



European Commission



Identification, Dissemination and Exchange of good practice in
Local Employment development and promoting better governance

Local Employment Development in Remote Rural Areas

Third Thematic report of the IDELE Project

based on an international seminar on 16 September 2004 in Rovaniemi, Finland



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Introduction

IDELE is a three year project operated by ECOTEC on behalf of the European Commission. It involves the:

Identification
Dissemination and
Exchange of good practice in
Local
Employment Development.

Each year, IDELE focuses on four themes in local employment development and identifies good practice examples from which key lessons can be learnt. These will be of interest to:

- Policymakers at all levels;
- Practitioners involved in local employment development;
- Other local stakeholders; and
- Academics and researchers.

This third Thematic Summary considers remote rural areas across Europe. It demonstrates the potential of local action to develop employment through:

- Building on the intrinsic characteristics of such area that make them attractive;
- Addressing issues of land ownership;
- Overcoming remoteness through improved communication infrastructure;
- Supporting enterprise

Twelve international IDELE seminars and reports provide a platform for policy-makers and project promoters to share a dialogue about how the local approach can make a difference. This thematic report reflects the outcomes of the eighth IDELE seminar held on 16 September 2004 in Rovaniemi, Finland.



Rationale behind *IDELE*

IDELE is a key element of the European Commission's activity to encourage the exchange of good practice and networking in local employment development (LED). The local level has been recognised in EU policy since 1984 and has since gained in importance through the Commission's White Paper on Growth, Competitiveness and Employment in 1993 and the European Employment Strategy in 1997. While policies at other levels – macro-economic, structural and regional/sectoral – continued to address the broader competitiveness and cohesion agenda at the level of the economic system as a whole, a policy that proposed to use local actors to seek out local solutions had (and continues to have) strong appeal.

At the end of two decades of experimentation and significant funding both for pilot actions and under Structural Funds measures there is a need to review what has been learned and disseminate and exchange the lessons from practice. Local actors are becoming more involved in capturing employment and development for their areas and it is important to recognise this. While EU programmes have been a significant spur to action, IDELE provides an opportunity to capture learning from a much wider social movement. IDELE also has the capacity to look at how the overall aim of the EES is being achieved by actions in the wider local setting.

Possibilities for local action

When the local approach came to play an increasing role in the policy frameworks of the EU and a number of Member States (during the 1980s and 1990s), it was chiefly envisioned as an instrument of unemployment policy and this has determined its development pathway. From the perspective of economic analysis LED is seen to work on both the supply and the demand side.

On the supply side, it offers a means to mobilise labour to adapt to new work opportunities and to acquire relevant skills by drawing the unemployed and socially excluded along 'pathways to integration' with strongly local points of entry. On the demand side, it is a means to prospect for new sources of jobs at the local level – particularly by identifying those service gaps and market failures that were unfilled by private enterprise or public provision as service demands changed faster than orthodox responses. With a re-awakening of interest in social enterprise and the social economy, another demand side option has been to stimulate alternative forms of enterprise within local communities that gave both the prospect of addressing gaps in 'proximity services' and the chance that the locally unemployed could create 'tailor-made jobs' by acting as social entrepreneurs.

Another entry point to the possibilities of action at the local level has come from the orthodox perspective of market economics and from the logic of arguments about *market failure*. Indeed, the essence of the highly influential LDEI initiative that emanated from the European Commission's Cellule de Prospective in 1996 was to position local action as an instrument to address existing and emergent market failures in a fast moving economy.



Remote Rural Areas: stimulating and managing new firm creation and entrepreneurship through local action

European rural areas present particular challenges for policy-makers. They consist of 80% of the EU's territory and are home to around a quarter of the population but show considerable diversity in their geography and landscapes and in the problems they face. The lack of homogeneity of rural areas across and within Member States presents problems in the development and design of European and national rural development policies and programmes.

Key features and problems of remote rural regions

Europe's rural areas face challenges such as a higher share of employment in declining sectors than the EU average, distance from main centres of business and employment, a less entrepreneurial and risk-taking culture, an inability to participate in the main economic channels and networks and poor education levels. Several other major problems also affect these areas:

- The local population is often in decline numerically and the average age is often increasing. This is particularly true in small communities as the working age population migrates to larger regional settlements or leaves the region entirely to access education and/or employment opportunities.
- Natural environment conservation constraints can have a major impact on rural development; environmental protection laws can limit capital development schemes, such as transport infrastructure improvements, housing schemes or new business premises, by increasing building costs.
- The low population density of these areas can lead to major increases in the cost of delivering basic public services such as transport, healthcare and education. In many areas there is a low employment rate among women and this is often linked to a lack of suitable childcare facilities.
- Private enterprise is often similarly affected. The low population density places a natural limit on demand for products or services and the large distances make it difficult for businesses to expand their markets.
- Inward investment can also be negatively affected. Due to population migration, often of the young and highly educated, there is a limited and dispersed pool of labour that may lack the specialised skills required by a new business. A paucity of locally orientated financial instruments may also discourage the retention of local savings in the local economy which instead flow out of the area via national financial institutions.

