



MICROPOL – SMART WORK CENTRES IN NON-METROPOLITAN AREAS

Policy Recommendations

by

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EXECUTIVE SUMMARY

"MICROPOL – Smart Work Centres in Non-Metropolitan areas" is now delivering 10 policy recommendations in support of niche regional economic development areas in order to guide policy-makers with practical observations and evidence-based approaches on how to better exploit smart ICT-supported working forms towards "a new world of work" – a great challenge to the next decade across Europe.

The past twenty years have been an extraordinary time for the development of information and communication technologies (ICTs). Together with the 'mobile miracle' the benefits from ICTs have been virtually transferred to all people. Enabling ICTs have positive impacts on the local economies (diminishing geographical proximity) and on inter-personal relationships (increasing need for life-work balance) as well. The concentration of broadband in metropolitan areas has led to rapid depopulation and brain-drain in rural areas, endless commuting hours between home and the workplace, traffic jams, increasing CO₂ emissions of cars, burn out of workers and the collapse of traditional industries – in parallel - the raise of knowledge-based new industries. New challenges required new ways of work: atypical, smart working forms. However, the concept of SWCs or "telework centres" has existed in more than 20 years and the basic infrastructural basis is accessible in Europe but has until recently remained relatively unsuccessful, due to technological immaturity, hesitant SMEs and lacking policies.

The MICROPOL project has analysed in deep this challenge and this document try to show to the politicians of all Europe 10 basic recommendations for adapting infrastructures, behaviours and concepts to this new reality.

Executive synopsis:

Within the Europe 2020 Strategy, the European Commission has defined clear objectives to Member States regarding the complete delivery of 100 per cent ICT broadband coverage motivated by the fact that the access to broadband is not homogeneously diffused in terms of quality and price across the European areas. It is especially true for rural, peripheral areas where the **promotion of new regulatory frameworks and interventions** are crucial to unlock the rural human resource potential and to drive settlements to the 21st century. There is a broad consensus about the importance of e-skills for Europe: e-skills shortages, gaps and mismatches and a digital divide will affect negatively growth, competitiveness, innovation, employment and social cohesion in Europe. Therefore, **digital skills enhancement training sessions and software donations** are key instruments in digital awareness-raising **for managers and operators of SMEs as well as public servants** in close cooperation with multinational corporations. Statistics foresee a total of 700 000 unfilled vacancies in the EU by 2015. This urgent need for skilled workforce urges policy-makers to take **cross-border and transnational allocation of funds along the value and innovation chains** into account in order to better support the empowerment of rural citizens to meet the requirements of smart work.

Currently Member States are adopting Partnership Agreements (PA) with the European Commission. Considerable amounts of the European Structural and Investment Fund (ESF) are now dedicated to support the economic cohesion of less and transition regions. At this purposes, the new programming instrument has reaffirmed the importance of "investments targeting the relocation of activities and conversion of buildings or other facilities located within or close to rural settlements, with a view to improving the quality of life or increasing the environmental performance of the settlement" [Regulation (EU) No. 1305/2013, (Art. 20, g)]. These political commitments foster the **recovery and rehabilitation of disused or non-used structures and facilities with the final aim of encouraging the use of smart working forms in rural areas**. Actually, more than 91 per cent of the European territory - inhabited by over 56 per cent of the population - can be defined as "rural". The same than before.

Refurbished buildings and already existing telework houses hold the potential to deliver additional services to web-based enterprises including advocacy and access to seed and venture capital investors [DG Enterprise and Industry's (DG ENTR) Entrepreneurship 2020 Action Plan].

Facts & Figures:

Global statistics show that broadband penetration has clear impact on GDP growth that varies widely, from 0.25 to 1.38 per cent for every increase in 10 per cent of penetration (OECD, adapted from Koutrompis (2009).

In case of countries like Italy, Portugal, Greece, Spain or Hungary, with low penetration rates the average contribution to GDP growth amounts to 0.008

In case of technologically more mature countries such as Denmark, Norway, Sweden, the Switzerland the average contribution to GDP growth reaches 0.023.

Source: OECD (2011)

The establishment of these smart work centres are essential pre-conditions to boost the **creation of new digital enterprises and clusters in non-metropolitan areas** with a view of contributing to the achievement of the overall employment priority of Europe 2020 Strategy. Investments are very expensive for regional and local authorities and need to be done on a very large scale in order to provide meaningful results [European Commission,(2010)] so that the role of sharing risks and financial resources is valorised. The **establishment of Public-Private Partnerships (PPPs) and the development of common legislative frameworks** support long-term structural changes and are relevant complementary instrument to meet infrastructure and service needs across the European Union. Improvements enable the uniform and effective implementation of PPPs and to achieve the highest level of benefits for the involved companies as well as for the European local communities when investing into multi-functional smart work centres.

Fight against depopulation, stores shutting down and school closures are often characteristics by the rural areas. According to the EU Strategic Guidelines for Rural Development (2006), it is a priority to improve the quality of life in rural areas and encourage diversification. It is the responsibly of each Member State how to implement these guidelines in national and local strategies for rural development. The process of designing and implementing strategies in rural areas enables the possibility of generating new scenarios by **cooperating with local citizens and/or civic organizations**. This cooperation should be viewed as an investment which increases the guarantee of success. It is especially true when it comes to brain-drain and the depopulation of rural areas. Giving young people a sense of belonging and a positive perception of the place they come from mean pro-active and forward thinking alternative to local communities and policy-makers to combat these worldwide phenomena. **Involving the youth/young people from an early age in the engagement in their local community, which may maintain them or make them return later in life.** The local SWCs can, among other things, be the venue where young people display their creativity to the local society which, in the end, keeps them in the concerned areas.

READING GUIDE

As commonly well known, a Policy Recommendation is a thematic paper suggesting a political strategy aimed at addressing a specific issue perceived as a criticality to be faced. It refers to specific groups of policy makers having competence to intervene and adopt decisions in the fields covered by the Recommendation itself.

