”). In some cases it concerns still ongoing policies/actions, in others already closed actions, with positive impact on economic diversification and demography, locally, in the concerned territories.

To understand better which lessons can be driven for one partner from one action successfully implemented by another partner, the partnership decided to collect also some **quantitative/qualitative information about each pilot area and to speak with people working on the field at the implementation of that initiative** (interviews with informants)<sup>31</sup>. The quantitative data concerns some basic economic indicators like the “number of enterprises by sector”, the “number of employees by sector”, the “size of enterprises” within the study area, etc. The data collected revealed to be scarcely homogeneous and so, not directly matching, preventing to run a good cross analysis. Nevertheless, these data allow us to formulate some interesting thoughts, to get some common tendencies relative to investigated pilot areas and to better understand real and potentials effects of the selected policies/good practices.

#### 1. Results from the data collection

Looking at some basic territorial data (tab.5) and in particular the ones concerning the population, we note that almost all the studied areas show a **low level of population density** compared to the national level (starting assumption for Padima partners’ selection). We have noticed that population density is linked either to the **presence of an adequate offer of local public services/services of General Interest** (transports, schools, health services, broadband connection), **their balanced diffusion on the territory**, and to their sufficient accessibility by residents and local enterprises. Besides, a high/medium level of population density results in a **more balanced representation of each age range**, lowering the risk that current population be only constituted by elders.

Both these aspects reveal to be crucial to formulate local policies able to fight depopulation risk, since they allow to design economic development policies based either on **differentiated targets**, such as policies addressed to favour young entrepreneurs’ settlement or to support creation of enterprises by young women, or able to take advantage of already present public services, i.e. programs for on-line education. In the study areas, where the density of population is low, the areas have a major risk that the demand of local services is not enough to favour the development of an adequate and well localized offer, and to maintain it in the long period, if it already exists.

Tab.5: Research areas: population data

Research Areas (Partners)	Population of the area	Density of pop. (pop. per km2)	Density of pop. at national level (pop. per km2)	population of the area < 150.000	“low pop density (< 10 per km2)”
Provincial Government of Teruel, Spain	145.277	9,9	90,9	y	y
3 Mountain Communities of the Province of Torino, Piemonte, Italy	138.179	83,2	199,9	y	no
Buskerud County, Norway	32.191	3,0	15,9	y	y
Hedmark County, Norway	30.463	1,7	15,9	y	y
Dalarna County, Sweden	277.047	9,8	22,7	no	y
Massif Central (UCCIMAC), France	3.850.000	46,0	115,0	no	no
Auvergne Region	1.343.000	51,6	115,0	no	no
Mountain Community of Valle Brembana, Lombardia, Italy (ERSAF)	43.629	64,9	199,9	y	no

Economic data (tab.6) from the 7 study areas show, against the common belief that mountain areas are almost always characterized by a prevailing rural economy dominated by primary production, that socio-economic structure of **mountain regions is changing and that new activities are widely spreading**, at least in these study areas. Although agricultural activities are generally more important than in lowlands, only three of our pilot areas have the agricultural

<sup>31</sup> Interviews with informants are available only for some pilot areas (Provincial Government of Teruel, Valle Brembana- ERSAF, Massif Central-UCCIMAC) which represent 14 Good Practices out of 29.

sector as main sector (in terms of number of enterprises); and 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**<sup>32</sup> (small firms = firms with less than 5 workers) and most of entrepreneurs belong to adult population (between 30 and 50 years) while **young entrepreneurs** (less than 30/35 years) **are just a few** (less than 10% in Dalarna County; less than 7% in Valle Brembana; about 12% in Auvergne region). Only in the case of the Provincial Government of Teruel this percentage, referred to the presence of young entrepreneurs, is more than 44% of the total entrepreneurs, but the number refers to the region of Aragon and not to the Province itself (data not available at this territorial level) and includes also some adult people (people with an age less than 35 years, and not less than 30 years as observed in France or Italy). 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.

Tab.6: Research areas: main economic indicators

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

Note: Explanation of the selected Indicators:

- **Main sector per number of enterprises:** refers to the dominant sector identified on the basis of the number of enterprises belonging to it.
- **Main sector per number of employees:** refers to the dominant sector identified on the basis of the number of employees.
- **Average size/dimension of enterprises:** refers to the number of employees. "Small size enterprises" means "enterprises with less than 5 employees".
- **Average age of the entrepreneurs:** refers to the average age of the local entrepreneurs classified by 3 ranges: less than 30 years (young); 30/35 -49/54/60 years (the ranges in the local statistics are not homogeneous in all the areas); more than 50/60 years (old). Generally, we observe that most of entrepreneurs belong to the intermediate category (30-50 years of age). A good presence of young entrepreneurs could favour the development of new activities/new jobs and reduce the risk of difficult change in the control/ownership of the enterprises (difficulty in passing the management to younger generations).
- **Presence of railways stations and airports:** refers to the presence of the basic infrastructures for transport services. We have qualified as "good" the presence of these infrastructures if both railways and an airport are localized in the area/ near to the area.
- **Broadband connection:** the assessment is a qualitative evaluation made by each partner, based mainly on the access to broadband. Only in a few cases we have specific technical data on the speed and coverage.
- **Presence/Absence of Research Centers and/or Universities:** refers to the presence of Research Centers and Universities, both public and private, in the pilot areas (Institutes, Faculties, Courses). In the case of Hedmark County, we have specific faculties and courses proposed in relation to the economy, the specificities and the needs of skills of the areas, which are not available in other sites. This is a relevant added value for the inhabitants living in the area.

Local policies of economic diversification must then take into consideration the following aspects:

- at least at macro-level, **the economic structure of mountain areas is changing and the traditional primary sector is not any more the most important**<sup>33</sup>. Services and tourism activities are more and more important in many areas;
- **the industrial productive system, where present, is usually made of small size firms** (less than 5 employees). Without proper support (financial support, support to networking allowing interaction with other businesses and partnerships with universities), small size companies have a more limited capacity to innovate and invest in R&D in particular for what concerns strictly technological innovation. They might have trouble accessing also high qualified human capital and , above all, they have less capacity to cope with long period of return on investments;
- **new jobs offer is scarce** (women and young people are the most disadvantaged).

<sup>32</sup> Small firms are defined as enterprises with less than 5 workers.

<sup>33</sup> The primary sector includes not only agriculture, but also forestry, fishing, mining and extraction of oil and gas.

Concerning the infrastructures endowment, the 7 study areas show a quite adequate **infrastructure set**, with roads, motorways, railways and in some cases also airports. When there are no railways or airports in the area, in some cases, but sometimes only for a part of the territory of the pilot area, the distance from them is less than 50 km (see: the distance from the nearest airport of many of the municipalities in the pilot area of the Province of Torino or of many of the municipalities in Valle Brembana). On the contrary, even if there is an airport in the pilot area, sometimes the distance is more than 50 or 100 km (see the case of Hedmark County where only 2 of the 10 municipalities have a distance from the airport less than 50 km). As regards accessibility, however, this survey cannot give data on travel times, speed and distances and it is important to underline that data on distance without data on duration or speed are not enough for a complete evaluation of the real accessibility of the mountain areas. Moreover, morphological aspects are often a relevant element to consider when we talk about real accessibility. These information, unfortunately, were not easy to collect for each area and were not collected in this survey, so that in this document the evaluation of accessibility is mainly referred to the pure presence of infrastructures. Moreover, in term of infrastructures, we note that the **broadband connection is well spread and of a quality judged as “good” by partner representatives**. As evaluation is qualitative, we cannot however be very specific about the performance of access (speed and cost) compared to more urbanised areas but it shows that, in our partner regions, investments carried out by authorities enable Internet use, essential instrument for the implementation of local development policies. Broadband access permits a large access to Internet and its contents, promotes a new way to access to the local/infra-regional public services (the on line services) often with decreasing costs, favours a major cultural opening and reduces the traditional gap between urban contexts and rural contexts.

On the contrary, the **presence of Research Centres and Universities is scarce**; a lack already identified by the partnership in the survey carried out during the work package 1, education and training. The presence of sites for high education and training and diffusion/generation of knowledge is not sufficient to grant development of highly qualified human capital and spread of competences and skills; to offer working places to human capital qualified in the field of research; to promote professional high profile training; to help research and technological innovation of local enterprises which, not being able to have it internally, need to find external support to develop new ideas and products.

## 2. Results from the good practices identified

The 29 good practices selected by the PADIMA partners, as “good examples” of local policies on economic diversification, are aligned with the results of the data analysis. To pick up some common aspects of these policies/initiatives, in order to get suggestions on local policies regarding pilot areas and mountain regions, the selected good practices have been **classified by some key elements** (tab.7):

- sector or activity;
- type or kind of innovation (reference to economic diversification - section 1);
- target of the initiative;
- state of implementation (on-going initiative or ended);
- type of interaction with the two other themes of the project: education and training, territorial marketing.

The list of all the collected initiatives shows that in coherence with the data analysis, **most of the 29 good practices collected by the PADIMA partners refer to local policies regarding services**, the dominant sector in most pilot areas per number of enterprises and per number of employees. 7 good practices (25% of the total) are addressing the development of tourism activities; only 6 good practices refer to policies on agriculture sector and 2 areas, Central Massif and Dalarna, have not selected any good practices relative to agriculture sector (tab.7). We find however a lot of good practices on tourism and it is widely acknowledged that the quality of landscape is closely related to agricultural practice. This does not mean that the agricultural sector is not fundamental to mountain development but that, quite legitimately, diversification processes target other sectors than the ones on which the area is already highly reliant.

On one side this confirms that sectorial diversification policies are not so frequent at local level because they require often significant investments and time; but, on the other side, the presence of policies involving “assistance services to start ups or to business activities” confirm that the attention to entrepreneurial skills is relevant at local level.

At first sight, we can see that 3 good practices are closed actions, with an impact that can be already fully evaluated and the rest are still on-going, but are considered by the partners presenting it as very relevant for their economic diversification potential.

If we link up the results with the theory presented earlier, we see that 16 good practices refer to **a new way to make a product or to do an activity already made/done**; only 5 good practices refer to *elaboration of a new product or to a new activity in addition* to the ones already made/done, and only 8 good practices refer to the *substitution* of the traditional products or activities with new ones. It is evident that the development of enterprises, activities and products referring to new sectors implies conditions (resources, connection to distant markets, etc.) that cannot always easily be assembled in these areas, suggesting that in the future more support is needed in this respect.

Tab.7: Classification of selected good practices by different categories

Partner	Selected Good Practice	Activity/Sector	KIND OF INNOVATION			KIND OF EFFECTS		TARGET				INTERACTION WITH OTHER WPs		STATE OF IMPLEMENTATION	
			A new way to make a product or to carry out an activity	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces	Balanced presence of each economic sector	A more balanced localization/diffusion/distribution of the companies on the area	ENTREPRENEURS	NEW GENERATION OF ENTREPRENEURS	WORKERS	*STUDENTS/UNEMPLOYED*	WP1	WP2	Ended	On-going
Provincial Government of Teruel	Promocion eolica	energy													
Provincial Government of Teruel	Pastores Cooperative	primary sector													
Provincial Government of Teruel	Network for enterprising women	start up services; services													
Provincial Government of Teruel	Labels of quality	primary sector													
Provincial Government of Teruel	Financial support to business projects	business; services													
Provincial Government of Teruel	Miner plan	business; services													
Provincial Government of Teruel	Rural Multi Services	retail													
Provincial Government of Teruel	Initiation Plan for External Promotion	business; services													
Provincial Government of Teruel	Permanent Careers Advice Center	star up services; services													
Provincial Government of Teruel	Agreement of Marm and PGT	local development													
Province of Torino	Italian Meteorological Association	research													
Province of Torino	Didactic farm	primary sector													
Province of Torino	Agrischool for infancy	primary sector													
Buskerud County	WomanInnovation	start up services; services													
Buskerud County	Bjorneparken	tourism													
Buskerud County	Green Care Services	services													
Hedmark County	Future Farming in Tolga	primary sector													
Hedmark County	Professionalism in tourism industry	tourism													
Hedmark County	Horses as a driving forces	tourism													
Dalama County	Woman Resources Centre	start up services; services													
Dalama County	Green	energy													
Dalama County	Kurbits	business; services													
UCCIMAC - Massif Central	Change of air	tourism													
UCCIMAC - Massif Central	Cap'Actif Network	local development; start up services													
UCCIMAC - Massif Central	Public Video Conference Spot	services													
UCCIMAC - Massif Central	The Ardelaine adventure in St. Pierreville	local development													
ERSAF - Lombardia	Truffles Cultivation	primary sector													
ERSAF - Lombardia	Multi services Shop	retail													
ERSAF - Lombardia	Ferdy Farm Holiday	tourism													

Note: The primary sector includes agriculture, forestry, fishing, mining and extraction of oil and gas.

