

Executive summary

SUCCESSFULLY COMBATTING RURAL DEPOPULATION THROUGH A NEW MODEL OF RURAL DEVELOPMENT: THE HIGHLANDS AND ISLANDS ENTERPRISE EXPERIENCE

Introduction

After the European Commissioner for Regional Policy, Corina Cretu's, visit to the city of Teruel in November 2016, the Government of Aragon considered the possibility of a research trip to the Highlands and Islands of Scotland. The intention was to discover, in situ, how those territories were developing socially and economically. The tour took place between May 2 and 4, 2017. The group was composed of three representatives from each of the five sparsely populated territories of NUTS 3 recognized by the European Union (Cuenca, Soria and Teruel in Spain, Lika-Senj in Croatia, and Evrytania Greece). The team sought to include members of the respective regional administrations or territorial development agencies, business associations and local development agents. The objective of this mission was:

1. To understand and study the successful Scottish model, developed over decades for the recovery of a large rural area with strong natural and demographic disadvantages – especially in the case of its most delicate areas.
2. To disseminate known examples of success in the field in the territories of origin.
3. To gain insight on how to reproduce the success achieved in Scotland, and how to realistically spread those to the five territories considered sparsely populated in Southern Europe.

Learning

In our territories, much of what has been done so far in rural areas is inadequate and insufficient.

At the epicentre of the success achieved in Northern of Scotland is the territorial development agency (Highlands and Islands Enterprise HIE), an organization founded in 1965 with the mission of removing the demographic and economic decline from its territory, which had been a problem for centuries.

In view of the findings made in Scotland, the SSPA wishes to raise the possibility of reproducing the creation of an autonomous agency for the development of rural territories in strong economic and demographic decline in the territorial area that in each case is considered pertinent. That is, the creation of an agency that has great autonomy not only in an organizational setting but also in terms of its ordinary operation.

The HIE agency. The keys to its success

- **Autonomous and depoliticized organization.** The agency is financed with public funds but enjoys full autonomy of action compared to the rest of the public administrations of Scotland. HIE participates in the process of elaboration of the general strategic framework, counting on

the ideas and proposals for the future from associations and citizens alike. Its board of directors is appointed by the Scottish government but its members are not active public or political positions. Instead, they have been chosen for their qualifications and professional and intellectual credibility: lawyers, businessmen, technicians, university professors, financial experts, economists, journalists, cultural technicians, etc. The agency develops its activity surrounded by a broad political and social consensus and a high degree of confidence regarding its mission and activities. In addition, its staff consists of professionals recruited through open and public job calls. Most of its actions are carried out in collaboration with other public entities, companies, universities, local and regional administrations, European partners, etc. Throughout its activity, HIE clearly identifies which legal and administrative obstacles hinder the integral development of the most vulnerable territories. It uses its autonomy to carry out a generally successful lobbying process with the authorities (Scottish, British or European) to accomplish the necessary changes.

- **Medium and long term planning.** HIE demonstrates enormous flexibility combined with thorough strategic planning carried out through a broad process of analysis and consultation. It had several reforms of its internal structure, strategic objectives and territorial articulation throughout its history in order to adapt itself to changes and new needs.

- **Presence and action in territory.** The agency has a headquarters in the capital (Inverness, 60,000 inhabitants) and seven territorial offices where it has developed a culture of entrepreneurship and excellence in management. Motivation, ideals, optimism and enthusiasm for the mission are the key to its success. HIE values proactive work, and is able to “go and find out” for those who may potentially play a fundamental role as promoters of a project. In short, HIE identifies the opportunities of each territory to carry out development actions: dialoguing and assisting entrepreneurs and local partners, evaluating and reporting on the progress of undertaken actions, and contributing to the design of future strategies and initiatives thanks to its experience on the field.

- **Culture of cooperation.** From the beginning HIE has acted in complete cooperation with public institutions, as well as with private companies, rural communities, educational and research centres, European organizations, etc. Its role and position in the struggle of the public powers – in favour of local socio-economic development and against depopulation and rural decline – has been to get where other public bodies and private companies failed to reach or achieve positive results.