The following Report collects 10 Policy Recommendations (PRs) elaborated within 6 different thematic areas:

1. ICT: PR 1 – PR 2 – PR 3.
2. Communication: PR 4.
3. External services: PR 5.
4. Rural Programmes: PR 6.
5. Public-Private partnerships: PR 7 – PR 8.
6. Social impact: PR 9 – PR 10.

The Report is articulated as following:

- A – Brief presentation of the aims and objectives of the Project MICROPOL.
- C – Purposes and tasks of the Working Group No. 2, charged of elaborating the Report.
- B – Methodological issues.
- D – Set of 10 PRs.

Each PR is structured into 4 parts, as it follows:

- Part 1 – Core message (at the top and in bullets).
- Part 2 – Analysis (academic and scientific literature, statistical data, official EU documents).
- Part 3 – Text of the PR.
- Part 4 – Link to the relevant Project good practices.

By virtue of this articulation, the reader can choose to focus – also in a cross way – on a specific area, on selected PRs as well as on one or more component parts.

AIMS AND OBJECTIVES

In the framework of the Project "MICROPOL – Smart Work Centres in Non-Metropolitan areas", a number of policy recommendations for delivering "a new world of work" has been identified. The MICROPOL partnership involves committed regional governments and research partners that are willing to take advantage of new developments within knowledge-based business, work culture and ICT with a view of meeting this challenge. Activities over 36 months have been motivated by delivering evidence-based experience and good practices from Europe concerning the implementation and management of so-called Smart Work Centres (SWCs) in the context of non-metropolitan areas. The recommendations will address both the European institutions and the partner regions, respectively.

What does it mean to support rural non-metropolitan areas?

The concept of SWCs or "telework centres" has existed in more than 20 years but has until recently remained relatively unsuccessful due to technological immaturity, hesitant SMEs and lacking policies. This situation is now changing and the MICROPOL partnership will join efforts to improve the effectiveness of policies which support the implementation of SWCs in non-metropolitan areas. Through a series of thematic seminars as well as a survey and study visits to successful SWCs the partners will improve knowledge, skills and strategies for the use of SWCs in rural development and employment policies. The output will be a case study collection, a good practice guide, an implementation plan for self-sustainable SWCs and a policy recommendation document for internal and external dissemination. On the basis of these tools, the partners as well as policy makers all over EU will be in a better position to create "Micropols" which are dynamic non-metropolitan communities that combine the qualities and low costs of rural life with challenging job opportunities in the knowledge economy.

The past twenty years have been an extraordinary time for the development of information and communication technologies (ICTs) and with the 'mobile miracle' the benefits from ICTs have been virtually transferred to all the world's people. In this new age, digital technology has already become the defining transformational force. ICTs have driven half of the productivity growth in Europe over the past 15 years. Six out of ten Europeans regularly use the internet. However, if Europe wants to fully exploit the potential benefits from the digital economy, it must step up a gear by providing a faster broadband, strengthening the internet people trust, improving citizens skills and encouraging even more ICT innovation. One part of this process is the delivery of smart or atypical work forms that goes hand in hand with reduced commuting time and following strain on environment, improved work/life balance, better access to an international market of knowledge-based telework and the possibility of living in rural areas while retaining challenging jobs in the knowledge economy traditionally linked to metropolitan areas.

How to identify niche policy areas?

MICROPOL policy recommendations have been elaborated in a way to highlight those „niche" policy areas where immediate interventions are needed to establish economically sustainable SWCs for the economic recovery of rural areas across Europe. The SWCs have flexible and multifunctional use by offering numerous services which depend on the group of their users. The basic facilities offered by a SWC are a computer with appropriate programs, office equipment and information and communication technologies. Often SWC offers also additional services: an access to interactive technologies (e.g. high quality video conference), conference rooms, special recreation zone, large public rooms, day-care services for children, café or shop, financial services, IT support, employment services etc. (Connected urban development, 2012). SWC offers a stimulating environment for small businesses, self-employed and employees of distant employers and thus may facilitate synergies among them.

MICROPOL through a series of study-visits, seminars, workshops and studies has identified a set of good practices focus on those factors that are crucial to set up SWCs in rural areas. These good practices are the

main pre-conditions for the elaboration of more precise policy recommendations around:

- ICT information and communication technologies.
- Communication strategies.
- External services.
- Rural programmes.
- Public-private partnerships (PPPs).
- Social impact.

METHODOLOGY

Policy recommendations follow a clear and readable structure that aims to convince policy-makers to go through the whole brief document and to take recommendations into account in the future. Therefore, policy recommendations are to ensure conciseness, readability, accuracy and good quality of the alleged argumentation. Furthermore, this direct structure is able to provide the policy-makers with a clear and immediate availability of the most relevant information by having at disposal “at first sight” the text the recommendation and, if they consider it, the opportunity to deepen the policy analysis.

MICROPOLers have identified a set of 10 key recommendations that, taken together, constitute a fresh approach to improving rural job creation and vital rural eco-systems that reserves the main features of living and working in rural areas. In combination, these policies would be more effective than any individual strategy applied alone. Although some of the recommendations may raise questions about cost and feasibility in the current political climate, the hope is that they will catalyse greater awareness about the new world of work delivered by modern information and communication technologies.

Recommendations are structured in a way that provides clear overview on the pre-conditions and evidence including practical solutions and MICROPOL good practices in order to support policy-makers in defining smart and straight-forward policies. The structure of the recommendations elaborated is the following:

- Brief summary of the Recommendation**
- Rationale / evidence**
 - Literature review and comprehensive statistical analysis of data where applicable on regional progress and economic / social / environmental aspects closely related to SWCs.*
 - In-depth key informant interviews with facilitators of promising regional initiatives identified and summarised in good practice descriptions, in order to define main success criteria for the efficient replication of innovative practices with proven track records to be embedded into SWC-related policies in Europe.*
 - Experience(s) from MICROPOL study-visits, seminars and workshops.*
- Recommendations for the future integration of proposed policies into the present policy-mix**
 - Policy Recommendations structured along territorial levels where the actions to be taken can have a direct and/or indirect impact on the expansion of SWCs.*
 - Fields of intervention: ICT, communication, external services, rural programmes, governance in the context of PPPs and social impact.*

Policy Recommendation No. 1 Promotion of interventions regarding the realization and/or the improvement of ICT infrastructures focused on rural areas.