**Most initiatives of diversification within the 7 study areas are targeting the promotion of new enterprises, with particular attention to young entrepreneurs and women** (see “target” line in table 8). Local policies and initiatives selected in the study areas are mostly focused on **favouring the diffusion of firms and entrepreneurial culture** likely to generate **new jobs, fighting young people’s out-migration** due to lack of jobs and career opportunities and continuous brain drain.

13 initiatives target the **tourism sector** with the double aim of **raising the attractiveness of the territory to external people and, on the other side, offering jobs in the touristic sector to inhabitants living in the area, making them at the same time proud of living there**. An area characterized by a well developed touristic sector is a “rich and attractive” area, generally equipped with good public local services, good accessibility, good commercial development and then with a quality of life able to **attract new comers**. It is to underline that the tourist sector is an important added value for mountain areas provided that **seasonality** does not compromise the services offer/quality of life during the off season and that the touristic activities take into consideration environmental topics, because **landscape and quality of the environment** are fundamental values in these areas (see for example the Green project, an Interreg IVA project in Dalarna and Hedmark regions).

Looking at the “kind of effects”, the selected policies are quite equally referring both to the category “*Balanced presence of each economic sector*” (13 good practices), and to the “[...] *balanced localization/diffusion/distribution of the companies in the area*” (16 good practices). In particular, the good practices concerning business or start up services are the ones classified in the “[...] *balanced localization/diffusion/distribution of the companies in the area*”, an effect often achievable also in a short period (many policies have an average a time frame of 3-4 years maximum) thanks to the creation of new enterprises.

We have finally noticed a positive **interaction between the good practices identified through this topic and the other themes investigated by project partners previously** (Education and Training; Territorial Marketing). This confirms that, as we were supposing at the very beginning at the project, economic diversification is really closely inter-related to education and training, as well as with territorial marketing of one region, and that the combination of initiatives in these different fields are instrumental to sustain local policies for diversification.

Moreover, the partners were asked to express a first **evaluation of the real and potential impacts of the good practices**. Since many policies are still on-going and since the objective of this collection was not to look specifically at the general impact on the field but at the possible impact on depopulation, this evaluation does not pretend to be exhaustive. Tab.8 shows the evaluation of the impact of all the good practices collected with reference to some specific indicators. **Most of positive impacts are related to the creation of new enterprises** and, therefore, **to the creation of new jobs** as opposed to enterprises’ disappearance. In the case of policies selected by Hedmark County and Province of Torino the positive impact concerning **new young entrepreneurs** is also relevant. In few cases (Provincial Government of Teruel, Oviaragon; ERSAF, Valle Brebana, Multi-service shop) we can observe positive impacts concerning infrastructures, logistic structures or ICT technologies. On one side, this fact could confirm that the infrastructures equipment in these areas is sufficiently good; on the other side, it is known that policies addressing the creation of new infrastructures, or the improvement of the existing ones, require hard investments, long period for the planning and implementation, strong involvement of policy makers at different levels (supra-local, national, supra-national). In the end, we can observe also few cases regarding positive impacts on “**export**” (see good practices selected by Dalarna, County Hedmark County, Ersaf-Val Brebana, Provincial Government of Teruel), generally linked to policies referred to tourism sector, with exception of the Val Brebana area where the development of the truffle cultivation could open new markets.

In conclusion, we can observe while reading the individual good practice sheets filled by the partners (see “Collection of Good Practices –PADIMA project - Economic Diversification”) that these local policies selected as “*good examples*” have some **common features**:

- strong involvement of local actors, both public and private;
- strong coherence with the already existing policies;
- financial support, based both on public and private funds;
- building or improving networks among the different involved actors;
- direct effects on creation of new enterprises and new jobs;
- specific and well focalized target (women, tourists, farmers).

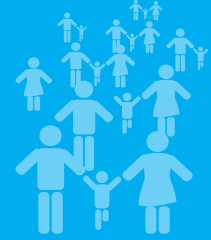
On the contrary, we can find two critical points: on one side, the “sustainability”, strongly linked to the real possibility to find new funds and resources after the end of the experience and, on the other side, the short “planned duration” of the practice, on average only between 2/4 years, often a too short period to generate real positive impacts.



Tab. 8: Selected good practices: impact evaluation [ + ] positive impact [ - ] negative impact [ = ] no impact

Note: The impact evaluation, made by each partner, both in a qualitative and in a quantitative way (where possible), is divided in 2 kinds: real and potential, where “real” impact refers to an already existing impact, while the “potential” one refers to a possible future effect, not already valuable. The assessment is based on 7 Indicators:

- new enterprises: refers to the number of new enterprises created thank to the selected good practice;
- contrast to enterprises death: refers to the capacity of the selected good practice to stop or reduce the closure of local enterprises;
- new jobs: refers to the number of new jobs directly or indirectly created by the selected good practice;
- new young entrepreneurs: refers to the number of new entrepreneurs (young) who started a business thanks to the selected good practice;
- logistic infrastructures: refers to the direct or indirect effects of the selected good practice in supporting the implementation of new logistic infrastructures (roads, parking, etc.);
- ICT: refers to the direct or indirect effects of the selected good practice in supporting the implementation of new ICT infrastructures (broadband connection);
- export: refers to the capacity of the selected good practice in supporting the local enterprises in reaching new markets at international level or in improving their export.



## SECTION 3

### Overview of policy recommendations

Taking into consideration also the analysis carried out in the framework of partnership activities and the conclusions of the seminar “Economic Diversification in Mountain Areas”, held in Le Puy en Velay, France, on the 29th of November 2011, we will try to give some suggestions to policy makers from different territorial levels on how to support economic diversification in mountain areas.

These recommendations have been elaborated following a collection of information from the 7 study areas cited above; however we do consider that they are relevant to most mountain areas around Europe.

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

- **improving the transport infrastructures and services linking mountain areas to main routes and to main urban centres.** We consider that a good network of rural and mountain roads as well as road transport services need to be considered a **prerequisite** of further policy recommendations. Transport infrastructures and services are extremely important as they reduce the remoteness of mountain areas from the most urbanized and populated areas, **causing people to reach more easily the mountain areas, either as tourist, visitors or consumers of different products** – such as agriculture and food products - and services - such as tourism - offered by mountain firms. On the other side, **they allow firms and inhabitants of mountain areas to be better connected with main markets and highly populated areas, enabling them either to commute or to build better economic relations** with people and firms in cities. Thirdly, **a higher level of accessibility can cause an increase of attractiveness of mountain areas, both for firms and for individuals**, as it can induce potential migrants to move there either for work, maybe starting their own new businesses, or just to live and easily commute to the workplace located somewhere else in the close area. The financial measures for improving and renovating roads and rural tracks adopted within the agreement between the Ministry for the Environment and Rural and Maritime Affairs and the Provincial Government in the Province of Teruel are a clear example of the basic relevance of this issue and of the way it should be addressed by policy-makers;
- **improving the access to broadband connection and the use of information and communication technologies (ICTs) in mountain areas;** this has already been stressed in the work package 1 of this project, about Education and Training. Doing so, on one side **existing and potential entrepreneurs in mountain areas can have better access to several services useful for developing and improving their diversified businesses**, such as getting easily in contact with their final consumers markets, their customers and their suppliers. On the other side, **remote working and the creation of Internet companies in mountain areas can be significantly favoured by this action**, and favour, at its turn, the diversification of working opportunities in mountain municipalities. Moreover, investing in ICTs can represent something useful for all categories of mountain population. The good practice presented from the region of Auvergne, Public Video Conference Spot shows the benefits of internet in the use of on-line public services by all age groups;
- **allowing national and regional public funding to companies in mountain territories:** mountain areas are characterised by small-scale markets which have in most cases very limited or no impact on the EU single market. They face higher costs leading to structural lower profitability. Supporting them is therefore unlikely to really distort the common market. In return, they tend to be more sensitive to local monopolies for supplies (energy, raw material, telecommunication, etc.) and sales (distorted markets resulting from the presence of a limited number of interlocutors). Finally, research and development can be limited due to sparsity of businesses and to difficulty of clustering or kick-start businesses. Considering on the one hand that sustainable economic development should include adding value to local resources in order to create economic development and local jobs, and on the other hand that economic activities in mountain areas face higher costs leading to structural lower profitability, **operating grant should be allowed in particular for territorial and re-localized food and wood supply chains** (like slaughterhouses or processing facilities) because of their importance in terms of territorial and ecological services supply (common goods) which added value is reflected in the whole territory and concerns the whole community.

On the other hand, **at regional and local level**, policies should be aimed at:

- **supporting financially existing mountain firms** (retaining entrepreneurs or firms who might be oriented to move 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), **interested to invest and/or innovate in all relevant and promising products and businesses** (classified as deepening and broadening activities) analysed before, **such as agri-tourism, organic farming, renewable energy, recreational services, landscape and biodiversity management, handicraft, etc.** Financial help should be focused to **support mountain firms in their efforts to construct or to renovate buildings devoted to carry out new activities** (for example, processing and selling agricultural and food products, accommodations for tourists, etc.); **to invest in new equipment, machinery; to buy software, in professional training of their employees, etc.;**



Note: The financial support to existing firms and to entrepreneurship in new diversified business/sectors can be twofold:

- on one side, it should support the development of selected/targeted new businesses, **especially in relation with the primary sector** (agriculture, forestry, etc.) in which these areas can reach excellence, such as the *truffle cultivation in Val Brembana*, encouraging to create a business opportunities from a traditional less-profitable activities; the horses activities in Hedmark Region, where a set of activities related to horses and belonging to tourism, landscape and biodiversity management, events industry, farming have been developed; the Bear Park in Buskerud Region; the development of renewable energies generation plant (wind and solar energy) in Teruel Region; or even the farming activities in Tolga Municipality in Hedmark County, where new alternative agricultural businesses such as broiler production have been developed;
- on the other side, broad programmes may be carried out or institutional entities can be created with the aim to support a wide variety of new activities, not sectorally focused. This has been successfully realised through *the Mineral Plan*, in the Province of Teruel, devoted to develop businesses/sectors alternative to the closed mining activities, and by the *Association for the Promotion and Business Development of Teruel Ltd. (SUMA)*, an institution aiming at supporting the investment and cash flow for new companies from the region.

**The first approach can be followed when of course the new relevant potential businesses/sectors, the territorial vocations are already clear to analysts and policy-makers; the second approach should be applied when there is a general lack of economic development, or a general economic crisis, which asks for an undifferentiated support to any new business.**

- **supporting firms in improving their commercialisation and distribution capacities.** 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. This is an extremely important part of the activity of any firm, mountain ones in particular.** Indeed, unlike firms located in more densely populated areas, **mountain businesses suffer a particular competitive disadvantage due to their remoteness from market area and supply chains.** The example of the *Initial Plan for the External Promotion or of the Pastor Cooperatives* in the Province of Teruel represents the kind of actions that might be implemented to support commercialisation since they contribute to move the companies closer to their targeted market. Actually, among all sectors, **agricultural firms should have a particular consideration in the design of diversification policies for mountain areas**, as agricultural firms, as seen in the analysis realised in chapter 1, are probably the ones mostly involved in the process of diversification (see for example, the case of Hedmark County, Future Farming in Tolga Municipality), devoted to bring them to become rural firms and they are the most likely to be located in remote and isolated areas;
- related to the previous recommendation, **supporting the introduction of quality brands or labels for products and services from mountain areas, could provide an important marketing tool, mobilising firms, helping them to be less isolated and to reach bigger markets.** Euromontana has supported and recommended in this sense the development of a quality term for food products from mountain areas<sup>34</sup>. The quality labelling schemes put in place for some food and agricultural products in Teruel with the support and coordination of the regional government of Aragon are in this respect an interesting experience. Another relevant example comes from Italy, the brand "*Italian Slow Food Presidia*", aimed at protecting and promoting niche and rare high quality food and agricultural products and joining small and dispersed rural farmers and manufacturers<sup>35</sup>;
- **supporting education and training activities designed to teach people how to start and manage new businesses and to strengthen skills and competencies in existing firms**, targeting in particular women and young people. As shown by the good practices implemented in Dalarna Region, in Hedmark County, in Buskerud County and in Teruel Region, **entrepreneurship is something that can be effectively taught** in mountain areas (the Network for Women Entrepreneurs in Teruel, for example, reached successful results in training women to business creation), and in many cases it might be the only alternative to migration and then to prevent de-population. Anyhow, **education and training should help entrepreneurs and potential entrepreneurs not only to have access to the basic competencies** regarding management and business administration, **but also to know the several potential opportunities given by the place where they live**, the innovations that can be introduced in their businesses, the possibilities to widen and diversify their business, how to take benefits from the existing policies and to market their products. Women and young people should be the first targets of these measures, because so far, they are rarely involved in entrepreneurial activities, in particular in rural areas. *WomenInnovation* is a good practice very illustrative of how to train female entrepreneurs, while *Women's Resource Centre* has as key objective to counter the ageing phenomenon and to build and maintain an active economic system in the mountain areas. In any case, as stressed before during our project, training activities should not forget any adult, employed or unemployed, as they may need to update their competencies in order to innovate and maintain their business competitiveness;

<sup>34</sup> See Euromontana webpage and the conclusions of the project EuroMARC in the website: <http://www.euromontana.org/projets/euromarc.html>.