Essentially, many of the issues considered above are concerned with generating effective scale. Therefore, the key question is: How can the distance factor inherent in areas with a low population density be overcome in order to create the minimum effective scale for public or private activity?

In order to create sustainable communities it has been argued that a critical population mass is needed in order to make economically viable public and private services delivery possible. Creating critical mass does not necessarily involve population relocation into larger settlements, rather, it means overcoming distance through improved transport or communication systems that can support and promote larger social and business networks.



Lessons from Experience

There are a variety of ways by which local employment development can tackle the problems of remoteness. The experience of the good practice examples identified by IDELE highlights the contribution that local action can make to the successful development of rural areas. The projects display innovative thinking, and leadership but also a deep understanding and sensitive treatment of specific local and regional issues. In this respect, the good practice examples demonstrate the importance of local project ownership and development as a key success factor alongside flexible regional/national support systems, strategies and policy frameworks.

Specific lessons are that:

- Embedded local cultures are a key feature of the potential comparative advantage of rural communities as well as the particular properties of the environment. Long histories of cultural richness and diversity have the potential to be mobilised, and the valorisation of these attributes has become in many cases a source of new competitive edge in the global marketplace. It is at the local level that these values can be realised and harnessed where structures have been put in place to achieve it.
- The appropriate level for action is not always the local. In the cases of the SENDA Project in Spain and the Lapland Centre of Expertise for the Experience Industry¹ in Finland, a strategic regional approach was appropriate and offered benefits of greater scale. However, each example retained enough flexibility to enable local people to participate by developing sub-projects and smaller-scale activities at their local level.
- More than elsewhere, enterprises in remote rural areas demand enabling Intermediary Support Structures (ISSs) to overcome problems of scale and density. ISSs can help communities and businesses to achieve a critical 'network strength', to increase the scale and scope of products and services and to overcome problems of distance and accessibility. In the case of the SENDA Project and the Catalan Craft Centre² an ISS has supported regional craft businesses by collectively branding and marketing their products. This has opened new markets and allowed rural areas to maintain craft industries that are an integral part of their cultural heritage. The Orkney Marketing Scheme³ has taken the approach further by promoting local products generally.
- Facilitating the creation of business networks can improve quality and business performance. The Catalan Crafts Centre has introduced a quality standard into the craft sector. In Lapland, the Centre for Expertise has facilitated interaction between different industries resulting in several innovations in new products, services and the creation of new businesses and jobs. In Galicia, the network of small hostels established by the SENDA project has enabled the provision of targeted business support and training for the sector.
- Local assets must be maximised – prime examples are St James' Pilgrimage route in Galicia and the Santa Claus Christmas experience in Lapland. Both of these have taken unique assets and linked them successfully with other related activities and services in a mutually beneficial way. Other rural areas, such as the Isle of Eigg⁴ have been able to valorise their relative remoteness and highlight it and their natural

¹ www.elamystuotanto.org

² www.artesania-catalunya.com

³ www.hie.co.uk/orkney/marketing.html

⁴ www.isleofeigg.org



environment to increase tourism. The Terre del Sosio Leader+ GAL⁵ in Sicily is developing the regions archaeological heritage to promote tourism and stimulate a sense of local cultural heritage.

SENDA, Galicia, Spain

The SENDA project was initially funded by the Community Initiative ADAPT during 1995-1997 and brought together a range of local and regional actors to develop and promote the regional tourism industry. It used the pilgrimage to Santiago de Compostela as a unique selling point for its activities and brought together a network of regional craft businesses and rural hotels and hostels into a support network. Through the network the project provided training for SMEs, increased the use of ICT in the sector (e.g. online hotel reservation) and created a regional marketing strategy.