Issue:

The access to broadband is not homogeneously diffused in terms of quality and price across the European areas. This circumstance constitutes a significant limit to the creation and improvement of the SWCs.

Rationale/evidence:

As stressed over the last years by the European institutions in the framework of the *Digital Agenda for Europe (DAE)* initiative, a digital single market based on fast and ultrafast internet and interoperable applications is a key precondition to achieve sustainable economic goals and social benefits for all. The emerging challenges to be faced in Europe, such as demographic ageing and global competition, demand for an integrated strategy at European level aimed to promote the diffusion of high-speed connectivity and networks, in the belief that this will allow a strong but sustainable development of the economy as well as the creation of new jobs, and to ensure citizens can access the content and services they need and want.

It is nowadays well known that the future economy and labour market will be more and more characterized from a network-based/network-oriented knowledge. For this reason, European area besides individuals and business operators need a “widely available and competitively-priced fast and ultrafast internet access” (DAE, paragraph 2.4). Also the *Europe 2020* strategy has underlined the importance of broadband exploitation to promote social inclusion and competitiveness. At this purpose, the Strategy has set the target that, by 2020, “(i) all Europeans have access to much higher internet speeds of above 30 Mbps and (ii) 50% or more of European households subscribe to internet connections above 100 Mbps” (*Europe 2020 – A strategy for smart, sustainable and inclusive growth*, COM(2010) 2020, paragraph 2, p. 14). According to a recent survey realized by the European Commission – on the basis of statistical data elaborated by the Organization for Economic Cooperation and Development (OECD) –, by the end of 2012, 99.4% of EU household had access to basic fixed or mobile broadband coverage, including 96.1% of households in rural areas. The final 0.6% (or roughly 3 million citizens) included many families and businesses in isolated or rural areas where fixed or mobile broadband rollout is more cumbersome and expensive.

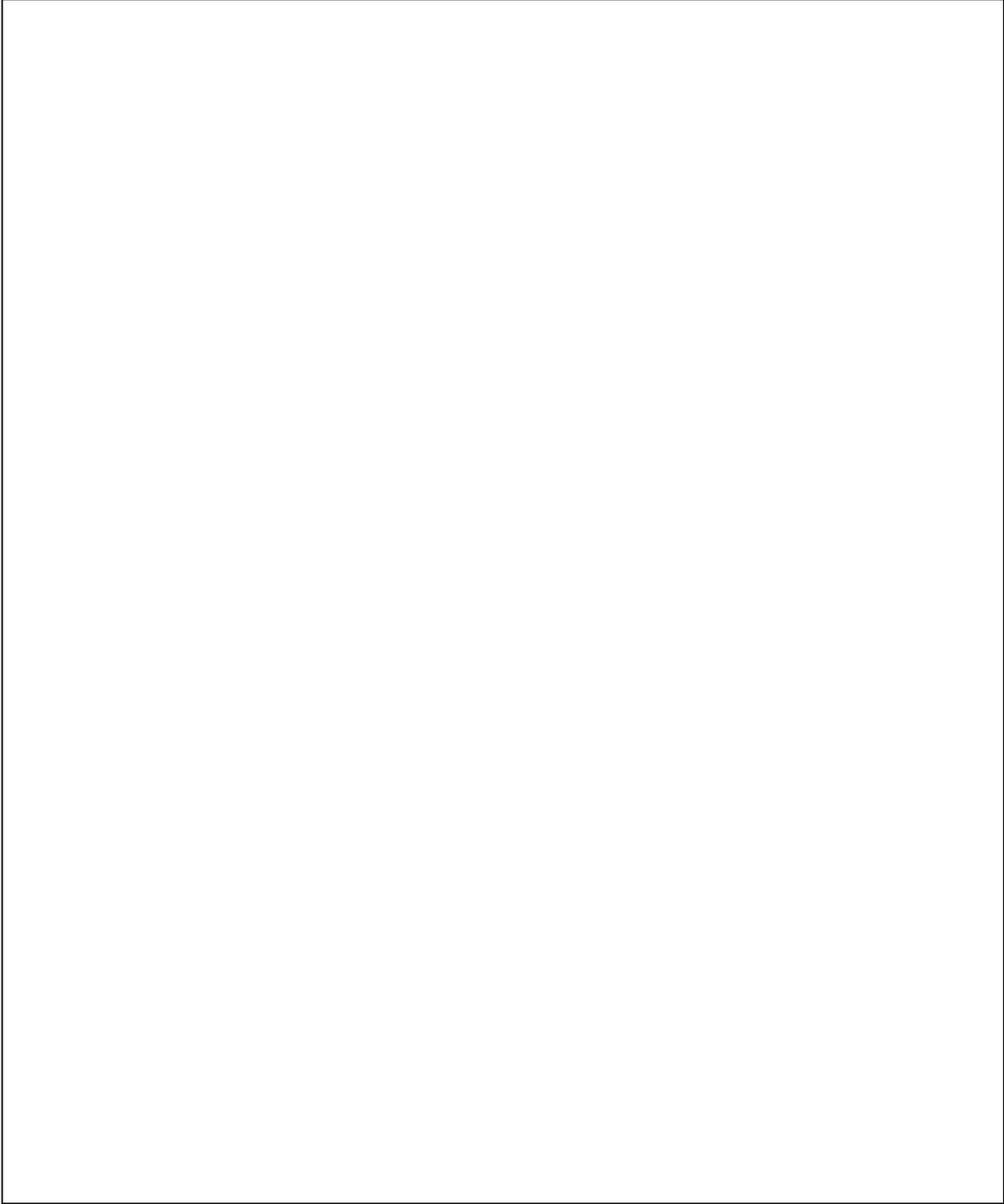
The European Institutions – jointly with the national authorities of the EU Member States – are deeply aware that broadband infrastructures and networks can play a crucial role to ensure coverage of all areas, including remote and rural (non-urban) areas. In this connection, also the Danish partner (G.P. “Digital Tranum”) has shown that the improvement of fibre optic networks within the rural areas can represent a key element to attract SMEs (and larger companies) to run business and develop the local eco-system as well. Nonetheless, they are convinced that with no strong public intervention there is a risk that fast broadband networks could be mostly concentrated in a few high-density (urban) areas. In this regard, the European Commission hopes for a common and integrated framework within which EU and national policies should be developed to meet the *Europe 2020* goals.