<sup>35</sup> See Omizzolo A., Streifeneder T. (2011), *Differenze nel cambiamento dell'agricoltura di montagna nelle alpi e nell'appennino e potenzialità di sviluppo inespresse dei territori montani*, paper presented at XXXII Conferenza Italiana di Scienze Regionali, Torino, Italy.

- **promoting multi-level governance models and cooperation among actors at territorial level.** In order to concretely favour the participation of economic actors to the local development strategy planning and implementation, the decision making process has to be inclusive, equal, active, cyclic and efficient. A move from a vertical and hierarchical process of policy formulation to one based much more on collaboration and negotiation entails **the involvement of several stakeholders into the decision making cycle**: the opportunity to build agreements and pacts between local actors and institutions in the objective of promoting, developing, protecting and improving the mountain territory should be fostered. **Multi-level governance nowadays should activate private actors, starting from businesses and associations up to the citizens, encouraging discussion between rural and more urban players.**  
As clearly demonstrated in the good practices analysis, the participation of different actors and a clear definition of their roles and responsibilities leads to successful experiences that are clearly profitable for each player. Methods, tools and strategies to spread the decision making from “within governments” to a wide range of different organisations (private sector, voluntary and non- governmental organisations, service providers, social organisations, etc.) should be elaborated and implemented for a **management of territorial resources and opportunities that increasingly involves trans-scalar, inter-jurisdictional and multi-players dimensions.** The promotion of networks and construction of socially accepted strategies and projects will create the preconditions for new integrated policies development and implementation;
- fostering a **balanced relationship among urban and rural/mountain territories** towards the valorisation of the territorial and functional relations among them. The functional strengthening of small and medium-sized mountain urban centres close to sparsely populated areas makes possible the development of networks based on functional complementarity between urban and rural areas, **safeguarding the diversity of the rural areas and taking advantage of the development potential** of small and medium-sized cities with a perspective of cooperation and integration. The improvement of relations between urban and rural areas can be achieved through strategies that have an integrated character and comprise a wide diversity of complementary measures able to **define new roles for the rural areas, positioning them differently through the enhancement of their own potential** (for instance environmental value, cultural heritage, opportunities for good housing but also for delivery of quality foods and industrial products). This process can be sustained by taking advantage of the experience done in rural development (LEADER approach) towards a **Community-led local development** (see above recommendation on governance);
- **preventing the decline of basic services**, both public (for instance, health services, schools, etc.) and private (for instance, basic commercial services), **in the small urban centres functional to sparsely populated areas.** As seen in the analysis of empirical literature about economic diversification, **this is a basic step for nurturing the process of diversification in mountain areas and to realize a well-balanced territorial development.** Some good practices, as the Rural Multi-services initiative and the construction and equipment of multiservice centres within the agreement between MARM (Ministry for the Environment and Rural and Maritime Affairs) and Provincial Government of Teruel in the Province of Teruel, and the financial support for the creation of five multi-services shops in Val Brembana, contributes to this objective, with particular regards to the basic services. The agri-school experienced in Piedmont, is also successful in providing a basic service for mountain communities and in particular for children;
- **favours the settlement of research and university institutions.** As quantitative data showed, these kinds of institutions are present in some of the mountain areas involved in the project, such as Dalarna Region, Hedmark County and Auvergne Region, but not in all. Indeed, as seen from the literature analysis and from the good practices collected as well, their impact on economic diversification and on attractiveness for people can be relevant, because these institutions bring, together with new different activities (research activities), new people, highly educated, belonging to the creative class and they can have significant spillover effects on the virtuous evolution of the local economy. The case of the Italian Meteorological Society moved in Val di Susa in Piedmont (Italy) witnesses successfully the employment and demographic impact of such kind of initiatives.

As a last recommendation, underlying and **cross-cutting all the recommendations** at regional and local level pointed out above and taking all the good practices analysed in the project into account, all the policy measures supporting diversification of mountain economy should:

- **promote the creation of networks/associations among entrepreneurs.** As seen in several good practices, in many production stages, in particular in commercialisation and distribution, mountain firms can overcome their weaknesses due to their small size and their geographical location and infrastructural isolation, only if they operate together;
- **focus on young people and on women as regards training and entrepreneurship skill development.** Women are probably the most underexploited part of the human capital available in mountain areas and they can give a highly motivated contribution to the process of enterprise creation (it is not only a question of closing the gender gap). Young people as well are a key group in order to stop and invert the de-population phenomenon. Furthermore, women can be specifically favoured by the improvement of the telecommunications infrastructure, such as broadband connection (e.g. telecommuting job) and by the support for maintaining some basic public and private services, such as kindergartens and schools;

- **seek to have a high employment impact through the policies and initiatives developed;** not only a relevant impact in terms of economic performance (value added, income, profitability, etc.), as the objective of de-population is the key question in defining policies for contrasting de-population phenomenon;
- **try to reduce the seasonality** typical of most of the traditional main economic activities of mountain areas, such as tourism (winter tourism). This is a point which can help to diminish the risks connected to the excessive concentration of production of goods and services in a limited period.

Tab.9: Policy recommendations for economic diversification in mountain areas and reference good practices

Policy recommendations	Reference good practices
Improving transport infrastructures and services, in particular as regards road transport	- MARM (Ministry for the Environment and Rural and Maritime Affairs) and PGT (Provincial Government of Teruel) agreement in Teruel region (financial measures for improving and renovating road and rural tracks)
Improving the access to broadband connection and the use of ICTs	- Public Video Conference Spot in Auvergne region, Massif Central
Preventing the decline of urban centres in mountain areas, in particular medium and small size, maintaining first the basic services	- Rural Multiservices initiative in Teruel region - MARM and PGT agreement in Teruel region (construction/equipment of multiservice centres; Education Children's classrooms) - Financial support for the creation of five multi-services shops in Valle Brembana - Agri-school for infancy in the Province of Torino
Supporting financially existing mountain firms or start-up businesses (also attracting new entrepreneurs and/or investment from the outside) by development of selected/targeted new businesses/sectors	- Truffle cultivation in Valle Brembana - Horses as driving forces in Hedmark County - Bear park in Buskerud County - Promotion of Eolic Energy (wind and solar energy) in Teruel Region - Future Farming in Tolga Municipality in Hedmark County - The Ardelaine adventure in St. Pierreville, Ardèche (Massif Central)
Supporting financially existing mountain firms or start-up businesses (also attracting new entrepreneurs and/or investment from the outside) by definition of broad programmes and/or creation of bodies (ie. Agencies) for supporting a wide variety of new activities	- Mineral Plan in Teruel region - SUMA Teruel, body aimed at investing in new companies, in Teruel region - Cap'Actif Network, Auvergne region, Massif Central, UCCIMAC
Supporting firms in improving commercialisation and distribution (in particular, agricultural firms)	- Pastor Cooperatives in Teruel region - Future Farming in Tolga Municipality, Hedmark County - Initial Plan for the External Promotion in Teruel region - Change of air, Auvergne region, Massif Central, UCCIMAC
Supporting the introduction of quality brands for mountain areas products and services (in particular, food and agricultural products)	- Labels of quality for some food and agricultural products in Teruel region
Supporting education and training activities designed to start and manage new businesses and to strengthen skills and competencies in existing firms	- Women's Resource Centre in Dalarna County - Kurbits in Dalarna County - The Tourist Industry in Femud-Engerdal increases its professionalism in Hedmark County - WomenInnovation in Buskerud County
Favouring the settlement of research and university institutions	- Settlement of Italian Meteorological Society in Val di Susa, Province of Torino

## KEY CONCLUSIVE POINTS

### 1. From the theory and empirical contributions

- The theoretical and empirical contributions examined say that economic diversification can bring many advantages both for the single firms and the entire geographical area.
- At the single firm level, in particular as regards agricultural/rural firms, the realisation of a diversification strategy can lead to many positive effects, in terms for example of risk reduction, scope economies, higher income and improved economic performance.
- At aggregate level, the presence and proximity of new and different products, technologies, skills in a place entails many benefits, as it increases the level of economic development, it has positive employment impact and, in particular, it determines positive external economies such as knowledge spillover effects and higher attractiveness for talented people.
- Diversification can be achieved only in accessible mountain areas. Mountain areas encompassing small-medium size cities (or, anyhow, close to cities, even if small cities) and well connected to the local and supra-local infrastructure transport and ICTs network are the ones where diversified activities are more likely to be developed.

### 2. From the data and the Good Practices study per research areas

- The data analysis shows that, at least at macro-level, the economic structure of mountain areas is changing and the traditional primary sector is not always the most significant one anymore.
- The industrial productive system, where present, is usually made of small size enterprises (less than 5 employees) which are more fragile in terms of investment capacities and R&D potential. It means that firms are neither able to realize relevant product innovation, with high investments in R&D, nor to penetrate new market by themselves, lacking of human resources, competences and sufficient capitals.
- Opportunities generated in these marginal areas tend to be not particularly attractive for young people with high educational level (migration, brain drain).
- New jobs offer is scarce (and women are the most disadvantaged).
- Local policies selected by the partners as “good examples” of local diversification policies have some common features:
  - strong involvement of local actors, both public and private (public-private partnership);
  - strong coherence with the already existing policies at local and supra-local level;
  - multi-sectoral approach and integration (see for examples the link to the issues of education and territorial marketing, workpackages 1 and 2);
  - bottom up approach (i.e. by an initial study of local needs);
  - good governance of the entire process of the policy design and implementation and strong involvement of key actors and stakeholders;
  - well planned financial structure, based both on public and private funds;
  - building or improving of networks among the different actors involved and also, in some cases, inter-territorial and transnational co-operation between rural areas (i.e. Green project in Dalarna County);
  - direct effects on creation of new enterprises and new jobs;
  - specific and well focalized target (female entrepreneurs, tourists, farmers).

In particular, a good “governance” of the process implementation at local level is not only important for the successful implementation the project, but it also contributes to improve the local participation, the horizontal and vertical integration, the project management skill of the Public Administrations and the quality of the networks created during the practice implementation<sup>36</sup>.

On the contrary, we can find two critical points: on one side, the “sustainability” of the project after the planned project closure, strongly linked to the real possibility to find new funds and resources; and, on the other side, the short planned “duration” of the project, in average only between 2/4 years, often a not enough period to generate permanent positive impacts in the area.

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<sup>36</sup> “[...] The Leader approach should contribute to improve governance in rural areas. In several policy documents (EC, CoE, OECD and UNDP) the topic of good governance has been discussed and associated with the following aspects: transparency, participation, horizontal and vertical integration, legitimacy, subsidiarity, high quality of communication and conflict management, high quality of learning mechanisms.” (Working Paper “Capturing impacts of Lader and of measures to improve Quality of life in rural areas”, European Evaluation Network for Rural Development, European Commission’s Directorate-General for Agriculture and Rural Development, July 2010).