- **Efficiency, responsibility and control.** Money is very important for HIE and a great deal of attention is paid to the way it is used and to the cost-effectiveness ratio. The monitoring of actions and subsequent evaluation should always be present in all its endeavours – even for those that are medium and long term. It is important to know what to invest the money in as well as in what not to use it for. If the activity of the agency is to be autonomous, the obligations of transparency, exemplary management and responsibility in the use of public resources are fundamental.

The main aim of this document is to review the way in which numerous European, national and regional policies focus on issues related to the so-called “rural spaces”. In particular, we want to

concentrate on our own conception of rural development, which nowadays is mainly based on the primary sector and is, as such, unable to sustain the current levels of population in rural areas.

The essential components for the development included in the report are:

- The provision of **infrastructure and basic equipment and accessibility** to essential supplies in affordable and quality conditions.
- The **offer of accessible and quality housing**.
- The **availability of basic services for the population** and adequate access to them taking into account the time factor, both in terms of public services – educational, health and social – as well as nearby commercial activities or certain cultural and leisure offers.
- **Connectivity** – internet broadband, mobile telephony-, communications and adequate portability.
- **Legal framework** – in all areas, from taxation to the management of natural resources-, consistent with the realities and needs of the rural environment.
- **Presence and generation of entrepreneurial attitudes** in the social environment with the ability to contain talent and attract entrepreneurs through appropriate opportunities and incentives.
- **Presence and training of qualified workers** with the capacity to attract exogenous human capital through the offer of job opportunities.

The absence or insufficiency of any of these premises severely hinders or prevents the achievement of a sustainable development that permits the restoration of the demographic balance. We must discard the essentially agrarian and primary paradigm that we continue to maintain with respect to the development in rural areas. We must stop understanding the term rural as something associated with working the land, and begin to assume it as an extensive geographical space. That is, a dispersed, multifunctional social and economic space with high environmental quality and in which to live and prosper, it must make use of its material and human assets in order to attract new talent and entrepreneurs. Not only is this possible, but also necessary and beneficial for the whole society of every country.

The labour of strengthening rural communities

The rural environment requires, more than ever, a population capable of undertaking the innovation and redesign of new economic and social relations between themselves and the urban environment. HIE is aware of this fact and works with those people or groups who show a certain **capacity for leadership** and who have valuable ideas about how to improve the lives of their neighbours or how to solve problems in their community. The agency has encouraged them to elaborate projects of all kinds that favourably affect the vitality of their neighbours, either in their welfare or by stimulating entrepreneurship.

One of the most effective formulas, and one well advocated for by HIE, is to carry out local entrepreneurship initiatives of **social economy companies**. It is therefore a matter of betting on a business model in which the economic benefits are sufficient to guarantee that the real expected benefit is achieved. This includes the maintenance of basic services for the population, the labour insertion and autonomy of people at risk of exclusion, or access to a diversified and quality cultural and leisure offer that, in turn, contributes to strengthening the local community.

Instilling entrepreneurship in rural areas is absolutely crucial for the development of a community. It is essential that the territorial development agency **makes direct contact with rural communities and knows village to village the real needs and the concrete possibilities** of generating wealth in each one of them.

Therefore, a rural development agency should **identify people or groups that are active** or that are simply better qualified for social entrepreneurship and to help instil positive values among their neighbours due to their credibility, prestige, influence or social leadership. In addition, it should work with programs that promote **social entrepreneurship** and dynamic associationism. Also, their work would be **to disseminate more positive and proactive ways of thinking** and attitudes that generate trust.

On the other hand, the agency should offer the rural communities adequate advice in the design of economically viable investment projects, in the communities empowerment and in the provision of a legislative framework that favours the launch of innovative business projects.

Rural entrepreneurship, innovation and support

It is necessary that every territorial development agency of vulnerable rural areas has a multidisciplinary team of experts in different fields **working in the territory**, that know it first-hand – including its potential partners and others who have territorial significance – as well as being capable of advising companies and entrepreneurs regarding all kinds of issues.