Recommendation(s):

Policy makers should adopt and/or improve a regulatory framework in order to promote wider and stronger interventions regarding the realization and/or the improvement of ICT infrastructures – mainly the broadband networks – within the different areas of the European Union, with the perspective to enhance and strengthen the access in favour of all the inhabitants. In this view, a specific focus should be reserved to interventions within the rural (and, more generally, non-urban) areas.

Link to MICROPOL good practice(s):

- Good Practice No. 1: Latvian ICT facilities in rural areas - Latvia
- Good Practice No. 2 : Digital Tranum – Denmark
- Good Practice No. 5: Digital Mountain - Slovenia



Policy Recommendation No. 2 Promotion and support to initiatives targeted both to the training and capacity building of managers and operators of SMEs as well as public servants, and to the enhancement of the citizens digital literacy.

Issue:

The majority of business operators as well as individuals do not have the necessary technical background and knowledge for setting-up, providing, managing ICT facilities and tools. This fact has clear negative impact on the exploitation of potential benefits from ICT in the future.

Rational/evidence:

The European institutions have several times stressed that the diffusion of ICT facilities and services represents a central element for improving productivity, competitiveness and social inclusion across the European Union. The dissemination of the technological research outputs can contribute to regional development by favouring the creation and enhancement of poles of excellence in ICT activities and developing connectivity and networking among enterprises (See the following literature on the positive link between ICT and economic growth: Hardy (1980), Norton (1992), Röller and Waverman (1996), Canning (1997), Madden and Savage (1998), Sridhar and Sridhar (2004), Waverman, Meschl and Fuss (2005), and Qiang (2009)). This can facilitate at the same time the social inclusion and the empowerment of individuals. As noted by the European Commission within the CIP ICT PSP – Work Programme 2013, “deployment and more effective use of digital technologies will spur innovation, economic growth and improvements in daily life for both citizens and businesses”. By this way, Europe will be enabled to address its key challenges, providing Europeans with a better quality of life through, for example, better health care, safer and more efficient transport solutions, cleaner environment, new media opportunities and easier access to public services and cultural content. In the light of these findings, many surveys and analysis show that business operators – mainly SMEs – do not properly consider the effective opportunities deriving from a correctly informed management of the ICT facilities and tools (See World Bank, *The Global Opportunity in IT-based Services*, 2010). Furthermore, they are not fully aware of the chances provided for by the integration of ICT solutions within business models. Also the individuals present a lack of awareness and specific know-how regarding the benefits for their personal, professional and social life, deriving from a wider and more conscious exploitation of the existing ICT facilities and services, such as, among others, telework, e-health, e-government and e-democracy.

Recommendation(s):

Regional and local policy makers should promote and support – also through financial incentives – initiatives and measures targeted to the training and capacity building of managers and operators of SMEs as well as public servants and to the strengthening of their capabilities in terms of research and technological development. This could be fostered thanks to the improvement of the enabling ICT environment, through the enhancement of the digital entrepreneurship as well as the internet-based entrepreneurial culture to be enhanced. Regional and local policy makers should also encourage and support initiatives and measures aimed at increasing the ICT literacy levels among citizens, with a particular focus on socially disadvantaged groups (mothers, farmers, elderly and disabled people).

Link to MICROPOL good practice(s):

- Good Practice No. 4: Portes du Murvan (France)
- Good Practice No. 17: LOFFICE (Hungary)
- Good Practice No. 15: De Drentse Zaak (Netherlands)

Policy Recommendation No. 3 Promotion of cross-sector agreements between policy makers and the most relevant ICT companies for software and hardware donations and skill conversion programmes, aimed at improving ICT infrastructures and fostering training activities and other initiatives targeted to reducing the “gap” between cities and rural areas in terms of digital development.

Issue:

The vast majority of rural inhabitants - mainly living under the existence minimum standards - has no access to and cannot keep pace with the speed of the development of the modern information and communication technologies. In general, these areas play a peripheral role in the economic development and governmental programmes seldom tackle the geographical segregation and exclusion issues of the inhabitants of these areas from point of view of knowledge and ICT skills that are essential to access the actual labour market. The reasons for this are manifold: on the one hand, software and hardware are expensive and related training also requires highly qualified experts. Similarly, this phenomenon leads to the migration from rural areas to metropolitan areas and does not support digital enterprises to settle down and make business.

Rational / evidence:

ICTs are increasingly viewed as a vital infrastructure for all sectors of the economy. As a result, promoting ICT skills and employment is an increasingly important goal of policy makers looking to harness the economic and social potential of these technologies [OECD, (2012)]. Over the last years there has been a significant boom in ICT employment as a result of ICT dissemination throughout the economy. This includes employment directly in the ICT sector but also indirectly in terms of ICT specialists in non-ICT sectors (e.g. health) and also among ICT-intensive users in all sectors which rely on ICT skills to perform their work. There is a broad consensus about the crucial importance of e-skills for Europe: e-skills shortages, gaps and mismatches and a digital divide will affect negatively growth, competitiveness, innovation, employment and social cohesion in Europe. As new technologies are developing rapidly, e-skills are increasingly sophisticated and need to be constantly updated. There is a critical need for individuals with creativity, innovation and higher-level conceptual skills. ICT practitioners are an essential pillar of the modern workforce across all sectors of the European economy. However, many open vacancies for ICT practitioners cannot be filled, despite the high level of unemployment in Europe. While demand for ICT practitioners is growing by around 3% a year, the number of graduates from computing sciences, and more general large from maths, science and engineering, is actually declining. Most preferred ICT skills include skills for big data management and analytics (e.g. SQL and Apache Hadoop) and the development of Internet-based software applications (e.g. Ajax and PHP). There is some quantitative information on the ICT skills at an aggregate level: in 2009, it was estimated that there could be up to 700 000 unfilled vacancies in the EU by 2015. This estimate is currently being updated, and new figures seem to be in the same [European Commission, (2013)]. Experts have identified four aspects to the lack of ICT practitioners in Europe. Firstly, not enough people choose to work as ICT practitioners. Secondly, a significant number does not acquire through education and/or training (all) the skills demanded by industry. Thirdly, among those that do have the right skills, a substantial number lives far away from the job opportunities. And lastly, for those that would be ready to move to a job, proving their level of skills to an employer from a different country is often prohibitively complicated, especially when a part of their skills has been acquired informally, as is often the case with younger adults.