### 3. Regarding suggestions on policy guidelines

- At European and national level, the pre-requisite key policy recommendation is to improve both transport infrastructures and services linking mountain areas to main routes and to main urban centres and the access to broadband connection and the use of ICTs. The degree of connectivity and integration to the transport and telecommunication local and supra-local network is a basic starting point in order to increase the opportunities to start, retain and attract diversified businesses, to create employment opportunities and then to contrast the depopulation phenomenon.
- At local level, a policy key broad recommendation is to support mountain firms with financial (for example, in the realization of investments) and with real services (for example, training services) in all production stages, in particular in the final stages (commercialisation and distribution) as, because of their geographical location far from main urban market areas and supply chains, these firms suffer from a particular competitive disadvantage. The firms doing investments able to have an high employment impact, in particular with regards to young people and women, should be of course privileged.
- Another key policy point, related to the previous one, is to support, to help firms in operating together, that is in creating networks, associations among them (for example, by introducing quality brands for mountain areas products and services). In fact, again because of their specific geographical location, they are forced to operate in a highly isolated economic environment and then they have to face a specific competitive disadvantage.
- Last key policy remark concerns the maintaining of the basic services (public and private: for instance, health services, schools, basic commercial services, as bakeries, barbers, etc), in order to prevent the decline of small centres located in mountain areas and the realisation of investments in high-level services, such as research and university institutions, which resulted to have relevant benefits and positive spillovers for the local mountain economy.



## **ANNEX**

### **Collection of Data and Good Practices per area**

*Synthesis from the data collected by the partners and the Good Practices sheets compiled by each partner and available in the “WP3 Good Practices Collection Booklet” edited in March 2012*

## PROVINCIAL GOVERNMENT OF TERUEL, SPAIN

TERRITORIAL AND ECONOMIC DATA	
Population of the area	145.277
Density of pop. (pop. per km2)	9,9
Density of pop. at national level (pop. per km2)	90,9
population of the area < 150.000	yes
low pop density (< 10 per km2)	yes
Main sector per number of enterprises	agriculture
Main sector per number of employments	services
Average size/dimension of enterprises	small
Average age of the entrepreneurs	35-54 y
Presence of railways stations and airports	railways stations
Broadband connection	good
Presence/absence of Research Centers and/or Universities	pres

SELECTED GOOD PRACTICES						
TITLE		Promocion eolica	Pastores Cooperative	Network for enterprising women	Labels of quality	Financial support to business projects
ACTIVITY/SECTOR		energy	primary sector	star up services; services	primary sector	business; services
KIND OF INNOVATION	A new way to make a product or to carry out an activity					
	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises					
	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces					
KIND OF EFFECTS	Balanced presence of each economic sector					
	A more balanced localization/diffusion/distribution of the companies on the area					
TARGET	ENTREPRENEURS					
	NEW GENERATION OF ENTREPRENEURS					
	WORKERS					
	STUDENTS/UNEMPLOYED					
INTERACTION WITH OTHER WPs	WP1					
	WP2					
STATE OF IMPLEMENTATION	ENDED					
	ON-GOING					
IMPACT EVALUATION (+; =; - ; no eval)						
NEW ENTERPRISES	REAL	=	=	=	=	+
	POTENTIAL	+	=	+	=	+
CONTRAST TO ENTERPRISES' DEATH	REAL	=	+	=	+	+
	POTENTIAL	=	+	=	+	+
OCCUPATION - NEW JOBS	REAL	=	=	=	=	+
	POTENTIAL	+	=	+	=	=
NEW YOUNG ENTREPRENEURS (18-35)	REAL	=	=	+	=	=
	POTENTIAL	=	=	+	=	=
LOGISTIC INFRASTRUCTURES	REAL	=	+	=	=	=
	POTENTIAL	=	=	=	=	=
ICT	REAL	=	=	=	=	=
	POTENTIAL	=	=	=	=	=
EXPORT - NEW MARKETS	REAL	=	=	=	=	=
	POTENTIAL	=	=	+	+	=



SELECTED GOOD PRACTICES						
TITLE		Miner plan	Rural Multi Services	Initiation Plan for External Promotion	Permanent Careers Advice Center	Agreement of MARM and PGT
ACTIVITY/SECTOR		business; services	retail	business; services	start up services; services	local development
KIND OF INNOVATION	A new way to make a product or to carry out an activity					
	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises					
	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces					
KIND OF EFFECTS	Balanced presence of each economic sector					
	A more balanced localization/diffusion/distribution of the companies on the are					
TARGET	ENTREPRENEURS					
	NEW GENERATION OF ENTREPRENEURS					
	WORKERS					
	STUDENTS/UNEMPLOYED					
INTERACTION WITH OTHER WPs	WP1					
	WP2					
STATE OF IMPLEMENTATION	ENDED					
	ON-GOING					
IMPACT EVALUATION (+; =; - ; no eval)						
NEW ENTERPRISES	REAL	+	+	=	=	=
	POTENTIAL	+	=	=	+	=
CONTRAST TO ENTERPRISES'DEATH	REAL	=	+	=	=	=
	POTENTIAL	=	=	=	=	=
OCCUPATION - NEW JOBS	REAL	=	=	=	+	=
	POTENTIAL	=	=	=	+	=
NEW YOUNG ENTREPRENEURS (18-35)	REAL	=	=	=	=	=
	POTENTIAL	=	=	=	+	=
LOGISTIC INFRASTRUCTURE	REAL	=	=	=	=	=
	POTENTIAL	=	=	=	=	+
ICT	REAL	=	=	=	=	=
	POTENTIAL	=	=	=	=	=
EXPORT - NEW MARKETS	REAL	=	=	+	=	=
	POTENTIAL	=	=	+	=	=

## SELECTED GOOD PRACTICES

### The agreement between the Ministry for the Environment and Rural and Maritime Affairs (MARM) and the Provincial Government of Teruel (PGT)

Issue, target, objectives	<p>In the rural areas of the region of Teruel there is a pronounced process of depopulation. This makes necessary to implement policies on economic development, on creation of new job opportunities and on improvement of the quality of life. The agreement between the Ministry for the Environment and Rural and Maritime Affairs (MARM) and the Provincial Government of Teruel (PGT) aims at promoting measures which favour sustainable development in the rural areas in the province of Teruel. In particular, the following actions and funds are planned in these different topics:</p> <ul style="list-style-type: none"> <li>• economic diversification (€130,000) =&gt; construction and equipment of multiservice centres, in order to support small shops;</li> <li>• employment (€300,000) =&gt; creation of Internet based jobs in municipalities with less than 2,000 inhabitants;</li> <li>• infrastructures, equipment and basic services (€1,420,000) =&gt; improvement of roads and rural tracks with the purpose of improving public transport in rural areas;</li> <li>• education (€115,000);</li> <li>• town planning and housing (€1,035,000) =&gt; construction of houses for disabled people and of other residential buildings in order to facilitate access to social housing. The restoration of houses and buildings also aims at attracting new inhabitants.</li> </ul> <p>It is difficult to assess the impact at this moment because the agreement is currently being closed, but there is no doubt that the actions planned will contribute to mitigate to a large extent depopulation, reactivate the economy in small municipalities and encourage rural women's involvement in the labour market.</p> <p>This is a very large and complex project that includes very different actions. As a general overview, the type of diversification in innovation which is mostly relevant is the substitution of the traditional products or activities with new ones or the discovery of new marketplaces. The reason is that the main actions, especially in economic sector, aim at having an innovative economic system, giving the tools to diversify the business activities and to compete in the global market.</p> <p>This is a very large project, targeting the area's entire population.</p>
Kind of diversification /innovation	"Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces
Main impact/ results	It is difficult to assess the impact at because the Agreement is on going. There is no doubt that the actions planned will contribute to mitigate the depopulation phenomenon, reactivate the economy in small municipalities, foster family life and encourage women's involvement in the labour market.
Involved actors	Ministry for the Environment and Rural and Maritime Affairs (MARM), Provincial Government of Teruel (PGT), municipalities.
Budget	Total Budget: € 3,000,000.00.

### The Careers Advice Centre (CPOP)

Issue, target, objectives	<p>The Careers Advice Centre (CPOP) provides an advisory and orientation service promoted by the Spanish Confederation of Employers' Organisations (CEOE) and the Spanish Confederation of the Small and Medium Enterprise (CEPYME) in Teruel. The project covers the whole territory of the province of Teruel and aims at supporting and improving young people' training for their professional employment. The CPOP provides a large range of free services specifically oriented at educational centres and enterprises. The project aims at promoting a better way to match job requests with the offers.</p> <p>The main actions developed are:</p> <ul style="list-style-type: none"> <li>• educational centres =&gt; workshops and interviews to promote entrepreneurship; visits to enterprises with the students;</li> <li>• enterprises =&gt; management of students doing an internship, information about the education system's reforms and relationship with the employment agency;</li> <li>• other services =&gt; personalized advice in the CPOP facilities to students of any educational level, to unemployed and to workers needing job orientation in searching new jobs.</li> </ul> <p>Young people/ students are the main target.</p>
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Kind of diversification /innovation	“Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces”.
Main impact/ results	More than 15,200 students from secondary schools, upper secondary schools, apprenticeships and foundation degrees have received advice.
Involved actors	The business organisations CEOE-CEPYME Teruel, several public administrations (Government of Aragon, Provincial Government of Aragon, city council of Teruel, city council of Alcañiz) and several educational centres of the region.
Budget	The activities of the programme are financed by public funds. In 2011 the programme had a budget of €88,000 (€50,000 provided by the Government of Aragon; €38,000 by the Provincial Government of Teruel).

### Initiation Plan for External Promotion (PIPE)

Issue, target, objectives	<p>Initiation Plan for External Promotion (PIPE) is a programme addressed to local enterprises which aims at supporting and accompanying them in order to enter or increase their presence in international markets. In the region of Teruel, the size of SMEs is inferior than in the rest of the country and therefore the difficulties of accessing the external markets are greater. The PIPE programme was created to facilitate this process of internationalisation. For these enterprises PIPE combines specialised advice in foreign trade with economic support. The programme has a duration of two years and is divided in 3 stages: in the first stage, the enterprises have the help of an external adviser, who carries out the analysis of the competitive position and of the exporting potential; during the second stage, a specific plan has been designed; in the final stage, the implementation of the internationalisation starts. During the support of PIPE the 80% of the costs for enterprises is covered; the maximum possible investment is €46,000. This amount includes the advisory services and the actions for external promotion. Moreover, after the 3 stages of this programme, the enterprises can obtain a “monitoring programme”, that is a support to become stable exporters. Local small medium enterprises are the target of this initiative.</p>
Kind of diversification /innovation	“Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces”. The projects aims at helping the business activities of the province of Teruel to find new markets, especially in foreign countries.
Main impact/ results	<ul style="list-style-type: none"> <li>• 52 enterprises have been involved;</li> <li>• new jobs were created due to the increase in staff in order to manage the foreign trade departments;</li> <li>• in many cases new jobs were created also for the increase of production;</li> <li>• access to new distribution channels;</li> <li>• increase of the export in every sector;</li> <li>• improvement of the competitiveness of the local enterprises.</li> </ul> <p>Most of the exports are destined to Europe (Germany, France or Italy). With regards to products:</p> <ul style="list-style-type: none"> <li>• raw materials, industrial materials and equipment represent 82% of the total export volume;</li> <li>• food and agriculture industry 10% ;</li> <li>• goods of consumption 8%.</li> </ul>
Involved actors	Public entities and enterprises with an exporting scope.
Budget	80% of the PIPE Programme is financed by public funds. ICEX provides 50%, the Government of Aragon 20% and the Chamber of Commerce 10%. The remaining 20% is financed with private funds provided by the enterprises participating in the programme.

## Labels of Quality

Issue, target, objectives	The region of Teruel is characterized by the production of good quality food like the ham of Teruel, the peach from Calanda and the olive oil from Southern Aragon. This project aims at recognizing the quality of these products, at controlling the production process through the Regulatory Councils of the Protected Designation of Origin (CRDO) and at reaching new markets by using "quality" as an element of distinction. The Protected Designation of Origin (P.D.O) is a quality certification awarded to food, or agricultural products, the singularity of which is due to their production factors, typical of the area in which they are produced, processed and manufactured (climate, land, work methods, etc.). In the region of Teruel, the ham, the peach from Calanda and the olive oil from Southern Aragon now have this protection. Local business activities which work in food and agricultural sectors are the main project target.
Kind of diversification /innovation	"Making a new product or carrying out a new activity together with the traditional products or activities of enterprises".
Main impact/ results	These initiatives have had very positive effects. Currently the agricultural and food processing industries are a growing value in the region's economy. It has a highly competitive position, an attractive market and a promotional campaign identified with quality, traceability and know-how. It has contributed to stabilize the population in the rural areas through maintenance of the farms and the generation of new direct and indirect jobs. Moreover it has positive effects on other economic sectors such as commerce, tourism and gastronomy. A large part of the production is exported to European countries and, in case of the ham, to Latin America and Japan too.
Involved actors	Government of Aragon, Regulatory Councils of the Protected Designation of Origin, the food and agricultural producers of the region of Teruel.
Budget	The CRDO is financed by investments of the registered enterprises and also by the ad hoc public subsidies from the Government of Aragon, the Provincial Government of Teruel and the EARDF funds.