The **process of control and subsequent evaluation** of the initiatives and projects that benefit from the support of the agency is necessary. On the other hand, **the lack of credit cannot be an obstacle to entrepreneurship**. HIE maintains a continuous cooperative relationship with a specific venture capital entity for Highlands and Islands and with the Scottish Investment Bank. In the SSPA case, the Rural Savings Banks should be preserved and supported as leading actors in the creation of sustainable and solid rural development.

In rural areas, the legal requirements for business and activities must be adapted to their realities and must be more flexible in their application. This principle should also cover tax legislation, and take the possibility of establishing a **more favourable tax framework -positive discrimination-** for those entrepreneurs that invest in rural areas into serious consideration.

Therefore, the **promotion of the culture of entrepreneurship and a specific education** that help to exploit the potential offered by the territory and adapt to the way of conceiving and doing business in a specific environment and in conditions so different from those of urban areas becomes very important.

Talent attraction-retention. Recovering the "rural pride"

As for HIE in Scotland, the sole and primary objective of SSPA is to **transform our rural areas into competitive regions**. In these zones, inhabitants have confidence in their chances of continuing to live and prosper in their villages in the future. If someone decides to leave, it is a personal decision and is not due to lack of opportunities. It is urgent to implement measures that help **rejuvenate and feminize** the demographic structure of the most vulnerable rural territories.

Since the **availability of an adequate education** – referring to quality, variety and proximity – facilitates the settlement of the young people, it is essential to provide an education that is adapted to the needs of the territory. In addition, in rural areas, education must be well **tailored to the needs of the productive sectors**: the planning of educational provision should be adapted to the realities of the economy of the territory.

In order to ensure the retention of talent and the use of it at the university, technological and research level in the regional development scheme, HIE was clear about **the need for a higher education system conceived from, by, and for the territory**.

The **University of the Highlands and Islands – UHI** – **plays a very important role in the generation of talent** and in the launching of innovative business projects connected with the potential and needs of the territory. In order to serve the needs of the territory, it was conceived as a *“University in, for and of the Highlands and Islands”* by selecting diverse disciplines and specialties. These allow better professional opportunities in the labour market, support rapidly growing sectors or those of great potential, and research in fields where new opportunities may be found and local challenges may be met.

Another effort made by HIE to help to attract and to retain population is the **housing policy**.

It is **essential to incorporate the psychological and cultural aspects in the strategy** of the new rural development. The decision to bet on staying in their own territory or choose a town as the setting for a life project not only has to do with objective and material factors, but with others as well. These elements belong to the field of ideas, desires and illusions, feelings and emotions, and the need to establish new formulas for putting down roots or the subjective attribution of the value of things.

A **continuous marketing effort** is also necessary, one that is properly conceived and executed. Its main aim is to “sell” the rural environment in places where there are people potentially attracted and interested in carrying out their projects in it.

This document has various **conclusions**:

- The experience of HIE demonstrates that even the most remote and rural areas may **reach a healthy demographic balance and a state of economic prosperity**.

- The experience of the Highlands and Islands proves the importance of creating a **specialized agency** to successfully face the complex task of transforming the desolate scenario that represented that territory.
- Depopulation is a problem of a complex nature which requires **complex solutions** and a coordinated intervention with very diverse actions, organized according to a specialised entity: the rural development agency.
- Permanent cooperation with **public organisms** is required.
- **Development** is a consequence of the adaptation of human communities over time: it **cannot be based only in a sector** or activity whose weight is less and less common.
- A **new development model in several phases** must be promoted: a direct and permanent contact with the realities of each functional area, a planning process on which to operate, and a concerted action of the agency with public and private partners.

ANNEX

Attached to the report is a document that collects the data and findings made by the members of the working group that visited the Highlands and Islands of Scotland. In addition, it exposes the reflections, assessments and proposals formulated jointly by the five territories (Cuenca, Soria, Teruel and the provinces of Croatia and Greece) that make up the SSPA network.

FULL REPORT IN: <http://sspa-network.eu/documentacion/>