Recommendation:

Regional and local policy makers should encourage and support cross-sector agreements signed by regional / local governments and ICT giants for software and hardware donations and skill conversion programmes in order to facilitate the uptake of modern technological skill and competences together with ICT skills conversion programmes in rural areas. They should intensify inputs in the form of in-kind contribution (including software and hardware free of charge or with specific application rules) in the perspective of enhancing the shift to the knowledge-based society and re-shaping the rural economies based on digital entrepreneurship and entrepreneurial culture in the long run.

Link to MICROPOL good practice(s):

- Good Practice No. 3: Berwick Workspace (United Kingdom)
- Good Practice No. 4: Portes du Murvan (France)
- Good Practice No. 16: Development Centre for ICT (Slovenia)

Policy Recommendation No. 4 Establishment of co-operation among rural areas even in a cross border manner for the better allocation of funds.

Issue:

Exploring how modern management practices and innovative work cultures that can help grow knowledge-based industries, support flexible work practices and offer commuters an alternative work location closer to home is challenging. It requires system-oriented thinking and the allocation of funds available along the value and innovation chains in order to better support the empowerment of rural citizens to meet the requirements of smart work. Rural areas across Europe have considerable human resource potential to attract smart (atypical) workers and become knowledge hubs.

Rationale/evidence:

The widespread of modern information and communication technologies and digital skills lead today's economies to the 'new world of work'. There is a transformation in the global workforce unlike any seen since the Industrial Revolution (<http://www.newworldofwork.com/>). Competence in using a computer and common office software has almost become a necessary skill to access the job market in the 21st century. About 85% of jobs in 2020 will require some sort of ICT skills (European Centre for the Development of Vocational Training (CEDEFOP). Digital literacy and skills together with basic understanding of entrepreneurship hence become a pre-condition for employability. It provides unprecedented chances for rural citizens to benefit from the global skill changes and challenges. Education and training are essential factors for empowering this social group to participate in society and to explore – among other things – new employment opportunities.

Providing competitive funding for development objectives is a controversial and often cited approach in all countries around the world. Debate is mainly centred around Williamson's article (1988), which concludes, inter alia, that “innovation – in any form – is principally funded by firms' own financing”. Europe is currently under manifold pressure caused by the long-lasting financial crisis throwing back productivity, competitiveness and job creation as well. Authors and experts agree that providing public or community funds has clear economic impact on the whole Community. At the micro level it improves the performances [Crépon & lung, (1999)] and plays crucial role in the survival and renewal of firms [Gharbi & Pradel, (2001)]. At the macro level, it has a strong influence on economic growth, and consequently also affects employment. According to recent statistics **€1 of public funding leads to an increase in industry added value of between €7 and €14**. Adding profit margins set up by private companies investing into marketable researches / projects and pilot actions with potential to deliver innovative results turns collaborative projects more profitable and viable.

With respect to territorial differences across Europe, bringing together rural areas under the aegis of smart specialization to develop common digital skills of the 21st century is of decisive economic importance. Online employment marketplaces, as a form of SWCs, are now helping an estimated 12 million people worldwide to find work by connecting them with employers globally. Babajob in India, Duma and M-Kazi in Kenya, and Souktel in the Middle East and North Africa are examples of job search services using internet-based and mobile tools. Such services are making labour markets more inclusive. Via clustering rural areas new knowledge hubs can be created with a view to attract employers and lead to decent and smart work.

Recommendation:

Policy-makers at national level when planning national programmes should consider the management of available funds, mainly those provided by the Structural and Cohesion Funds along the value and innovation chain fully accessible for smart working – even in a cross-border manner - in order to foster the development of necessary infrastructures (hard elements) and work culture

(soft elements) aspects.

Link to MICROPOL good practice(s):

- Good Practice No. 7: Telework House in Nagykőrös (Hungary)
- Good Practice No. 4: Portes du Murvan (France)
- Good Practice No. 13: Rural Growth in North Denmark Region (Denmark)
- Good Practice No. 12: Digital Rurality (Italy)

Policy Recommendation No. 5 Promote the recovery and rehabilitation of disused or non-used structures and facilities in the perspective of encouraging the use of smart working forms in rural areas.

Issue:

The rural patrimony constitutes a set of resources rich but often non used. At the same time, rural communities suffer from lack of infrastructural and financial facilities. In this perspective, they could benefit from recovery and rehabilitation plans and interventions aimed at reconvert/redevelop areas, buildings and facilities - capillary diffused across the European rural territories but affected by degradation - with a view to fostering the use of smart working forms as a driver for their revitalization.

Rationale/evidence:

In the light of the renewed Lisbon Strategy in the field of employment and growth, rural areas are considered as a key element of the European morphology and identity. Actually, more than 91% of the European territory - inhabited by over 56% of the population - can be defined as "rural". Despite of these figures, many rural areas are increasingly called upon to face critical challenges: the average per capita income is lower than in urban centres; the overall level of competences and skills is more limited, the facilities are less developed; the valorisation of the rural environment entails relevant financial costs. Conversely, they have much to offer: abundance of natural resources, landscapes, relax and leisure opportunities. On the basis of these evidences, also Gothenburg Strategy has highlighted the importance of a sustainable development of the rural areas characterized from a wider access to infrastructures and services as a crucial factor for the growth and competitiveness of the European Union as a whole.