www.artega.com

- Small scale local action can achieve improvements to community infrastructure. In the case of the 3-C cooperative⁶, the community was able to implement commercial broadband and wireless internet services when the area was overlooked by the large telecommunications companies and service providers.
- Wider land and property ownership can increase entrepreneurial and creative activity. On the Isle of Eigg, land reform has enabled the community to operate several community services, to renovate housing stock and generate an independent income for investment in community projects. In Trångsviken⁷ in Sweden, the community owns its own community centre and community development company. This company provides guidance, mentoring and financial aid to new and existing companies where public and private bodies have been unable or unwilling to help.
- Communities can benefit from owning even small scale assets. The Scottish Land Fund⁸ has supported several large-scale land purchases but it has also financed many smaller acquisitions, ranging from small plots of land to a butchers shop. These comparatively small scale activities help maintain community services, support sustainable communities, raise the quality of living and provide local employment. Sources of independent income for communities also facilitate additional small-scale activities without further public intervention.
- Local action can take advantage of the strong social and trust relationships in rural communities to encourage voluntary donations of labour and skills. Greater social capital and trust can also encourage entrepreneurial risk taking in the community. Being able to predict others' responses in a partnership transaction can reduce the costs of contracting and doing business, promote more risk taking where the risk is shared and induce more creative thinking. Consensus building can mobilise additional "free or voluntary labour" to a venture and give it a cost-performance bonus.

⁵ www.terredelsosio.it

⁶ www.3-c.coop

⁷ www.trangsviksbolaget.se

⁸ www.hie.co.uk/scottishlandfund



- The potential conflicts that pervade the life of these regions (indigenous people/incomers, environmental sustainability/resources exploitation, etc) need mechanisms whereby they can be discussed and resolved. New forms of flexibility and adaptability can emerge in local contexts where partnership and trust can give legitimacy to social relationships and can allow both conservation and development to be mutually explored and strategies put in place to deal with them.
- Rural communities suffer less from the ‘crowded platforms’ and multiple interests present in urban areas. The relative lack of local action and locally engaged government agencies creates significant scope for local partnerships to develop. However, in some countries, such as the New Member States, local partnership working can be underdeveloped and significant resources may be required to build capacity. In other countries there may be cultural norms to overcome concerning the role of the state, community and the individual, i.e. a debate over where responsibility for local development actually lies. In some cases there may be political resistance to the decentralisation of power and decision-making to the local level.
- Local action can often depend on the efforts of individual community leaders to generate interest and sustain momentum. Leaders of this type are not common and need support, but local action must be based on community consensus – a balance must be struck between action and consensus even if activity proceeds at a slower rate as a result. Part of the gain from acting locally is to offer greater legitimacy to strategic developments; local people and interests can “own” the strategy giving it more chance of being actualised in practice. Part of the intrinsic value of acting locally is that it enhances the prospects for promoting social inclusion. Significant economic and social benefits can accrue where strategies for employment and development can be set in a context of local knowledge and cultural understanding.
- While, in general, local relationships in remote rural areas may be well developed from long-standing family and religious or cultural roots, these do not automatically enable communities to “act locally” for economic and employment development. Single issues may mobilise communities but the capacity and adaptability that is needed collectively to anticipate and respond to more abstract development challenges needs to be installed.
- Some areas may not possess existing capacity or culture to work in partnership locally. In these areas substantial time and resources must first be deployed to develop capacity, engaging people in partnerships and activity that generate social capital, trust and contribute to local employment and development. In these areas a partnership structure imposed in a top-down manner will not produce the dynamism evident in the best practice examples.
- Policy makers can support local partnerships and networks by providing Intermediary Support Structures (ISSs) for them to link into. ISSs, such as those of the Networking Innovators⁹ and SENDA projects can generate sufficient scale for efficient and effective training, advice, financial and marketing services.
- Rural areas need help to remove barriers constraining their development. Policy-makers can help by supporting rural partnerships in campaigns for improved transport or communications infrastructure or by supporting community groups to implement improvements themselves, for example, promoting broadband access.
- In areas with average incomes below the national average, part-time employment can have a major positive impact upon household and disposable income. Part-time jobs to be combined into full-time jobs through job-matching schemes that can increase the ability of SMEs to expand their activity.

⁹ www.llaky.fi

The IDELE Thematic Report Series

- Old Industrial and Mining Areas: the added value of local employment development (seminar 1 Lille-France seminar)
- The Metropolitan City: seeking competitive advantage through local actions to integrate immigrants and minority groups (seminar 2 Berlin-Germany)
- Local Employment Development in Remote Rural Areas (seminar 3 Rovaniemi-Finland seminar)
- Successful Local Milieux and the Lisbon Process (seminar 4 Cork, Ireland)
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- Sustainable rural communities: local approaches to job generation and learning & skills development (seminar 11 Santiago, Spain)
- Local and the European Employment Strategy: Lessons from IDELE (seminar 12 Brussels, Belgium)



Contact Details

The full thematic reports and thematic summaries and further information on IDELE can be found on the project website: www.ecotec.co.uk/idele

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http://europa.eu.int/comm/employment_social/local_employment/index_en.htm