## Network for enterprising women

Issue, target, objectives	The project "Network for enterprising women" aims at training and advising enterprising women in the region of Teruel. The labour market in Teruel region still presents negative features for women: a higher unemployment rate, a greater share of temporary jobs, lower wages, etc. These factors, together with the low density of population and its aging process, have motivated this initiative. The object is to involve women with business interests by offering them training in basic business administration and management and advising them on how to carry out new business projects. In the short term it aims also at creating a network of enterprising women by using Internet as a principal tool. The project consists in these main activities: <ul style="list-style-type: none"> <li>• general training;</li> <li>• specific training by sectors;</li> <li>• consultancies;</li> <li>• creation of a new web site in order to facilitate the access to online information, the download of lessons and teaching material, the communication with other enterprising women, the use of the forum area, the access to the videos, etc.</li> </ul> During two weeks, the participants attended 32 hours of training sessions in different subjects (administrative and legal aspects, leadership skills, new technologies, internet use and online tools, etc.). The main goal of this project is to promote the self-employment for women in the region. Women are the specific target of this initiative.
Kind of diversification /innovation	"A new way to make a product or to carry out an activity".
Main impact/ results	<ul style="list-style-type: none"> <li>• 101 women involved;</li> <li>• 66 projects planned in different sectors (25 already started; 41 will start soon).</li> </ul>
Involved actors	Regional and national administrations, public organisations, women.
Budget	The training courses are completely financed by public funds. By now, the cost of the project is €200,000 (€130.000 provided by the Ministry of Equality; €70,000 by the Department of Economy, Treasury and Employment of the Government of Aragon).

### PASTORES Cooperative group – OVIARAGÓN

<p>Issue, target, objectives</p>	<p>Pastores is a Cooperative Group aimed at the production and commercialisation of sheeps, especially the suckling lamb (Ternasco de Aragón). This product has a quality label and represents 70% of the total commercialisation of the group. Currently this Group is made up of the following enterprises:</p> <ul style="list-style-type: none"> <li>• Oviaragón-Grupo Pastores SCL. - Cooperative of sheep producers.</li> <li>• UPRA-Carne Aragón. - Specialized in genetics improvement.</li> <li>• Movicarne. - Cooperative of consumers and users.</li> <li>• Cotega SCL. - Specialized in sheep shearing.</li> <li>• Alimentos Rum SL. - Enterprise of production of feed and distribution.</li> <li>• Ovie-Spain SL. - Enterprise which specialises in exportation.</li> </ul> <p>One of the functions of Oviaragón is to act as an intermediary by guaranteeing the members a market and the payments for their products. A month before the sale of the sheeps, they are collected from the farms and are transported to feed yards, where specialised staff supervises the animals' feeding and health until they are sold. Furthermore, the cooperative offers other kinds of services: legal advice, feed supply, veterinary equipment, etc.</p> <p>This last year a supranational exports consortium has been created, Ovie-Spain, in which the farmers from Aragon, Extremadura and Andalusia will agglomerate the sheep in feed yards situated in the region of Teruel for their successive exportation. They also study other projects like the possibility of commercialising wool and creating a composting plant.</p> <p>Entrepreneurs and farmers are the target of this project.</p>
<p>Kind of diversification /innovation</p>	<p>“A new way to make a product or to carry out an activity”</p>
<p>Main impact/ results</p>	<p>The suckling lamb of Aragón is lamb meat which comes from three native breeds. Genetic improvement of the breeding sheep has been achieved through research programmes thus producing an increase in the average number of lambs produced per ewe. This is notably due to births of two lambs per ewe; as a consequence this has increased profitability for stockbreeders without complicating management of the farms. This increase of this sector's competitiveness has had direct positive effects for the region, generating wealth and contributing to avoiding the disappearance of the activity due to the lack of yield. In short, this action represents a positive step for the development and conservation of the rural area of the region. Moreover, this group does the processing and selling of lamb meat, thus increasing the added value of the product.</p> <p>It has to be underlined that the recent creation of the exporting consortium of sheep, Ovie-Spain, has consented the reaching out to new markets and the generation of new jobs. Every week between 20 and 40 thousand sheeps will enter the feed yards of Monreal del Campo, where they will stay for a couple of weeks, until they are exported to countries such as France and Italy.</p>
<p>Involved actors</p>	<p>Cooperatives related to the sheep farming sector of the Autonomous Community of Aragon.</p>
<p>Budget</p>	<p>The funding is mainly obtained from the output generated by the activities of the association. Sometimes there are subsidies from the Ministry of the Environment, Rural and Maritime Affairs, the Government of Aragon and the Provincial Government of Teruel.</p> <p>The members provide a small membership fee proportional to their turnover.</p>

### THE MINER PLAN. Alternative Development of the Mining Regions

Issue, target, objectives	At the beginning of the 21st century most mines were closed and in a short time a complete restructuring had to be carried out. The MINER PLAN considers a series of aids oriented at diminishing the effect of the coal mines' closure by supporting the local enterprises in an area that was very dependent on the mining industry. For these enterprises the non-refundable aids provided by Miner are very attractive. The project covers all the coal-mining area in the province of Teruel. The Miner Plan offers two kind of aids: <ul style="list-style-type: none"> <li>• aids for the miner regions to replace the coal industry with others;</li> <li>• aids for the mining enterprises.</li> </ul> Local entrepreneurs are the target of this project.
Kind of diversification /innovation	"Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces".
Main impact/ results	The initial problem was partly solved, because it has been achieved through the diversification of the economy, the stabilisation of the population and the making up for the number of inhabitants that existed at the beginning of the 90s. With this stabilization, the generation of new business and economic prospects has been possible and this encouraged the creation of new enterprises, promoted by local entrepreneurs and the attraction of outside investments. From an infrastructure point of view the Miner Plan has entailed the creation of industrial infrastructures with very favourable conditions for the enterprises' settlements. The future prospects are positive. It is expected that some projects, which have been stopped at the moment will start up again.
Involved actors	European Union, Ministry of Industry, different Regions, City Councils, business and trade union organisations, local enterprises.
Budget	The funds are provided mainly by the Ministry of Industry, Commerce and Tourism. Investments in infrastructures are covered also the Government of Aragon.

### Financial support to business projects - SUMA TERUEL

Issue, target, objectives	SUMA TERUEL - Sociedad para la Promoción y Desarrollo Empresarial de Teruel SA (Association for the Promotion and Business Development of Teruel Ltd.)- is an association with public funds whose purpose is the promotion of business activities in the region of Teruel by financing business projects to overcome the difficulties of accessing funding for enterprises, which want to settle in the region, or enterprises which are already settled in this region but that want to expand their activity. The specific aim of this association is to provide specialized and stable financial support to these enterprises. The entrepreneurs are the main target.
Kind of diversification /innovation	"Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces".
Main impact/ results	The impact is positive. The association contributes to create and maintain new enterprises and jobs. Currently 48 enterprises are being financed. This policy has great economic repercussions in the region, contributing to increase the local economic diversification and supporting the creation of enterprises in new sectors such as the motor and the pharmaceutical ones. In addition, this project permits also to promote research and development at local level.
Involved actors	Spanish Government, Government of Aragon, business organisations, public organisations, private entities and enterprises.
Budget	<ul style="list-style-type: none"> <li>• 66% public funds (33% Government of Aragon, 33% Government of Spain).;</li> <li>• 34% public contributions.</li> </ul> The shareholders of the association are entities and enterprises with a well-known financial reliability: <ul style="list-style-type: none"> <li>• Sepi Desarrollo Empresarial SA (SEPIDES) (33.3%);</li> <li>• Aragón Desarrollo e Inversión SLU (33.3%);</li> <li>• Caja Rural de Teruel Sociedad Cooperativa de Crédito (11.2%);</li> <li>• Caja de Ahorros y Monte de Piedad de Zaragoza, Aragón y Rioja (11.1%);</li> <li>• Caja Inmaculada de Aragón (11.1%).</li> </ul>

### Promocion Eolica Turlonse SL (PROETUR SL)

Issue, target, objectives	PROMOCIÓN EÓLICA TUROLENSE SL (PROETUR SL) is an association endorsed by the Provincial Government of Teruel (PGT) to help the local and regional Administrations in the development of alternative energies (i.e. installation of wind farms). The association was established thanks to the initiative of the PGT and of 3 city councils of the region. Today the number of the city councils involved is 28. The goal is to take part in the shareholding of enterprises' and associations' which work in the production of renewable energies (wind energy, solar energy, etc.) and in the commercialisation or distribution of renewable energies in the region of Teruel. Local governments are the main target of this project.
Kind of diversification /innovation	"A new way to make a product or to carry out an activity". It is a new way to produce energy and make energy policies.
Main impact/ results	This project promoted the use of renewable energies in Teruel region and created new possibilities of funding for the local entities (financial support).
Involved actors	The Provincial Government of Teruel, city councils and enterprises working with the production of renewable energies in the region.
Budget	Currently PGT has 82.72% of the PROETUR SL. shares; 17.28 % is distributed among the 28 city councils.

### RURAL MULTISERVICES

Issue, target, objectives	The Rural Multiservices is an initiative which aims at solving the lack of main commercial services and/or meeting points (bars, restaurants, etc.) in some municipalities of the region of Teruel. The Rural Multiservices have been created in response to the closure of local shops and to the scarce offer of public services due to the depopulation of some areas. The objective is to provide the inhabitants of the small villages with the main commercial services and with other important services as Internet access, accommodation, a surgery with a first-aid kit, etc. The local retail shops and the population of the marginal areas in the region of Teruel are the main target of this initiative.
Kind of diversification /innovation	"Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces".
Main impact/ results	<ul style="list-style-type: none"> <li>• 45 small villages have now access to basic services;</li> <li>• 5,000 inhabitants of small towns have been involved.</li> </ul> The impact of the action has been very positive also concerning the depopulation phenomenon: creation of new local activities, a better territorial coverage of basic services, a better quality of life in these areas.
Involved actors	Local public administrations, private actors.
Budget	The creation and establishment of the Rural Multiservices are financed with public funds. The highest subsidy is €30,000 in the case of construction of new facilities and €15,000 for refurbishments/extensions. The call for aid is published annually (this year the total budget is €108,000).

### 3 MOUNTAIN COMMUNITIES OF THE PROVINCE OF TORINO PIEDMONT REGION, ITALY

TERRITORIAL AND ECONOMIC DATA	
Population of the area	138.179
Density of pop. (pop. per km2)	83,2
Density of pop. at national level (pop. per km2)	199,9
population of the area < 150.000	yes
low pop density (< 10 per km2)	no
Main sector per number of enterprises	services
Main sector per number of employments and industry"	"services small
Average size/dimension of enterprises	small
Everage age of the entrepreneurs	no data
Presence of railways stations and airports	railways stations
Broadband connection	quite good
Presence/absence of Research Centers and/or Universities	abs

SELECTED GOOD PRACTICES				
TITLE		Italian Meteorological Association	Didattic farm	Agrischool for infancy
ACTIVITY/SECTOR		research	primary sector	primary sector
KIND OF INNOVATION	A new way to make a product or to carry out an activity			
	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises			
	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces			
KIND OF EFFECTS	Balanced presence of each economic sector			
	A more balanced localization/diffusion/distribution of the companies on the area			
TARGET	ENTREPRENEURS			
	NEW GENERATION OF ENTREPRENEURS			
	WORKERS			
	STUDENTS/UNEMPLOYED			
INTERACTION WITH OTHER WPs	WP1			
	WP2			
STATE OF IMPLEMENTATION	ENDED			
	ON-GOING			
IMPACT EVALUATION (+; =; - ; no eval)				
NEW ENTERPRISES	REAL	+	+	+
	POTENTIAL	+	+	+
CONTRAST TO ENTERPRISES'DEATH	REAL	+	+	+
	POTENTIAL	+	+	+
OCCUPATION - NEW JOBS	REAL	=	=	=
	POTENTIAL	=	=	=
NEW YOUNG ENTREPRENEURS (18-35)	REAL	+	+	+
	POTENTIAL	+	+	+
LOGISTIC INFRASTRUCTURES	REAL	=	=	=
	POTENTIAL	=	=	=
ICT	REAL	=	=	=
	POTENTIAL	=	=	=
EXPORT - NEW MARKETS	REAL	=	=	=
	POTENTIAL	=	=	=