More recently, the Regulation (EU) No. 1305/2013 of the European Parliament and of the Council, of 17 December 2013, on support for rural development by the European Agricultural Fund for Rural Development (EAFRD) and repealing Council Regulation (EC) No. 1698/2005 has put a clear and strong emphasis on the need for European, national, regional and local policies aimed at promoting and supporting investments for "achieving a balanced territorial development of rural economies and communities including the creation and maintenance of employment" (Art. 4, c). At this purposes, the new programming instrument has reaffirmed the importance of "investments targeting the relocation of activities and conversion of buildings or other facilities located within or close to rural settlements, with a view to improving the quality of life or increasing the environmental performance of the settlement" (Art. 20, g).

Recommendation:

National, regional and local policy makers should adopt or improve policies and measures targeted to recover and rehabilitate disused structures and facilities in the perspective of fostering the use of smart working forms in rural areas.

Link to MICROPOL good practice(s):

- Good Practice No. 3: Berwick Workspace (United Kingdom)

Policy Recommendation No. 6 Enhancing the setting-up of new digital enterprises and clusters in rural areas through SWCs and business incubation services.

Issue:

Enhancing the setting-up of new digital enterprises and clusters in rural areas through business incubation services and SWCs by means of:

- Setting up the structural conditions for creating sustainable SWCs.
- Strong advertisement campaigns (made by the State/regions or groups of rural municipalities) highlighting the excellent conditions for investment in digital firms in rural areas focusing the attention in the social and environmental advantages of these areas.
- Enhancing PPP with Universities and other research bodies for offering infrastructures, buildings etc. for their needs of for to be subjects of study
- Creating specific support programmes and services for promoting entrepreneurship in rural areas improving the approach to ICT in the firms.
- Creating real or virtual digital clusters in rural areas putting in communication different firms and supporting digital infrastructures (as SWCs) facilitating the exchange of ideas and projects.

Rationale/evidence:

Information and Communication technologies are the single most important driver of innovation and growth for national economies worldwide. Digital technologies and innovations are powerful, pervasive and have multiple, indirect impacts. They re-shape entire industries and value chains, reduce barriers to entry, sharpen market intelligence, blur industry boundaries, and open doors for a new generation of entrepreneurs and innovators. The challenge for current market leaders and small enterprises alike is to anticipate the changes that they will be facing in the years to come, and how they can realize the full potential of digital technologies. Businesses that fail to get digitally connected will be simply excluded from the global market. In 2001 the European Commission has launched the initiative called “GoDigital” in order to help SMEs go digital and support their readiness for electronic commerce. More than 10 years later, along the boom of enabling technologies there is still a shortage of digital enterprises in the European economy, it is especially true for rural areas. Digital enterprises are characterised by a high intensity use of new and advanced digital technologies (particularly social, big data, mobile and cloud solutions) to improve business operations, invent new business models, strengthen business intelligence and engage with customers and stakeholders. The deployment of digital technologies plays important role in the DG Enterprise and Industry’s (DG ENTR) Entrepreneurship 2020 Action Plan that focuses on hard and soft preconditions of digital entrepreneurship as a whole. Regarding rural areas already existing telework houses hold the potential to deliver additional services to web-based enterprises including advocacy and access to seed and venture capital investors with the aim of creating critical mass.

In front of this the rural areas in Europe are, in general, lacking. The mayors of many rural municipalities across Europe are watching helplessly as their best people migrate to cities in search of opportunities generating a progressive stagnation that relegates these urban centres to the last row of the development and therefore to have worse digital with infrastructures in a vicious circle without end. European and national initiatives and programmes on rural development have been a major effort to stop this process but in most cases have proceeded on classic pillars of development, related to the primary sector and tourism activities therefore bleeding brain has not been stopped. This vicious circle can only be broken with a digital ambitious bet that focuses efforts and funds in the new digital era exploiting the virtues of rural areas, better quality of life to attract industries and free lancers.

Recommendation:

National and regional policy makers should promote the creation of new digital enterprises and clusters in non-metropolitan areas with a view of contributing to the achievement of the overall employment priority of Europe 2020 Strategy.

Link to MICROPOL good practice(s):

- Good Practice No. 3: Berwick Workspace (United Kingdom)
- Good Practice No. 11: Smart Work Center Murat (France)

- Good Practice No. 1: Digital Traunum (Denmark)
- Good Practice No. 20: The Wooler Cheviot Centre and Rural Growth Network (United Kingdom)
- Good Practice No. 23: Guadalinfo (Spain)

Policy Recommendation No. 7 Encourage the setting-up of Public-Private Partnerships addressed to sustainable knowledge and technology-based employment rural areas in order to pave the way for transforming rural economies into sustainable growth hubs.

Issue:

European economies – especially those characterizing rural areas – increasingly demand for new, better and high added value investments into local assets, but the engagement of the private sector is still limited and inadequate; furthermore, the economic and financial crisis cuts back entrepreneurial spirit and resulted in relevant budgetary restrictions across the member states.

Rationale/evidence:

Some researches and investments are both very expensive and needs to be done on a very large scale in order to provide meaningful results [European Commission,(2010)] so that the role of sharing risks and financial resources is valorised. According to Impact Assessment on the 7th Framework Programme €1 of public funding leads to an increase in industry added value of between €7 and €14, while for the next seven years the European Commission is calculating even higher return on money spent under HORIZON 2020. During the last decade, mainly after the great recession in 2008, the European Commission has started experiencing how public-private partnerships (PPPs) play a role in unlocking research and spatial development potential of the European regions and support emerging industries/sectors through deploying enabling technologies. Between 2007-2013 on several institutional PPPs such as the European Green Cars Initiative or the Innovative Medicine Initiative have been set-up under the European Economic Recovery Plan to fund, construct, renovate or operate infrastructures or the provision of a service(s). However, these PPPs were different to those of contractual kind initiating cooperation mainly within distinct entities leading to the creation of an *ad hoc* entity held jointly by public and private sector or the control of a public entity by a private operator. The trend towards establishing PPPs is increasing and occurs in various forms and contexts. In comparison with other policy instruments pursuing similar goals, PPPs respond better to the latest trends in research and innovation processes, i.e. increased scientific content of technological development, increasing dependency on external knowledge for innovation generation, changing business R&D strategies (e.g. open innovation) and rapidly evolving social needs. According to the European Commission's Communication on "Mobilising private and public investment for recovery and long-term structural change: developing Public Private Partnerships" [European Commission, COM(2009) 615 final]. PPPs entailing contractual and institutional types of these partnerships help strengthening the collaboration between private and public side actors while applying an acceptable level of risk sharing at once. Over the past two decades more than 1.400 PPP deals were signed in the European Union, representing a capital value of approximately € 260 billion.

Recommendation:

Contractual and institutional PPPs supporting employment affairs should be established in order to focus better on creating synergies among regional research capabilities and to foster long-term infrastructural rehabilitations in non-metropolitan regions, consequently in labour markets as well based on answers found for "Grand Challenges". Collaborations by PPP beneficiaries should clearly reflect the most urgent intervention areas, funding instruments and research hot topics identified with considerable budget assigned for project implementations.

Link to MICROPOL good practice(s):

- Good Practice No. 6: Estonian Smart Work Association (Estonia)
- Good Practice No. 7: Telework House in Nagykőrös (Hungary)

Policy Recommendation No. 8 Improve the coordination among the national legislations in order to promote the elaboration of a common legislative framework of reference for Public-Private Partnerships aimed at reaching an uniform and effective implementation and at achieving the highest level of benefits for all.

Issue:

The lack of common rules disciplining the Public-Private Partnerships (PPPs) at European level entails a non-homogeneous application of this instrument as well as a significant degree of ineffectiveness; these circumstances negatively affect the investment decisions of public authorities and private sector, resulting in a limitation of the related benefits for the European citizens and local communities.

Rational/evidence:

The joint involvement of public and private sector in the realization of interventions aiming at the economic development and growth has been increasingly perceived as a relevant complementary instrument to meet infrastructure and service needs across the European Union. This trend has been highlighted by the European Commission within its *Guidelines for Successful Public-Private Partnerships*, of March 2003, which has put emphasis on the positive impacts deriving from the PPPs over the public sector, including, among others, the ability “to raise additional finance in an environment of budgetary restrictions, make the best use of private sector operational efficiencies to reduce cost and increase quality to the public and the ability to speed up infrastructure development” (p. 6). Even though the PPPs can be arranged following many different forms and schemes – on the basis of the specific needs and characteristics of each investment project and partner –, the European Commission hopes for the realization of a common legislative framework, endorsing a limited number of models of PPPs, with the aim to achieve a body of clear, uniform and effective rules and mechanisms for public and private investors. In particular, it is fundamental that these rules provide for appropriate regulatory conditions for the partnerships, including the aspects regarding the equal opportunities for all relevant investing companies operating in the same sector, the respect of competition provisions and the application of standard conditions in terms of concession of services and remuneration on capital. It is clear that successful PPPs depend on the degree of effectiveness of the national and regional/local legislative measures, mainly for what it concerns the participation rules of the interested private companies, the financial and non-financial advantages deriving from the PPP projects and contracts and the mechanisms for the disputes resolution (among the various surveys and articles on the issue, see, in particular, European Investment Bank, *Environmental Lending in Central and Eastern Europe*, Luxembourg, 2002; United Nations Development Programme (UNDP), *Joint Venture PPP for Urban Environmental Services Project*, New York, 2000; Department of the Environment and Local Government of Ireland, *Public Private Partnerships Guidance Note*, 2000). These issues have been also examined within the *Europe 2020* strategy, where it has been underlined that “a regulatory environment that renders financial markets both effective and secure is key” (European Commission, *Europe 2020 – A strategy for smart, sustainable and inclusive growth*, COM(2010) 2020, paragraph 3.2, p. 20). More recently, the new EU research and innovation Programme *Horizon 2020* has considered as crucial the promotion of PPPs for achieving its ambitious objectives, by stressing all competent European decision makers on the need to intensify their efforts to develop a common legal framework (at this regard, see, European Commission, *Communication “Public-private partnerships in Horizon 2020: a powerful tool to deliver on innovation and growth in Europe*, COM(2013) 494, paragraph 2, p. 3).

Recommendation:

The European institutions should promote more incisively the elaboration of a common legislative framework of reference on Public-Private Partnerships (PPPs) in order to ensure an uniform and effective implementation and to achieve the highest level of benefits for the involved companies as well as for the European local communities. National and regional/local policy makers should refer to the European best practices on PPPs arrangements and should enhance the cooperation with the authorities of the other Member States in order to improve the circulation of methods and know-how on PPPs and to develop common models.

Link to MICROPOL good practice(s):

- Good Practice No. 6: Estonian Smart Work Association (Estonia)
- Good Practice No. 7: Telework House in Nagykőrös (Hungary)
- Good Practice No. 8: Branding a Business Incubator (United Kingdom)
- Good Practice No. 10: Developing Visual Identity for Atypical Working Forms (Hungary)

Policy Recommendation No. 9 Rural areas can benefit from establishing a close cooperation with local engaged citizens on the development of the local area.

Issue:

Across Europe there is a strong political will to enhance the development and quality of life in rural areas. However, this effort may be reinforced by a strong cooperation across different locations, professions and departments in order to integrate different forces and strengths. By including the local forces there is a higher chance to 1) ensure a local commitment and thereby a successful result with the initiatives and 2) ensure the sustainability of the initiative afterwards due to a local feel and sense of ownership. This calls for a close cooperation between politicians and local citizens on a joint effort to develop local communities across rural Europe. In some situations this may even lead to the politicians show confidence in the local population by giving them the lead in some initiatives.