## SELECTED GOOD PRACTICES

### Agrischool for infancy

Issue, target, objectives	<p>The idea of the Agrischool for infancy has been elaborated by Coldiretti Piedmont (National Organization of agricultural entrepreneurs with local offices) in collaboration with Italian Universities. The idea relates to a survey carried on by Coldiretti/Swg “Far crescere il futuro” about social services for infancy, needs and wishes of the families in marginal areas where social services for infancy are generally insufficient or not present. The first experience of Agrischool in Piedmont Region begins in 2006 (La piemontesina Agrischool).</p> <p>The goal is to put together school for infancy and a sustainable education in rural context. The Agrischool for infancy functions as a traditional school for infancy but there is a very important and strong approach to the rural environment (children could cultivate garden or take care of animals). This type of school is attended by babies until the age of three and children from three to six years old. Every Agrischool for infancy has a specific formative project and the food for children is an internal production. Local farmers and families living in rural areas are the “target” of this project.</p>
Kind of diversification /innovation	The diversification implemented by the project concerns the implementation of new activities (services for children care) together with the traditional ones (agricultural and farming).
Main impact/ results	This activity partially solves the problem of infancy services. At the same time this activity has created specific jobs for the young people with a high level of education that want to live and work in rural context. The Agrischool favours local economy, it contributes to reduce the depopulation process and to promote a better quality of life.
Involved actors	Coldiretti Piedmont (National Organization of agricultural entrepreneurs with local offices); Province of Turin; teachers for infancy; farmers.
Budget	Private financial resources

### Didactic farm

Issue, target, objectives	<p>This is an initiative of a didactic farm as a new type of activity carried out by enterprises of primary sector to apply the idea of “multi-functionality”. Didactic farm is a rural enterprise in which students and their teachers can be in touch with nature. Students get to know rural world, the life cycles of products and the features of rural territory.</p> <p>The goal is to introduce students to rural world (students of all ages from infancy to high school) through training visits in rural farms and lessons. Farmers and students are the main target of this project.</p>
Kind of diversification /innovation	The diversification implemented by the project concerns the implementation of new activities (education and training) together with the traditional ones (agricultural and farming).
Main impact/ results	Didactic farms contribute to local economy. It is a possible way to apply multi-functionality in the primary sector by adding value to the farms activities.
Involved actors	Coldiretti Piedmont (National Organization of agricultural entrepreneurs with local offices); Piedmont Region; teachers and students; farmers.
Budget	Financial Resources on Measure 321PSR 2007-2013 Piedmont Region; private financial resources.

### Italian Meteorological Society (SMI)

Issue, target, objectives	Italian Meteorological Society is an initiative on research and study about the atmosphere with particular attention to the natural landscape and in collaboration with agricultural activities. Since it was first conceived in the mid-1800 and after a gap of 57 years, the Italian Meteorological Society returns to live. The prestigious association founded by Father Francisco Denza in 1865, ratified in Turin in 1880 and then dispersed by war events in 1943, has been reconstituted upon an initiative of the Subalpina Meteorological Society. Since 1988 the activity of Association has developed in Turin and from 2004 a group of researchers, involved in the activity of Association, decided to localize the Association in a place with greater dimension and a better quality of life. They have chosen Borrello Castle, located in the municipality of Bussoleno (Valle di Susa). The goals of this project are: studies about atmosphere, protection and valorisation of natural landscape; education to students and training about climate issues; collaboration with agricultural activities.
Kind of diversification /innovation	New activities and new localization.
Main impact/ results	This activity has favoured the construction of ESALP, an Association of enterprises on renewable energy for alpine territory. This Association has created new jobs and attracted new inhabitants (7 researchers live in Valle di Susa).
Involved actors	Italian Meteorological Society
Budget	Private financial resources

## BUSKERUD COUNTY, NORWAY

TERRITORIAL AND ECONOMIC DATA	
Population of the area	32.191
Density of pop. (pop. per km2)	3,0
Density of pop. at national level (pop. per km2)	15,9
population of the area < 150.000	yes
low pop density (< 10 per km2)	yes
Main sector per number of enterprises	services
Main sector per number of employments	services, industry and trade
Average size/dimension of enterprises	small
Everage age of the entrepreneurs	no data
Presence of railways stations and airports	railways stations
Broadband connection	good
Presence/absence of Research Centers and/or Universities	abs

SELECTED GOOD PRACTICES				
TITLE		WomanInnovation	Bjorneparken	Green Care Services
ACTIVITY/SECTOR		start up services; services	tourism	services
KIND OF INNOVATION	A new way to make a product or to carry out an activity			
	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises			
	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces			
KIND OF EFFECTS	Balanced presence of each economic sector			
	A more balanced localization/diffusion/distribution of the companies on the area			
TARGET	ENTREPRENEURS			
	NEW GENERATION OF ENTREPRENEURS			
	WORKERS			
	STUDENTS/UNEMPLOYED			
INTERACTION WITH OTHER WPs	WP1			
	WP2			
STATE OF IMPLEMENTATION	ENDED			
	ON-GOING			
IMPACT EVALUATION (+; =; - ; no eval)				
NEW ENTERPRISES	REAL	+	+	=
	POTENTIAL	+	+	+
CONTRAST TO ENTERPRISES'DEATH	REAL	+	+	=
	POTENTIAL	+	-	+
OCCUPATION - NEW JOBS	REAL	+	+	=
	POTENTIAL	+	+	no eval
NEW YOUNG ENTREPRENEURS (18-35)	REAL	+	no eval	=
	POTENTIAL	+	+	no eval
LOGISTIC INFRASTRUCTURES	REAL	=	no eval	=
	POTENTIAL	=	no eval	=
ICT	REAL	=	+	=
	POTENTIAL	=	no eval	=
EXPORT - NEW MARKETS	REAL	=	no eval	=
	POTENTIAL	=	no eval	=

## SELECTED GOOD PRACTICES

### Bear Park

Issue, target, objectives	During the Nineties the Flå municipality had a decline in population. In 1997 the municipality made a strategic plan to develop an animal park, the Bear Park (Bjørneparken), in order to create new jobs, increase the population, promote the public-private partnership, develop a tourist destination within natural surroundings (this area was always known for the presence of the bears). The project, in co-operation with local businesses and regional authorities, permitted to build a leisure park/zoo with a particular focus on bears and wild animals. Tourists are the specific target of this project.
Kind of diversification /innovation	This project is a “new way to make a product or to carry out an activity”.
Main impact/ results	Main impacts: <ul style="list-style-type: none"> <li>• the Bear Park buys services locally and contributes to local development;</li> <li>• the inhabitants are working in the Park. They don't have to move from the village to find job;</li> <li>• the seasonal workers are mainly from Flå (students, etc.). There are now plans to build rental apartments for this seasonal residential demand. The municipality is working constantly to develop new residential areas;</li> <li>• the business income per capita has increased;</li> <li>• there is a new local shopping centre.</li> <li>• Now the Park is developing the Park's Cultural events (education and training on fishing and hunting will become more important; as well as recreational activities like theatre, children's literature, dance, photography, visiting classes form school).</li> </ul>
Involved actors	The Flå municipality; Buskerud County Council; Norwegian Fish and Hunting Association; private investors.
Budget	There were contributions from Buskerud County Council, but the resources were not enough. A private investor set up a foundation and this ensured further development and expansion. Today the park has a robust economy.

### WomInnovation

Issue, target, objectives	WomenInnovation began in the Business Garden of the Sigdal community (Valley of Artists) during the period 2006-2009. The objective of WomenInnovation was to involve women in the local economic development. In fact, women of a higher level of education and talents who wanted to live in the small, rural, community of Sigdal, in Buskerud did not find job. There was a lack of jobs for highly qualified women. One possibility for these women was to start their own business. WomenInnovation aimed at mobilizing and motivating more women to start up a business, to expand their business or to take on a higher level position in a company. Through the web site <a href="http://www.wominnovation.org">www.wominnovation.org</a> (with success stories, news, information, etc) the initiative wanted to give to the potential entrepreneurs the courage to start their business, become entrepreneurs or business leaders, create networks and partnerships.
Kind of diversification /innovation	This project is a new way to do an activity.
Main impact/ results	<ul style="list-style-type: none"> <li>• the project is an answer to specific women needs at local level;</li> <li>• a new web site <a href="http://www.wominnovation.org">www.wominnovation.org</a> was created;</li> <li>• training, information on how to develop and create new businesses, news, etc. were provided through WomInnovation.</li> </ul>
Involved actors	2006 – 2009: the Business Garden (called Valley of Artists) and the Sigdal community were involved. 2010 – 2013: new actors were involved.: <ul style="list-style-type: none"> <li>• Sigdal and Krødsherad communities;</li> <li>• Business Garden Valley of Artists;</li> <li>• Business Garden of Hallingdal StartUp Centre (Etablerersenteret);</li> <li>• Krødsherad Business Garden and Kongsberg StartUp Centre (Etablerersenteret );</li> <li>• Flesberg Garden Centre, Numedalen.</li> </ul>
Budget	Innovation Norway (18%); Buskerud County Council (24%); SIVA (34%); Others (24%)

### Green Care Services.

Issue, target, objectives	<p>The initiative started in 1980 when the public services in the health and care sector started to work with farmers. These “new” services were based on the farms, their surroundings and natural resources (space, animal and farm activities). In 1998 a political advisor to the government took the initiative to coordinate the partners involved: Ministries of Work and Administration, Finance, Family, Health and Welfare, Education, Regional development and Agriculture. A coordinating group of these Ministries was formed. The Ministry of Agriculture wanted that the so called “Green Care Services” were a part of the service of the municipalities. The idea was to contribute to the local economic development and prevent the depopulation in rural areas. Today there are several hundreds of farms involved. The main objective of this initiative is to promote the economic development of the agricultural sector by focusing on new services (health and care services). The project may also contribute to a better life for the inhabitants and a good value for money of health care services for municipalities and other buyers. Farmers are the main target of this project.</p>
Kind of diversification /innovation	<p>This project refers to the second kind of diversification/innovation listed in the classification of the selected good practices, that is: “making a new product or carrying out a new activity as well the traditional products or activities of the enterprises” (diversification and innovation within the traditional agriculture activities).</p>
Main impact/ results	<p>The project</p> <ul style="list-style-type: none"> <li>• helps farmers to diversify their services and economy;</li> <li>• contributes to develop public – private services at local level;</li> <li>• contributes to increase local and regional development.</li> </ul>
Involved actors	<p>Municipalities, Buskerud County Council, Central Ministry of Agriculture and Food, Ministry of Municipal and Regional Development; Innovation Norway.</p>
Budget	<p>Financial support is given to farms / farmers from both central and regional level. State and regional levels contribute financially up to 2011. The municipalities buy services from farmers who offer green health services.</p>

## HEDMARK COUNTY, NORWAY

TERRITORIAL AND ECONOMIC DATA	
Population of the area	30.463
Density of pop. (pop. per km2)	1,7
Density of pop. at national level (pop. per km2)	15,9
population of the area < 150.000	yes
low pop density (< 10 per km2)	yes
Main sector per number of enterprises	services and agriculture
Main sector per number of employments	services
Average size/dimension of enterprises	small
Average age of the entrepreneurs	no data
Presence of railways stations and airports	railways st. + airport
Broadband connection	quite good
Presence/absence of Research Centers and/or Universities	pres
Presence/absence of Research Centers and/or Universities	abs

SELECTED GOOD PRACTICES					
TITLE		Horses as a driving forces	Professionalism in tourism industry	Future Farming in Tolga	
ACTIVITY/SECTOR		tourism	tourism	primary sector	
KIND OF INNOVATION	A new way to make a product or to carry out an activity				
	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises				
	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces				
KIND OF EFFECTS	Balanced presence of each economic sector				
	A more balanced localization/diffusion/distribution of the companies on the area				
TARGET	ENTREPRENEURS				
	NEW GENERATION OF ENTREPRENEURS				
	WORKERS				
	STUDENTS/UNEMPLOYED				
INTERACTION WITH OTHER WPs	WP1				
	WP2				
STATE OF IMPLEMENTATION	ENDED				
	ON-GOING				
IMPACT EVALUATION (+; =; - ; no eval)					
NEW ENTERPRISES	REAL	+	+	+	
	POTENTIAL	+	+	+	
CONTRAST TO ENTERPRISES'DEATH	REAL	+	+	+	
	POTENTIAL	no eval	+	+	
OCCUPATION - NEW JOBS	REAL	+	+	+	
	POTENTIAL	+	+	+	
NEW YOUNG ENTREPRENEURS (18-35)	REAL	+	+	+	
	POTENTIAL	+	+	=	
LOGISTIC INFRASTRUCTURES	REAL	=	=	=	
	POTENTIAL	=	=	=	
ICT	REAL	+	+	=	
	POTENTIAL	+	+	=	
EXPORT - NEW MARKETS	REAL	+	+	=	
	POTENTIAL	+	+	+	

## SELECTED GOOD PRACTICES

### Horses as a driving forces

Issue, target, objectives	<p>The horse project is a regional cooperation project where 10 municipalities work together. An investigation carried out showed that there was considerable interest for horses, above all among the women. In fact, the owners of the horse centres are often idealists who work very hard on a voluntary basis and a good number of horse centres are owned by women.</p> <p>The project was implemented with the following purposes:</p> <ul style="list-style-type: none"> <li>• involving of Storsteigen Upper Secondary School as a centre for seminars/courses focused on horses' topic;</li> <li>• setting up and implementation of the Hestivalen (Horse Festival);</li> <li>• building and marking paths and routes for horses in the region;</li> <li>• contributing to increase the activities with/for the horses;</li> <li>• developing the website: "The horse in politics".</li> </ul> <p>Moreover, a voluntary organization, called "Hesteriket" (the horse world), was created with members from the entire area.</p> <p>Entrepreneurs/owners of the horse centres were the target of this project.</p>
Kind of diversification /innovation	This project represents "a new way to carry out an activity".
Main impact/ results	<ul style="list-style-type: none"> <li>• creation of 7 new horse centres;</li> <li>• creation of new jobs for seasonal workers, veterinaries, etc.;</li> <li>• active involvement of the Storsteigen Upper Secondary School.</li> </ul> <p>The Nord-Østerdal region and the Røros region are now the destinations offering the highest quality experiences with horses.</p>
Involved actors	The Board of the Mountainous Regions (owner of the project); the Hedmark County Council; the County Governor in Hedmark; different municipalities in Hedmark region.
Budget	Total Budget: NOK 3.300.000.

### Future Farming in Tolga Municipality

Issue, target, objectives	<p>Tolga is the municipality in Hedmark with the biggest share of employment in agriculture. Agriculture represents the most important sector in Tolga, but there are few investments and innovations. A survey was organized involving 35 farmers. This was the starting point of the project 'Future farming in Tolga', specifically addressed to local farmers and to the innovation in the local agricultural sector.</p>
Kind of diversification /innovation	This project is "a new way to carry out an activity" through considerable investments and innovations.
Main impact/ results	<ul style="list-style-type: none"> <li>• Tolga is now the best farming municipality in the region;</li> <li>• Tolga is now the biggest eco-region in Hedmark (positive image of Tolga);</li> <li>• creation of new jobs;</li> <li>• high focus on alternatives such as broiler production.</li> </ul>
Involved actors	Local farmers, Tolga Municipality, County Governor.
Budget	Total Budget: NOK 330.000.

## The Tourist Industry in Femund-Engerdal increases its professionalism

Issue, target, objectives	<p>The tourist sector is very important in Femund/Engerdal region and has a great potential for positive development in the future. The Femund/Engerdal project, focused on local tourist sector development, has some specific objectives:</p> <ul style="list-style-type: none"> <li>• to develop existing products/services;</li> <li>• to create new services in order to increase the number of overnight stays;</li> <li>• to develop local skills and competences in tourist activities;</li> <li>• to develop a common marketing strategy for this region as a tourist destination.</li> </ul>
Kind of diversification /innovation	<p>This project is “a new way to carry out an activity”.</p>
Main impact/ results	<ul style="list-style-type: none"> <li>• 70 enterprises have been involved in this project (tourist businesses, handcraft businesses, etc.);</li> <li>• a new broad partnership consisting of both public and private actors has been created;</li> <li>• new products/services have been implemented, as: local maps, guides, brochures, summer and winter activities calendars, a common fishing guide (focused on hiking, biking, fishing, skiing, on-line booking, etc.);</li> <li>• the number of overnight stays is increasing;</li> <li>• the number of holiday home sites is increasing;</li> <li>• the number of fishing licences is increasing;</li> <li>• The project has also established a link with the Trysil and Røros regions and the Grøvelsjøen area in Sweden.</li> </ul>
Involved actors	<p>tourist enterprises, handcraft enterprises, Engerdal Municipality, Engerdal Fjellstyre (Mountain board); Hedmak County Council.</p>
Budget	<p>Total budget: NOK 6.470.963.</p>



## DALARNA COUNTY, SWEDEN

TERRITORIAL AND ECONOMIC DATA	
Population of the area	277.047
Density of pop. (pop. per km2)	9,8
Density of pop. at national level (pop. per km2)	22,7
population of the area < 150.000	no
low pop density (< 10 per km2)	yes
Main sector per number of enterprises	agriculture and services
Main sector per number of employments	other and industry
Average size/dimension of enterprises	small
Average age of the entrepreneurs	35-60 y
Presence of railways stations and airports	railways st. + airport
Broadband connection	no data
Presence/absence of Research Centers and/or Universities	pres.
Presence/absence of Research Centers and/or Universities	abs

SELECTED GOOD PRACTICES				
TITLE		Woman Resources Centre	Green	Kurbits
ACTIVITY/SECTOR		start up services; services	energy	business; services
KIND OF INNOVATION	A new way to make a product or to carry out an activity			
	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises			
	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces			
KIND OF EFFECTS	Balanced presence of each economic sector			
	A more balanced localization/diffusion/distribution of the companies on the area			
TARGET	ENTREPRENEURS			
	NEW GENERATION OF ENTREPRENEURS			
	WORKERS			
	STUDENTS/UNEMPLOYED			
INTERACTION WITH OTHER WPs	WP1			
	WP2			
STATE OF IMPLEMENTATION	ENDED			
	ON-GOING			
IMPACT EVALUATION (+; =; - ; no eval)				
NEW ENTERPRISES	REAL	+	=	=
	POTENTIAL	+	+	=
CONTRAST TO ENTERPRISES'DEATH	REAL	+	+	+
	POTENTIAL	+	+	+
OCCUPATION - NEW JOBS	REAL	+	=	+
	POTENTIAL	+	+	+
NEW YOUNG ENTREPRENEURS (18-35)	REAL	=	=	=
	POTENTIAL	=	+	=
LOGISTIC INFRASTRUCTURES	REAL	=	=	=
	POTENTIAL	=	=	=
ICT	REAL	=	no eval	=
	POTENTIAL	no eval	no eval	no eval
EXPORT - NEW MARKETS	REAL	no eval	=	=
	POTENTIAL	no eval	+	+

## SELECTED GOOD PRACTICES

### W7 – Women’s Resource Centre

Issue, target, objectives	W7 is an initiative from 7 municipalities in Dalarna region who wanted to work together to increase the number of women starting businesses. Dalarna County has a very gender-segregated labour market: the men work traditionally in the steel and wood industry; the women work in the public sector. Moreover, the rural areas of the municipalities involved are characterized by the fact that the number of deaths exceeds the number of births and people are getting older and older. Many young women move from the region because they cannot find a job. These women required education and training to understand how starting and running a business. The project was also open to men.
Kind of diversification /innovation	W7 is “a new way to carry out an activity”.
Main impact/ results	<ul style="list-style-type: none"> <li>• 79 women have started a business (9 immigrants);</li> <li>• also 63 men have started a business (8 immigrants);</li> <li>• 353 people participated in training courses;</li> <li>• 37 companies have established equality plans;</li> <li>• the University College of Dalarna had developed new activities and courses.</li> </ul> <p>Moreover, the fact that women can choose a different career path can have an impact on the society structure.</p>
Involved actors	Swedish agency for economic and regional growth, County administration board, municipalities, private organizations, banks.
Budget	€ 1,1 m.

### GREEN (Borderless Energy Cooperation between ski resorts)

Issue, target, objectives	GREEN is an Interreg IVA project promoted by the companies which run the 5 largest ski resorts in the Dalarna and Hedmark regions. The main objective of the project is to increase rational use of energy and the use of renewable energies (sun, wind, water) in ski resorts in order to reduce the environmental impact of winter sports activities in the Inner Scandinavian skiing resorts. An energy program was developed at national level identifying the needs.
Kind of diversification /innovation	It is “a new way to carry out an activity”.
Main impact/ results	<ul style="list-style-type: none"> <li>• the problem with high energy consumption is not solved, but the issue is on the agenda;</li> <li>• an energy office was opened in Hedmark;</li> <li>• the ski resorts saved money and earn a better image (a ‘GREENER image”);</li> <li>• new networks among the managers of the ski resorts were created;</li> <li>• an education course at the University college of Dalarna (on energy matters) started.</li> <li>• the GREEN project will continue its work in a new project, the GREEN 2020; this project involves different municipalities of the area;</li> <li>• a national project including the south mountain region of Sweden will start.</li> </ul>
Involved actors	The County Administration Board of Dalarna, the Trysil Municipality, the five largest ski resorts in Dalarna and Hedmark regions (Sälen/ Trysil, Idre/Fulufjäll, Kläppen and Stöten); the University Colleges of Dalarna and Hedmark.
Budget	<ul style="list-style-type: none"> <li>• 700,000 Euro, from Interreg IV A Program;</li> <li>• the County Administration Board co-finances this project by its regional development funds;</li> <li>• private resources.</li> </ul>

## Kurbits

Issue, target, objectives	Kurbits is a national program developed in cooperation with the Swedish Travel and Tourist Industry Federation. The aim of this program is to develop the small tourism enterprises in Dalarna region. Kurbits has its theoretical basis in the KK-Foundation's collaboration model, the FUNK model, which indicates that an effective cooperation between different companies, universities and public sector, across municipal boundaries, is necessary to develop the tourism activities. So that, some meetings in the form of workshops were organized involving many small tourism enterprises in different activities and lessons: individual coaching, situation analysis, business goals, service development, marketing, financial management. The added value of this approach is the dynamic learning together with a strong experiences exchange. Small tourism enterprises are the main "target" of this program.
Kind of diversification /innovation	Kurbits represents a new way to approach the topic of tourism development. Dalarna is one of the most successful tourism destinations in Sweden, but traditionally the tourism sector has not been considered as a basic industry. Thanks to this project, the tourism cluster "Destination Dalarna" has changed this vision and the tourism sector is one of the basic industries of the region.
Main impact/ results	<ul style="list-style-type: none"> <li>• approximately 250 companies were involved;</li> <li>• these companies have increased sales by cooperating about packaging, online sales, etc.;</li> <li>• new jobs have been created (no new companies have been set up, but there has been an evolution of the existing businesses);</li> <li>• Kurbits program is now carried out also in other regions.</li> </ul>
Involved actors	Region Dalarna, Destination Dalarna (tourism cluster), Swedish Travel and Tourist Industry Federation (RTS), KK-Foundation, meNY, University College of Dalarna, InnoWent.
Budget	600,000 € (period: 2009-2011)

## AUVERGNE REGION, MASSIF CENTRAL, UCCIMAC, FRANCE

TERRITORIAL AND ECONOMIC DATA	
Population of the area	1.343.000
Density of pop. (pop. per km2)	51,6
Density of pop. at national level (pop. per km2)	115
population of the area < 150.000	no
low pop density (< 10 per km2)	no
Main sector per number of enterprises	agriculture, trade and services
Main sector per number of employments	industry, trade and services
Average size/dimension of enterprises	small
Average age of the entrepreneurs	30-49 y
Presence of railways stations and airports	railways st. + airport
Broadband connection	good
Presence/absence of Research Centers and/or Universities	pres
Presence/absence of Research Centers and/or Universities	abs

SELECTED GOOD PRACTICES					
TITLE		Public Video Conference Spot	The Ardelaïne adventure in St. Pierreville	Cap'Actif Network	Chanfe of Air
ACTIVITY/SECTOR		services	local development	local development; start up services	tourism
KIND OF INNOVATION	A new way to make a product or to carry out an activity				
	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises				
	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces				
KIND OF EFFECTS	Balanced presence of each economic sector				
	A more balanced localization/diffusion/distribution of the companies on the area				
TARGET	ENTREPRENEURS				
	NEW GENERATION OF ENTREPRENEURS				
	WORKERS				
	STUDENTS/UNEMPLOYED				
INTERACTION WITH OTHER WPs	WP1				
	WP2				
STATE OF IMPLEMENTATION	ENDED				
	ON-GOING				
IMPACT EVALUATION (+; =; - ; no eval)					
NEW ENTERPRISES	REAL	=	+	=	no eval
	POTENTIAL	+	+	+	no eval
CONTRAST TO ENTERPRISES'DEATH	REAL	=	+	+	no eval
	POTENTIAL	+	+	+	no eval
OCCUPATION - NEW JOBS	REAL	=	+	no eval	no eval
	POTENTIAL	+	=	+	no eval
NEW YOUNG ENTREPRENEURS (18-35)	REAL	=	=	+	no eval
	POTENTIAL	=	+	=	no eval
LOGISTIC INFRASTRUCTURES	REAL	=	=	=	no eval
	POTENTIAL	=	=	=	no eval
ICT	REAL	+	=	=	no eval
	POTENTIAL	+	+	=	no eval
EXPORT - NEW MARKETS	REAL	=	=	=	no eval
	POTENTIAL	=	=	=	no eval