Rational /evidence:

Depopulation, stores shutting down and school closures are often characteristics by the rural areas. According to the EU Strategic Guidelines for Rural Development (2006), it is a priority to improve the quality of life in rural areas and encourage diversification. It is the responsibility of each member state how to implement these guidelines in national and local strategies for rural development.

A small Danish community, Klitmoeller, provides an excellent example of an integrated initiative for turning around the decline of an area by involving the local citizens. In this particular example the local citizens took the lead in developing the local master plan, which was then presented and agreed by the politicians, but who was not involved in the development of the master plan to begin with. Klitmoeller is still a rural area, but situated by one of the best surf spots in Europe, it has contributed to the positive change in the area. By raising awareness of the potentials of the sea, it was possible to turn the tide.

The key to whether an idea turns into a project or becomes part of a strategy that will make a change, depends on the involved parties and their ability to integrate and use each other's skills. Citizens with ideas and initiatives able to organize themselves have become a serious partner to several municipalities. There are more examples of rural areas, where the local citizens voluntarily have engaged in the development of their own area through initiatives and projects. This calls for a political will and confidence in integrating its own citizens in the local development. Often it is an advantage if the citizens are organized into an association with a spokesperson, which will ease the dialogue in situations with many stakeholders, which is often the case in local development.

However, it is important to stress that ideas from local citizens cannot stand alone. There remains a need for a political overview and not least a responsibility to ensure that ideas are being prioritized and coordinated with the aim of improving the environment and quality of life to as many as possible in rural areas.

Recommendation:

The process of designing and implementing strategies in rural areas enables the possibility of generating new scenarios by cooperating with local citizens and/or civic organizations. This cooperation should be viewed as an investment which increases the guarantee of success. Furthermore the local governments are encouraged to be aware of and support the civic initiatives as

an additional and potential source of growth. In some cases the public support can make the difference between success and failure to the civic initiatives.

Link to MICROPOL good practice(s):

- Good Practice No. 21: Cold Hawaii (Denmark)
- Good Practice No. 22: Family Friendly (Italy)
- Good Practice No. 23: Guadalinfo (Spain)
- Good Practice No. 24: Kino Siska – Co-Working Centre for Creative Ideas (Slovenia)
- Good Practice No. 25: Kolga Smart Work Centre (Estonia)

Policy Recommendation No. 10 Involving the youth/young people from an early age in the engagement in their local community, which may maintain them or make them return later in life.

Issue

Young people living in smaller villages in rural areas are often perceived as groups of people moving away, as many young people choose to move from rural areas to urban areas to get either a job or an education. In order to create and/or maintain the values of the community, it is important that young people are perceived as a resource to be involved in the development of local areas.

There is a wide range of potentials in giving young people a sense of belonging and a positive perception of the place they come from. This may lead to a positive publicity of the place which could attract more families to the area but also to encourage the young people to return after their graduation. Involving the young people has not only an instant impact but also a favourable spin-off in the longer term.

Rationale/evidence

Some years ago, the European Commission has adopted a guideline (COM(2006)417) concerning 'Youth Participation' with the aim of supporting dialogue and interaction between decision makers and young people at local, regional, national and European level. National reports show the need for a greater effort at local level.

Historically, youth involvement in communities has received limited attention. However, recent trends suggest that youth are playing an increasingly important role in the development of the respective communities.

In general terms, community development is the ability of local people to mobilize resources to address local needs. Young people are in a position to be among the stable and long-term contributors to this process. As young people are brought into and connected with organizations and civic roles that they have traditionally been excluded from, they participate actively and equally in decision-making processes at multiple levels. As youth engage in more sustained positive relationships with adults, other youth, and community organizations, they will experience that they are valued citizens of their communities. Such collaborations will lead to a positive feeling of belonging and maybe a desire to return later in adult life.

Recommendation

Local communities in rural areas are encouraged to a wider extent to involve youth in developing local communities. It holds the impact of youth viewed as a valued and respected asset to society and thereby a sense of belonging and resilience which may give the belief and the desire to stay or to return to the local community later in adult life. It requires a system or a process in which they are heard. The local SWCs can, among other things, be the venue where young people display their creativity to the local society which, in the end, keeps them in the concerned areas.

Link to MICROPOL good practice(s):

- Good Practice No. 25: Guadalinfo (Spain)
- Good Practice No. 19: Telecottage Movement (Hungary)

- Good Practice No. 22: Family Friendly (Italy)

The MICROPOL pathway – Summary of Policy Recommendations

- PR1 – *Promotion of interventions regarding the realization and/or the improvement of ICT infrastructure focused on rural areas.*
- PR2 – *Promotion and support to initiatives targeted both to the training and capacity building of managers and operators of SMEs as well as public servants, and to the enhancement of the citizens digital literacy.*
- PR3 – *Promotion of cross-sector agreements between policy makers and the most relevant ICT companies for software and hardware donations and skill conversion programmes, aimed at improving ICT infrastructures and fostering training activities and other initiatives targeted to reducing the “gap” between cities and rural areas in terms of digital development.*
- PR4 – *Establishing cooperation among rural areas as well as cross-border level for the better allocation of funds.*
- PR5 – *Promote the rehabilitation of non-occupied facilities for smart working forms in rural areas.*
- PR6 – *Enhancing the setting-up of new digital enterprises and clusters in rural areas through SWCs and business incubation services.*
- PR7 – *Encourage the setting-up of Public-Private Partnerships addressed to sustainable knowledge and technology-based employment rural areas in order to pave the way for transforming rural economies into sustainable growth hubs.*
- PR8 – *Improve the coordination among the national legislations in order to promote the elaboration of a common legislative framework of reference for Public-Private Partnerships aimed at reaching a uniform and effective implementation and at achieving the highest level of benefits for all.*
- PR9 – *Rural areas can benefit from establishing a close cooperation with local engaged citizens on the development of the local area.*
- PR10 – *Involving the youth/young people from an early age in the engagement in their local community, which may maintain them or make them return later in life.*