## SELECTED GOOD PRACTICES

### Public Video Conference Spot (PVCS) - Regional Council of Auvergne

Issue, target, objectives	Public Video Conference Spot (PVCS) is a way to provide public services in rural areas through an interactive terminal (interview video system). The main goals of this project are to improve the accessibility of the local public services and to expand the territorial coverage of these services by reaching all the marginal areas of the region through many access point (terminals). The access is very “friendly” and based on an intuitive use. The system is “multi-services” and permits a wide diversification of the services provided. The target is the whole population of the area (by now the job-seekers represent 75% of the attendance).
Kind of diversification /innovation	“A new way to make a product or to carry out an activity”.
Main impact/ results	<ul style="list-style-type: none"> <li>• 63 terminals;</li> <li>• more than 14.000 interviews done since 2005;</li> <li>• 20 different public services involved (job market, accommodation services, health services, etc.);</li> <li>• 2007: 1st price at European Project Award;</li> <li>• 2007: 1st prize for the quality of public services;</li> <li>• 2007: 1st prize for the modernization of public services.</li> </ul>
Involved actors	Region Council of Auvergne Region, Prefecture, Tourism Offices, local authorities, Municipalities, , local public services/administrations, private services providers (Orange, Internet Evolution, etc.).
Budget	Financial resources from: State, Regional Council, Region, FEDER, public services/administrations.

### The Ardelaïne adventure in St. Pierreville

Issue, target, objectives	This project concerns the creation of a Workers Cooperative Production Society in order to renew a woollen mill, closed in 1960, located in a marginal area that long lived self-sufficiently, with the production of chestnuts, berries and sheep farming. This in an example of the “French desert” caused by the closure of traditional activities mainly linked to the primary sector. Ardelaïne is a success story of innovation: how to create new income from a traditional resource like the wool. The main steps of this story are: 1846: Creation in the valley of a woollen mill. 1960: end of this activity. 1970s: the roof of the abandoned building collapses. 1982: creation of the Workers Cooperative Production Society. 1991: creation of the museum. 2003: creation of a second museum (“Wool in Revolution”). 2010: opening of a bookstore café and creation of a restaurant. Ardelaïne is now working with the Regional Natural Park of the Monts d’Ardèche and is member of the European Textile Association. Ardelaïne is now the main attractive point of this area.
Kind of diversification /innovation	“Substitution of the traditional products or activities with new ones or the discovery of new markets”.
Main impact/ results	<ul style="list-style-type: none"> <li>• 30 co-operators and 15 employees;</li> <li>• up to 25,000 visitors per year;</li> <li>• in 2006, a harvest of 54 tonnes of wool from sheep shorn from 50,000 sheep;</li> <li>• 245 breeders;</li> <li>• Ardelaïne was labelled as a “Living Heritage Company”.</li> </ul>
Involved actors	Ardelaïne employees, St. Pierreville inhabitants, farmers, visitors, customers and all the local stakeholders.
Budget	-

### Cap'Actif Network Regional Natural Park of Livradois-Forez

Issue, target, objectives	Cap'Actif Network is a project promoted by the Regional Natural Park of Livradois-Forez in order to provide a complete support and various services to the local projects developers. The support to the projects developers is provided since the "idea of the project" in order to follow the entire process of the project building. The approach is "multidisciplinary". One of the main goals is to create a strong network between all the different involved actors: Park, Consular Chambers, groups of local authorities, etc. Local authorities, institutions, associations, entrepreneurs, etc. are the target of this project.
Kind of diversification /innovation	"A new way to carry out an activity".
Main impact/ results	<ul style="list-style-type: none"> <li>• 500 projects per year;</li> <li>• 150 project developers involved per year;</li> <li>• 45 projects financed by the platforms of local initiatives per year;</li> <li>• 10 winners at the competition "Creation and Resumption of Enterprises" (bonus of 52,000€ per year);</li> <li>• 1000 contacts an average per month at the web site www.capactif.com;</li> <li>• 3 training courses per year.</li> </ul>
Involved actors	The Cap Actif network is now made up of: <ul style="list-style-type: none"> <li>• 11 groups of local authorities;</li> <li>• 5 Consular Chambers;</li> <li>• 2 Chambers of Commerce and Industry;</li> <li>• Puy de Dôme Chamber of Trade and Craft Industry;</li> <li>• 2 Chambers of Agriculture;</li> <li>• Livradois-Forez Park;</li> <li>• 2 platforms of local initiatives;</li> <li>• The Association for the Right to Economic Initiative (ADIE);</li> <li>• The Management Boutique (ADRET);</li> <li>• Active Auvergne;</li> <li>• The Co-operative for Activities and Employment Support to the Creators;</li> <li>• ARDTA.</li> </ul>
Budget	Financial resources from: LEADER Program; local authorities; Consular Chambers; Regional Natural Park of Livradois Forez.

### Change of air: try the Haute Loire!" .Creation of the tourism brand: Respirando.

Issue, target, objectives	In 2008 the departmental Council of Haute-Loire decided to develop the tourism sector in this region. "Change of Air" is a tourism policy approved by the departmental Council of Haute Loire with a specific focus on "outdoor activities". The goals of this policy were: <ul style="list-style-type: none"> <li>• to change/renew the image of tourism in Haute Loire (for example, a new "label" was given to some areas: Gorges du Haut Allier was called "Whitewater destination", Amblavèze was labelled "l'art de vivre nature", Mézenc was called "retour aux sources assure", etc.);</li> <li>• to build a more structured tourist offer;</li> <li>• to create a strong link between local tourist policies and regional planning.</li> </ul> Target of the project: tourist activities. Areas involved: Clermont-fd, Languedoc, Rhone-Alpes.
Kind of diversification /innovation	"A new way to make a product or to carry out an activity".
Main impact/ results	<ul style="list-style-type: none"> <li>• creation of new tourism products and organization/promotion of new events ("France Championship sled dog," "Coupe de France Climb", "Sur les traces du XV de France", etc.);</li> <li>• better links among tourism and mountain agriculture activities;</li> <li>• implementation of a new territorial marketing policy;</li> <li>• creation of a new strong territorial "image".</li> </ul> Thanks to this project this area became a "reference destination" and obtained the "Respirando certification".
Involved actors	Auvergne Region, Departmental Council of Haute-Loire, Municipalities, Tourism Offices, Departmental Committee of Walking, local tourism organizations, local tourism actors.
Budget	Public and private resources.

## VALLE BREMBANA Mountain Community, Lombardy Region, ERSAF, Italy

TERRITORIAL AND ECONOMIC DATA	
Population of the area	43.629
Density of pop. (pop. per km2)	64,9
Density of pop. at national level (pop. per km2)	199,9
population of the area < 150.000	yes
low pop density (< 10 per km2)	no
Main sector per number of enterprises	other
Main sector per number of employments	industry, services and agric.
Average size/dimension of enterprises	small
Average age of the entrepreneurs	30-49 y
Presence of railways stations and airports	none
Broadband connection	quite good
Presence/absence of Research Centers and/or Universities	abs
Presence/absence of Research Centers and/or Universities	abs

SELECTED GOOD PRACTICES				
TITLE		Truffles Cultivation	Multi services Shop	Ferdy Farm Holiday
ACTIVITY/SECTOR		primary sector	retail	tourism
KIND OF INNOVATION	A new way to make a product or to carry out an activity			
	Making a new product or carrying out a new activity together with the traditional products or activities of enterprises			
	Substitution of the traditional products or activities with new ones; the initiative contributed to finding new marketplaces			
KIND OF EFFECTS	Balanced presence of each economic sector			
	A more balanced localization/diffusion/distribution of the companies on the area			
TARGET	ENTREPRENEURS			
	NEW GENERATION OF ENTREPRENEURS			
	WORKERS			
	STUDENTS/UNEMPLOYED			
INTERACTION WITH OTHER WPs	WP1			
	WP2			
STATE OF IMPLEMENTATION	ENDED			
	ON-GOING			
IMPACT EVALUATION (+; =; - ; no eval)				
NEW ENTERPRISES	REAL	+	+	+
	POTENTIAL	+	+	+
CONTRAST TO ENTERPRISES'DEATH	REAL	+	+	+
	POTENTIAL	+	+	+
OCCUPATION - NEW JOBS	REAL	=	=	=
	POTENTIAL	=	=	=
NEW YOUNG ENTREPRENEURS (18-35)	REAL	+	+	+
	POTENTIAL	+	+	+
LOGISTIC INFRASTRUCTURES	REAL	=	=	=
	POTENTIAL	=	=	=
ICT	REAL	=	=	=
	POTENTIAL	=	=	=
EXPORT - NEW MARKETS	REAL	=	=	=
	POTENTIAL	=	=	=

## SELECTED GOOD PRACTICES

### Ferdy Farm Holidays

Issue, target, objectives	In Vallebrembana, agriculture is a very difficult and unprofitable activity. Most of the farms were abandoned. The only way to survive is to strengthen the integration between agriculture and tourism. The family of the entrepreneur is a traditional rural family that has always worked in agricultural sector. In the last '80 the entrepreneur realized that the traditional way to lead a farm in a mountain area would be not sufficient to ensure a future to his family. So, he invested additional funds to develop his activity with the creation of new structures for hospitality and restaurant offering typical local products made in the farm. This initiative concerns a traditional agricultural activity that in the last 15 years has integrated a tourism activity (restaurant and hospitality). The project is an example of diversification of traditional agricultural activities with tourism services. The goal of this project is to improve the profitability of the agricultural activity in the mountain area. Local entrepreneurs, especially in food, agricultural and tourism, are the "target".
Kind of diversification /innovation	The diversification implemented by the project pertains to the implementation of new activities (tourism sector) together with the traditional ones (agricultural and farming).
Main impact/ results	Increase of number of tourists; increase of tourism activities, tourists; increase of job opportunities in tourism and agricultural sector.
Involved actors	Farm Ferdy, Province of Bergamo and Lombardy Region
Budget	The project was financed with private resources and public funds from the Province of Bergamo, Lombardy Region and EU.

### The Multi-services shops

Issue, target, objectives	In small villages, local groceries look at closing up, due to the competition of larger supermarket situated in urban areas. However, local groceries play a social role in the local community, especially for people that can't move out (for example, old people without car). For these reasons, regional and local institutions decided to grant a financial contribution to local groceries in order to innovate their activities, adding new services and products and to become a landmark not only for local inhabitants, but also for tourists. Thanks to this contribution, the old groceries situated in the small villages became "Multi-services shops", that are shops offering various services as, for example: Internet and broadband connection, touristic information, typical products, etc. The goal of this project is to avoid the risk of closure of the local shops and groceries and to improve the offer of services for inhabitants and tourists. The owners of the small shops situated in rural areas and the population are the "target" of this policy.
Kind of diversification /innovation	The diversification concerns a new way to run traditional activities in rural areas.
Main impact/ results	Implementation of 5 multi-services shops in 5 different areas in Valle Brembana.
Involved actors	Lombardy Region, Province of Bergamo, Chamber of Commerce of Bergamo, Bergamo Formazione, Mountain Community of Valle Brembana, local groceries.
Budget	Public funds.



### Truffles Cultivation

Issue, target, objectives	Bracca is a small rural village in Valle Brembana, a mountain area. The risk of depopulation is very strong because of the lack of new job opportunities. Picking wild truffles (very valuable mushrooms) is a traditional rural activity in Bracca. The project aims at developing new fields for the cultivation of truffles through the modernization of a traditional local activity. This initiative has also a strong interaction with the territorial marketing policies because truffles are a strong attraction for tourists.
Kind of diversification /innovation	The diversification concerns the introduction of new tools to develop and modernize a traditional non-profitable local activity.
Main impact/ results	One field with this new way for the cultivation of truffles was implemented
Involved actors	Municipal Administration of Bracca, Mountain Community of Vallebrembana, Province of Bergamo, local associations.
Budget	Public resources for farmers





